



## **d'Amico International Shipping S.A. 9 months / Third Quarter 2022 Financial Report**

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d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg

Share capital US\$ 62,053,278.45 as at 30 September 2022

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## **BOARD OF DIRECTORS AND CONTROL BODIES**

### **BOARD OF DIRECTORS**

*Chairman, Chief Executive Officer*  
Paolo d'Amico

*Directors*

Antonio Carlos Balestra di Mottola, *Chief Financial Officer*  
Cesare d'Amico – Executive Director  
Marcel C. Saucy – Non-executive, Lead Independent Director  
Tom Loesch – Non-executive, Independent Director  
Monique I.A. Maller – Non-executive, Independent Director

### **INDEPENDENT AUDITORS**

MOORE Audit S.A.

## KEY FIGURES

### FINANCIALS

| Q3 2022    | Q3 2021      | US\$ Thousand                           | 9 MONTHS<br>2022           | 9 MONTHS<br>2021          |
|------------|--------------|---|----------------------------|---------------------------|
| 94,173     | 42,106       | Time charter equivalent (TCE) earnings* | 209,780                    | 130,997                   |
| 69,072     | 14,871       | EBITDA *                                | 135,315                    | 47,888                    |
| 73.4%      | 35.3%        | as % of margin on TCE                   | 64.5%                      | 36.6%                     |
| 54,235     | (7,320)      | EBIT *                                  | 87,950                     | (6,934)                   |
| 57.6%      | (17.4)%      | as % of margin on TCE                   | 41.9%                      | (5.3)%                    |
| 43,558     | (13,755)     | Net profit (loss)                       | 62,776                     | (28,930)                  |
| 46.3%      | (32.7)%      | as % of margin on TCE                   | 29.9%                      | (22.1)%                   |
| 45,720     | (8,239)      | Adjusted Net profit (loss)**            | 68,094                     | (22,612)                  |
| US\$ 0.036 | US\$ (0.011) | Earnings (loss) per share               | US\$ 0.051                 | US\$ (0.024)              |
| 61,479     | 5,838        | Operating cash flow                     | 80,461                     | 24,371                    |
| (3)        | (970)        | Gross CAPEX*                            | (897)                      | (5,154)                   |
|            |              |   | As at<br>30 September 2022 | As at<br>31 December 2021 |
|            |              | Total assets                            | 996,518                    | 936,316                   |
|            |              | Net financial indebtedness*             | 453,893                    | 520,288                   |
|            |              | Shareholders' equity                    | 402,459                    | 332,382                   |

\* See Alternative Performance Measures on page 9 to 11;

\*\* Excluding results on disposal and non-recurring financial items, as well as the effects of IFRS 16 – please refer also to the summary of financial results for the first half of 2022.

### OTHER OPERATING MEASURES\*

| Q3 2022 | Q3 2021 |  | 9 MONTHS<br>2022 | 9 MONTHS<br>2021 |
|---------|---------|--|------------------|------------------|
| 30,230  | 12,113  | Daily operating measures - TCE earnings per employment day (US\$) <sup>1</sup> | 22,421           | 12,939           |
| 35.3    | 38.0    | Fleet development - Total vessel equivalent                                    | 35.6             | 38.3             |
| 17.7    | 20.0    | - Owned  | 17.7             | 19.9             |
| 8.0     | 8.0     | - Bareboat chartered   | 8.0              | 8.1              |
| 9.7     | 10.0    | - Time chartered   | 9.9              | 10.3             |
| 2.3%    | 0.6%    | Off-hire days/ available vessel days <sup>2</sup> (%)                          | 1.3%             | 3.1%             |
| 32.0%   | 48.4%   | Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)           | 38.8%            | 48.2%            |

\*see Alternative Performance Measures on page 9 to 11;

<sup>1</sup> This figure represents time charter (“TC”) equivalent earnings for vessels employed on the spot market and time charter contracts, net of commissions. Please refer to the Alternative Performance Measures included further on in this report.

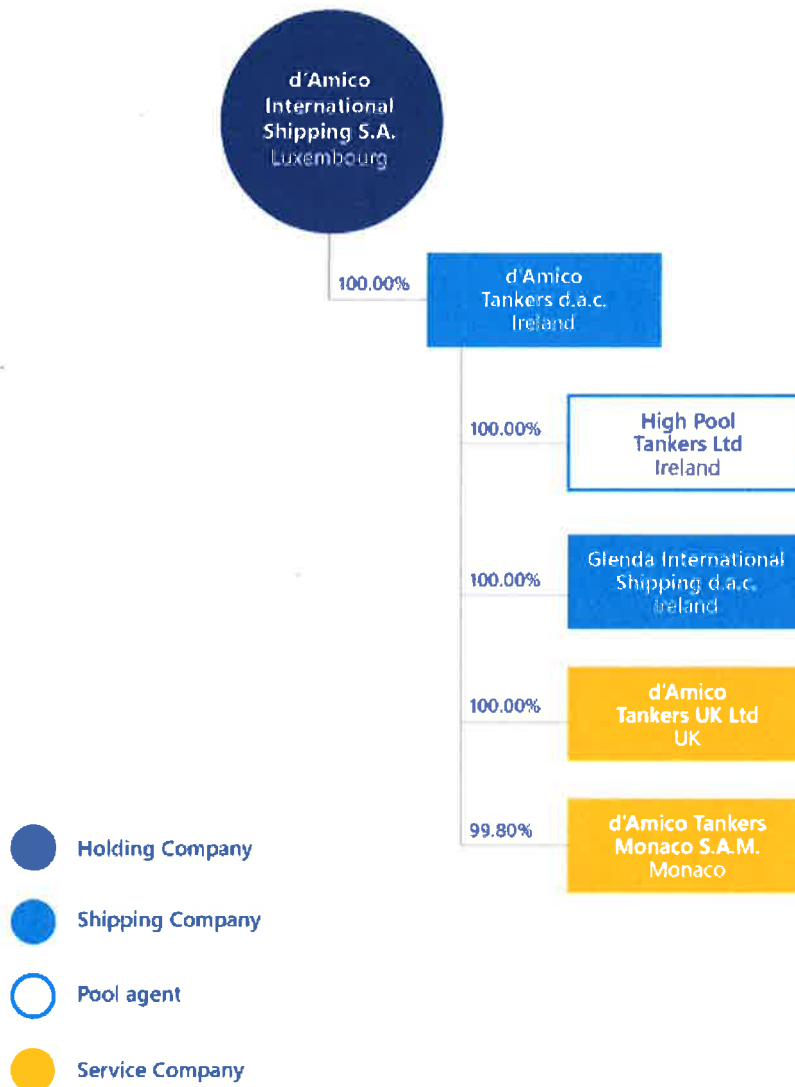
<sup>2</sup> This figure is equal to the ratio between the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

<sup>3</sup> Fixed rate contract days/available vessel days (coverage ratio): this figure represents the proportion of available vessel days, including off-hire days, employed on time charter contracts.

# CONSOLIDATED INTERIM MANAGEMENT REPORT

## GROUP STRUCTURE

Set out below is d'Amico International Shipping Group's structure as at 30 September 2022:



## D'AMICO INTERNATIONAL SHIPPING GROUP

d'Amico International Shipping S.A. (DIS, the Group, d'Amico International Shipping or the Company) is an international marine transportation company, part of the d'Amico Group (d'Amico), which traces its origins to 1936. As at 30 September 2022, d'Amico International Shipping controls, mainly through d'Amico Tankers d.a.c. (Ireland), its fully owned subsidiary, a fleet of 36.0 vessels, of which 27.0 owned and bareboat vessels (with purchase obligations), with an average age of approximately 7.5 years, compared to an average in the product tankers industry of 11.9 years for MRs and LR1s (25,000 – 84,999 dwt). All DIS' vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to the major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at 30 September 2022, 77.8% of DIS' controlled fleet was IMO Classed, allowing the Group to transport a large range of products.

d'Amico International Shipping's revenue is mainly generated from the employment, either directly or through its partnerships, of the vessels of its fleet under spot contracts and time charters, for the marine transportation of refined petroleum products. Vessels operating under fixed rate contracts, including time charters, usually provide more steady and predictable cash flows than vessels operating on the spot market. Spot contracts offer the opportunity to maximise DIS' revenue during periods of increasing market rates, although they may result in lower earnings than time charters during periods of decreasing rates. This employment mix varies according to prevailing and forecasted market conditions. Gains or losses can also arise from the sale of the vessels in DIS' fleet.

DIS believes that it benefits from a strong brand name and an established reputation in the international market due to its long operating history and that such a reputation is important in maintaining and strengthening its long-term relationships with its partners and existing customers and in developing relationships with new customers. Its partners and customers appreciate the transparency and accountability, which have been priorities for the Group from its early days. Accountability, transparency and a focus on quality are pillars of its operations and key to DIS' success.

The quality of its fleet is preserved through scheduled maintenance programmes, by aiming for exacting standards on owned vessels and by chartering-in vessels from owners who meet high-quality standards.

### ***DIS' Global Footprint***

DIS has a presence in Luxembourg, Dublin (Ireland), London (U.K.), Monte Carlo (Monaco), Singapore and Stamford, CT (USA). These offices are located in the key maritime centres around the world. DIS believes that its international presence allows it to meet the needs of its international clients in different geographical areas, strengthening the Group's recognition and its brand name worldwide. In addition, through the different opening hours of offices located in several time zones, DIS can continuously monitor its operations and assist its customers.

As at 30 September 2022, the Group employed an equivalent of 513 seagoing personnel and 22 onshore personnel.

### **Fleet**

DIS controlled as at 30 September 2022, either through ownership or charter arrangements a modern fleet of 36.0 product tankers (31 December 2021: 37.0 product tankers). DIS' product tanker vessels range from approximately 36,000 to 75,000 dwt.

Since 2012, DIS has ordered 22 newbuildings, the last of which was delivered in October 2019. All these newbuildings are fuel-efficient and in compliance with recent environmental legislation. They can therefore cater to the high standards required by the Group's oil major customers, in addition to being highly cost effective.

Operating a large fleet enhances the generation of earnings and operating efficiencies. A large fleet strengthens the Group's ability to advantageously position vessels and improves the fleet's availability and scheduling flexibility, providing DIS with a competitive advantage in securing spot voyages. In particular, the scale of its operations provides it with the flexibility necessary to enable it to capitalise on favourable spot market conditions to maximise earnings and negotiate favourable contracts with suppliers.

The following table sets forth information about DIS' fleet on the water as at 30 September 2022.

| Name of vessel   | Dwt    | Year built | Builder, Country <sup>4</sup>                 | IMO classed |
|--|--------|------------|---|-------------|
| <b>LR1 fleet</b>   |        |            |   |             |
| <b>Owned</b>   |        |            |   |             |
| Cielo di Londra  | 75,000 | 2019       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | -           |
| Cielo di Cagliari  | 75,000 | 2018       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | -           |
| Cielo Rosso  | 75,000 | 2018       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | -           |
| Cielo di Rotterdam   | 75,000 | 2018       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | -           |
| Cielo Bianco   | 75,000 | 2017       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | -           |
| <b>Bareboat with purchase options and purchase obligation</b>  |        |            |   |             |
| Cielo di Houston   | 75,000 | 2019       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | -           |
| <b>MR fleet</b>  |        |            |   |             |
| <b>Owned</b>   |        |            |   |             |
| High Challenge   | 50,000 | 2017       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III  |
| High Wind  | 50,000 | 2016       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III  |
| High Tide  | 51,768 | 2012       | Hyundai Mipo, South Korea                     | IMO II/III  |
| High Seas  | 51,678 | 2012       | Hyundai Mipo, South Korea                     | IMO II/III  |
| GLEND A Melissa <sup>5</sup>                                   | 47,203 | 2011       | Hyundai Mipo, South Korea                     | IMO II/III  |
| GLEND A Meryl <sup>5</sup>                                     | 47,251 | 2011       | Hyundai Mipo, South Korea                     | IMO II/III  |
| GLEND A Melody <sup>5</sup>                                    | 47,238 | 2011       | Hyundai Mipo, South Korea                     | IMO II/III  |
| GLEND A Melanie <sup>5</sup>                                   | 47,162 | 2010       | Hyundai Mipo, South Korea                     | IMO II/III  |
| <b>Bareboat with purchase options and purchase obligations</b> |        |            |   |             |
| High Trust   | 49,990 | 2016       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III  |
| High Trader  | 49,990 | 2015       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III  |
| High Loyalty   | 49,990 | 2015       | Hyundai Mipo, South Korea                     | IMO II/III  |
| High Freedom   | 49,990 | 2014       | Hyundai Mipo, South Korea                     | IMO II/III  |
| High Discovery   | 50,036 | 2014       | Hyundai Mipo, South Korea                     | IMO II/III  |
| High Fidelity  | 49,990 | 2014       | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III  |
| High Voyager   | 45,999 | 2014       | Hyundai Mipo, South Korea                     | IMO II/III  |
| <b>TC-in long-term with purchase options</b>                   |        |            |   |             |
| High Leader  | 50,000 | 2018       | Japan Marine, Japan                           | IMO II/III  |
| High Navigator   | 50,000 | 2018       | Japan Marine, Japan                           | IMO II/III  |
| High Explorer  | 50,000 | 2018       | Onomichi, Japan                               | IMO II/III  |
| High Adventurer <sup>6</sup>                                   | 50,000 | 2017       | Onomichi, Japan                               | IMO II/III  |
| Crimson Pearl  | 50,000 | 2017       | Minaminippon Shipbuilding, Japan              | IMO II/III  |
| Crimson Jade   | 50,000 | 2017       | Minaminippon Shipbuilding, Japan              | IMO II/III  |
| <b>TC-in long-term without purchase options</b>                |        |            |   |             |
| Green Planet   | 50,843 | 2014       | Daesun Shipbuilding, South Korea              | IMO II/III  |
| High Prosperity  | 48,711 | 2006       | Imabari, Japan                                | -           |
| High SD Yihe   | 48,700 | 2005       | Imabari, Japan                                | -           |

<sup>4</sup> Hyundai Mipo, South Korea (Vinashin, Vietnam) refers to vessels ordered at Hyundai Mipo and built at their Vinashin (Vietnam) facility.

<sup>5</sup> Vessel previously owned by GLEND A International Shipping d.a.c. (in which DIS had 50% interest). In August 2022, d'Amico Tankers d.a.c. gained control of 100% of Glenda International Shipping d.a.c. through the redemption of the shares owned by Topley Corporation (part of the Glencore Group), which had a participation of 50% in Glenda International Shipping. Subsequently the four vessels owned by GLEND A International Shipping d.a.c. were acquired by d'Amico Tankers d.a.c.

<sup>6</sup> In September 2022, d'Amico Tankers d.a.c. exercised its purchase option on the MT High Adventurer, with delivery expected in November 2022.

### Handy-size fleet

#### Owned

|                   |        |      |   |            |
|-------------------|--------|------|---|------------|
| Cielo di Salerno  | 39,043 | 2016 | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III |
| Cielo di Hanoi    | 39,043 | 2016 | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III |
| Cielo di Capri    | 39,043 | 2016 | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III |
| Cielo di Ulsan    | 39,060 | 2015 | Hyundai Mipo, South Korea (Vinashin, Vietnam) | IMO II/III |
| Cielo di New York | 39,990 | 2014 | Hyundai Mipo, South Korea                     | IMO II/III |
| Cielo di Gaeta    | 39,990 | 2014 | Hyundai Mipo, South Korea                     | IMO II/III |

### Fleet Employment and Partnership

As at 30 September 2022, d'Amico International Shipping directly employed 36.0 Vessels: 4 LR1s ('Long Range 1') and 4 MRs ('Medium Range') vessels on term contracts at fixed rates, whilst 2 LR, 20 MR and 6 Handy-size vessels were at the same date employed on the spot market. Some of these DIS' vessels were employed through the joint venture GLENDA International Shipping d.a.c. ("GIS"), a jointly controlled entity with Topley Corporation (part of the Glencore Group), in which d'Amico Tankers d.a.c. had a 50% interest. However, in August 2022 d'Amico Tankers d.a.c. gained control of 100% of Glenda International Shipping d.a.c. through the redemption of the shares owned by Topley Corporation in the JV. Subsequently the four MR vessels owned by GLENDA International Shipping d.a.c. and built between February 2010 and February 2011, were acquired by d'Amico Tankers d.a.c.

d'Amico International Shipping is part of the d'Amico Group, one of the world's leading privately-owned marine transportation companies, with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy). As at 30 September 2022, the d'Amico Group controlled a wide fleet of owned and chartered-in vessels, of which 36.0 were part of the DIS fleet, operating in the product tanker market. d'Amico International Shipping also benefits from the expertise of the d'Amico Group, which provides technical management services, including crewing and insurance arrangements, as well as safety, quality, and environmental services for DIS' vessels.



## ALTERNATIVE PERFORMANCE MEASURES (APM)

Along with the most directly comparable IFRS measures, DIS' management regularly uses Alternative Performance Measures, as they provide helpful additional information for readers of its financial statements, indicating how the business has performed over the period, filling the gaps left by the reporting standards. APMs are financial and non-financial measures of historical or future financial performance, financial position or cash-flows, other than a financial measure defined or specified in the Group's applicable financial reporting framework and standards (IFRS); for this reason they might not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or GAAP and thus should not be considered substitutes for the information contained in the Group's financial statements. The following section sets out the Group's definitions of used APMs:

### FINANCIAL APMs (They are based on or derived from figures of the financial statements)

#### ***Time charter equivalent earnings***

A shipping industry standard allowing the comparison of period-to-period net freight revenues, which are not influenced by whether the vessels were employed on Time charters (TC), Voyage charters or Contracts of affreightment (please see Non-Financial APM definitions below). As indicated in the Profit and Loss financial statement, it is equal to revenues less voyage costs.

#### ***Bareboat charter revenue***

Revenues originating from contracts under which the ship owner is usually paid monthly in advance charter hire at an agreed daily rate for a specified period of time, during which, the charterer is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses (see further in Other definitions).

#### ***EBITDA and EBITDA Margin***

EBITDA is defined as the result for the period before the impact of taxes, interest, the Group's share of the result of joint ventures and associates, depreciation, and amortization. It is equivalent to the gross operating profit, which indicates the Group's revenues from sales less its cost of the services (transport) sold. EBITDA Margin is defined as EBITDA divided by Time charter equivalent earnings (as described above). DIS believes that EBITDA and EBITDA Margin are useful additional indicators investors can use to evaluate the Group's operating performance.

#### ***EBIT and EBIT Margin***

EBIT is defined as the result for the period before the impact of tax, interest, and the Group's share of the result of joint ventures and associates. It is equivalent to the net operating profit and the Group uses it to monitor its return after operating expenses and the cost of the use of its tangible assets. EBIT Margin is defined as operating profit as a percentage of Time charter equivalent earnings and represents for DIS a suitable measure to show the contribution of the Time-Charter Earnings in covering both fixed and variable costs.

#### ***ROCE***

Return on Capital Employed is a profitability ratio which measures how efficiently a company is using its capital. It is calculated dividing the EBIT by the capital employed, that is, by total assets less current liabilities.

#### ***Gross CAPEX***

Gross capital expenditure, that is the expenditure for the acquisition of fixed assets as well as expenditures capitalised as a result of the intermediate or special surveys of our vessels, or of investments for the improvement of DIS vessels, as indicated under Net acquisition of fixed assets within the cash-flow from investing activities; it gives an indication about the strategic planning (expansion) of the Group (capital intensive industry).

#### ***Net Indebtedness***

Comprises bank loans and other financial liabilities, less cash and cash equivalents and liquid financial assets or short-term investments available to service those debt items. The Group believes net indebtedness is relevant to investors as it is a metric on the overall debt situation of a company, indicating the absolute level of non-equity funding of the business. The relevant table in the net indebtedness section within the report on operations, reconciles net debt to the pertinent balance sheet line items.

#### ***IFRS 16 impact***

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee; instead, all leases are treated in a similar way to finance leases applying IAS 17. Leases are "capitalised" by recognising the

present value of lease payments and showing them either as leased assets (right-of-use assets, RoU) or together with property, plant, and equipment (PPE). Lease items of low value (under US\$ 5 thousand) or for which the lease duration is shorter than one year are excluded from this treatment and are expensed as incurred. If lease payments are made over time, the company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect is an increase in lease assets (or PPE) and financial liabilities, leading to changes in key financial metrics derived from balance sheet data.

For companies with material off-balance sheet leases, IFRS 16 changes the nature of the expenses related to those leases: the straight-line operating lease expense (time-charter-in) are replaced with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs).

#### **NON-FINANCIAL APMs (not derived from figures of the financial statements)**

##### **Available vessel days**

Total theoretical number of days a vessel is available for sailing during a period. It provides an indication of the Group's fleet earnings potential during a period, which takes into account the date of delivery to and redelivery from the Group of the vessels in its fleet (please refer also to the Key figures, other operating measures).

##### **Coverage**

Ratio indicating how many available vessel days are already covered by fixed rate contracts (time charter contracts or contracts of affreightment). It provides an indication of how exposed the Group is to changes in the freight market during a certain period (please refer to Time charter equivalent earnings in the Management financial review).

##### **Daily spot rate or daily TC rate**

Daily spot rate refers to daily time-charter equivalent earnings (please refer to definition below) generated by employing DIS' vessels on the spot market (or on a voyage basis) and daily TC rate refers to daily time-charter earnings generated by employing DIS' vessels on 'time-charter' contracts (please refer to the Management financial review).

##### **Off-hire**

Means the period in which a vessel is unable to perform the services for which it is immediately required under a time charter. Off-hire periods can include days spent on repairs, dry-docking and surveys, whether or not scheduled. It can help to explain changes in time-charter equivalent earnings between different periods (please refer to Revenues, in the Management financial review).

##### **Time charter equivalent earnings per day**

A measure of the average daily revenue performance of a vessel or of DIS' fleet. DIS' method of calculating time charter equivalent earnings per day is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by on-hire days for the relevant time period. Time charter equivalent earnings per day is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance, since it is unaffected by the changes in the mix of charter contracts (*i.e.* spot charters, time charters and contracts of affreightment) through which the vessels are employed. It allows a comparison of the Group's performance with industry peers and market benchmarks (please refer to Key figures).

##### **Vessels equivalent**

The number of vessels equivalent in a period is equal to the sum of the products of the total available vessel days over that period for each vessel and the participation of the Group (direct or indirect) in that vessel, divided by the number of calendar days in that period. It provides an indication of the Group's fleet size and earnings potential over a period (please refer to Key figures).

#### **OTHER DEFINITIONS**

##### **Bareboat charter**

A contract type under which the ship owner is usually paid monthly in advance charter hire at an agreed daily rate for a specified period of time, during which the charterer is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses (please refer to note 6). A bareboat charter is also known as a "demise charter" or a "time charter by demise".

**Charter**

A contract for the hire of a vessel for a specified period of time or to carry cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party and there are three main types of such contracts, a bareboat charter party, a voyage charter party and time charter party (refer to definitions in this section).

**Contract of affreightment (COA)**

An agreement between an owner and a charterer which obliges the owner to provide a vessel to the charterer to move specific quantities of cargo, at a fixed rate, over a stated time period but without designating specific vessels or voyage schedules, thereby providing the owner with greater operating flexibility than with voyage charters alone.

**Disponent Owner**

The company that controls a vessel, replacing the registered owner, either through a time-charter or a bareboat charter.

**Fixed-rate contracts**

For DIS these usually refer to revenues generated through time-charter contracts or contracts of affreightment (please refer to definitions in this section). Bareboat charter contracts are also usually fixed rate contracts but DIS controls rather than employs vessels through such contracts.

**Spot charter or Voyage charter**

A contract type through which a registered owner (owner) or disponent owner (please refer to definition in this section) is paid freight for transporting cargo from a loading port to a discharging port. The charterer pays the vessel owner or disponent owner on a per-ton or lump-sum basis. The payment for the use of the vessel is known as freight. The owner or disponent owner is responsible for paying voyage expenses. Typically, the charterer is responsible for any delay at the loading or discharging ports. A ship-owner or bareboat charterer operating its vessel on voyage charter is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses.

**Time charter**

Is a contract type through which the registered owner (owner) or disponent owner (please refer to definition within this section) is paid usually monthly in advance charter hire at an agreed daily rate for a specified period of time (usually a fixed rate contract). With such contracts the charterer is responsible for paying the voyage expenses and additional voyage insurance. A ship-owner or bareboat charterer operating its vessel on time-charter is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses.

## SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND NINE MONTHS OF 2022

The product tanker market has strengthened significantly since the onset of the war in Ukraine in February '22, remaining very firm throughout the third quarter of the year. Product tanker earnings remain at historically high levels, whilst recently also the market for crude tankers and in particular VLCCs, whose performance has lagged this year, strengthened significantly. Strong conditions have been driven by a range of supportive demand factors, including a sharp increase in oil production, as well as in oil demand and refined volumes, coupled with shifts to longer-haul trades, arising from both the Ukraine conflict and from shifts in the refining landscape. Very high refining margins for most of this year, in particular for gasoil, have also contributed to the market's strength. Fleet growth has also been muted and should remain subdued in the coming quarters as the sector benefits from an orderbook to fleet ratio which is currently at historical lows.

The US is now a major exporter of diesel, particularly to South America and the Caribbean and increased shipments through Q3 2022, following strengthening domestic refinery runs, amid firm global demand. Preliminary US EIA data shows that distillate exports peaked at 1.54 million b/d in the middle of Q3, the highest level since August 2019. United States distillate stocks are now at historical lows and there is mounting political pressure for US refiners to replenish domestic inventories ahead of the winter season, particularly in regions such as the East Coast where stocks are particularly low.

The one-year time-charter rate is always the best indicator of spot market expectations and as at the end of September 2022 was assessed at around US\$ 27,000 per day for a conventional MR2, with an Eco MR2 assessed at a premium of around US\$ 3,000 per day.

**In the first 9 months of 2022, DIS recorded a Net profit of US\$ 62.8 million** vs. a Net loss of US\$ (28.9) million posted in the same period of 2021. Such positive variance is attributable to a much stronger product tanker market relative to the same period of last year. Excluding results on disposal and non-recurring financial items, as well as the asset impairment and the effects of IFRS 16, DIS' Net result would have amounted to US\$ 68.1 million in the first 9 months of 2022 compared with US\$ (22.6) million recorded in the same period of 2021. **In Q3 2022, DIS posted a Net profit of US\$ 43.6 million** vs. a Net loss of US\$ (13.8) million registered in the third quarter of last year. Excluding results on disposal and non-recurring financial items, as well as the asset impairment and the effects of IFRS 16, DIS' Net result would have amounted to US\$ 45.7 million in Q3 2022 compared with US\$ (8.2) million recorded in Q3 2021.

In the first 9 months of 2022, DIS generated an EBITDA of US\$ 135.3 million vs. US\$ 47.9 million achieved in the same period of 2021 (US\$ 69.1 million in Q3 2022 vs. US\$ 14.9 million in Q3 2021), whilst its operating cash flow was positive for US\$ 80.5 million compared with US\$ 24.4 million generated in the same period of last year.

In terms of spot performance, **DIS achieved a daily spot rate of US\$ 26,963 in the first 9 months of 2022** vs. US\$ 10,635 in the same period of 2021 (**Q3 2022: US\$ 37,159** vs. Q3 2021: US\$ 9,248), as a result of the much stronger market relative to the same period of last year.

At the same time, 38.8% of DIS' total employment days in the first 9 months of 2022, were covered through 'time-charter' contracts at an average daily rate of US\$ 15,251 (9 months 2021: 48.2% coverage at an average daily rate of US\$ 15,414). A good level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of the spot market volatility, securing a certain level of earnings and cash generation even throughout negative cycles. DIS' total daily average rate (which includes both spot and time-charter contracts) was of US\$ 22,421 in the first 9 months of 2022 compared with US\$ 12,939 achieved in the same period of 2021 (Q3 2022: US\$ 30,230 vs. Q3 2021: US\$ 12,113).

## OPERATING PERFORMANCE

| Q3 2022       | Q3 2021         | US\$ Thousand                            | 9 MONTHS<br>2022 | 9 MONTHS<br>2021 |
|---------------|-----------------|--|------------------|------------------|
| 136,494       | 59,298          | Revenue                                  | 311,774          | 181,335          |
| (42,321)      | (17,192)        | Voyage costs                             | (101,994)        | (50,338)         |
| <b>94,173</b> | <b>42,106</b>   | <b>Time charter equivalent earnings*</b> | <b>209,780</b>   | <b>130,997</b>   |
| 1,213         | -               | Bareboat charter revenue *               | 3,599            | -                |
| <b>95,386</b> | <b>42,106</b>   | <b>Total net revenue</b>                 | <b>213,379</b>   | <b>130,997</b>   |
| (1,188)       | (895)           | Time charter hire costs                  | (2,909)          | (2,515)          |
| (20,199)      | (22,564)        | Other direct operating costs             | (62,340)         | (68,755)         |
| (4,414)       | (3,238)         | General and administrative costs         | (11,254)         | (10,228)         |
| (513)         | (538)           | Result on disposal of fixed assets       | (1,561)          | (1,611)          |
| <b>69,072</b> | <b>14,871</b>   | <b>EBITDA*</b>                           | <b>135,315</b>   | <b>47,888</b>    |
| (14,837)      | (22,191)        | Depreciation and impairment              | (47,365)         | (54,822)         |
| <b>54,235</b> | <b>(7,320)</b>  | <b>EBIT*</b>                             | <b>87,950</b>    | <b>(6,934)</b>   |
| (197)         | 1,117           | Net financial income                     | 696              | 2,136            |
| (10,321)      | (7,552)         | Net financial (charges)                  | (25,603)         | (23,975)         |
| <b>43,717</b> | <b>(13,755)</b> | <b>Profit (loss) before tax</b>          | <b>63,043</b>    | <b>(28,773)</b>  |
| (159)         | 4               | Income taxes                             | (267)            | (157)            |
| <b>43,558</b> | <b>(13,751)</b> | <b>Net profit (loss)</b>                 | <b>62,776</b>    | <b>(28,930)</b>  |

\*see Alternative Performance Measures on page 9 to 11

**Revenue** was US\$ 136.5 million in Q3 2022 (US\$ 59.3 million in Q3 2021) and US\$ 311.8 million in the first 9 months of 2022 (US\$ 181.3 million in the same period of last year). The increase in gross revenue compared with the previous year is attributable mainly to a stronger freight market. In addition, the percentage of off-hire days in the first 9 months of 2022 (1.3%) was lower than in the same period of the previous year (3.1%), mainly due to the timing of commercial off-hires and dry-docks.

**Voyage costs** reflect the mix of spot and time-charter employment contracts. These costs, which occur only for vessels employed on the spot market, amounted to US\$ (42.3) million in Q3 2022 and US\$ (102.0) million in the first 9 months of the current year (Q3 2021: US\$ (17.2) million and 9 months 2021: US\$ (50.3) million). The higher costs reflect DIS' higher exposure to the spot market and higher bunker prices, relative to the same period of last year.

**Time charter equivalent earnings** were of US\$ 94.2 million in Q3 2022 vs. US\$ 42.1 million in Q3 2021 and of US\$ 209.8 million in the first 9 months of 2022 vs. US\$ 131.0 million in the same period of 2021. In detail, DIS realized a **daily average spot rate of US\$ 37,159 in Q3 2022** compared with US\$ 9,248 in Q3 2021 and of **US\$ 26,963 in the first 9 months of 2022** compared with US\$ 10,635 in the same period of last year.

In the first 9 months of 2022, DIS maintained a good level of 'coverage'<sup>7</sup> (fixed-rate contracts), securing an average of 38.8% (9 months 2021: 48.2%) of its available vessel days at a daily average fixed rate of US\$ 15,251 (9 months 2021: US\$ 15,414). In addition to securing revenue and supporting the operating cash flow generation, these contracts enabled DIS to strengthen its historical relationships with the main oil majors.

<sup>7</sup> Coverage ratio (%) and daily average covered rate include a bareboat charter out contract on an LR1 vessel owned by d'Amico Tankers d.a.c., inclusive of an assumed daily Opex of US\$ 6,700 (in line with DIS' actual costs), in order to express this bareboat contract in time-charter equivalent terms. The gross revenue of this bareboat contract is reported under 'bareboat charter revenue' in the Income Statement.

**DIS' total daily average TCE (Spot and Time Charter)<sup>8</sup> was of US\$ 30,230 in Q3 2022 vs. US\$ 12,113 in Q3 2021, and of US\$ 22,421 in the first 9 months of 2022 vs. US\$ 12,939 in the first 9 months of last year.**

| DIS TCE daily rates<br>(US dollars) | 2021   |        |        |               |        |        | 2022   |        |        |               |
|-------------------------------------|--------|--------|--------|---------------|--------|--------|--------|--------|--------|---------------|
|                                     | Q1     | Q2     | Q3     | 9M            | Q4     | FY     | Q1     | Q2     | Q3     | 9M            |
| Spot                                | 9,923  | 12,720 | 9,248  | <b>10,635</b> | 12,055 | 11,004 | 12,857 | 28,687 | 37,159 | <b>26,963</b> |
| Fixed                               | 15,842 | 15,231 | 15,163 | <b>15,414</b> | 14,493 | 15,194 | 14,968 | 15,373 | 15,497 | <b>15,251</b> |
| Average                             | 12,853 | 13,893 | 12,113 | <b>12,939</b> | 13,165 | 12,996 | 13,796 | 23,389 | 30,230 | <b>22,421</b> |

**Bareboat charter revenue** was of US\$ 1.2 million in Q3 2022 and US\$ 3.6 million in the first 9 months of 2022, and it relates to the bareboat charter out contract started in October 2021 on one of d'Amico Tankers d.a.c.'s LR1 vessels.

**Time charter hire costs.** IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019 and has been adopted by the Company. IFRS 16 substantially changes the Group's Consolidated Financial Statements, significantly affecting the treatment by lessees of contracts which in previous periods were treated as operating leases. With some exceptions, liabilities for payments on contracts previously classified as operating leases are now discounted at the lessee's incremental borrowing rate, leading to the recognition of a lease liability and a corresponding right of use asset (amounting to the liability plus the present value of any restoration costs and any incremental costs in entering the lease, as well as any lease payments made prior to commencement of the lease, minus any lease incentives already received). Therefore, starting from 1 January 2019, 'time-charter hire costs' includes only time-charter contracts whose residual term is shorter than 12 months as at that date or for contracts starting later, whose duration is shorter than 12 months from their commencement date. The application of IFRS16 reduced 'charter hire costs' by US\$ 36.4 million in the first 9 months of 2022 and by US\$ 38.1 million in the same period of 2021, as within the Income Statement, these costs were replaced with other direct operating costs, interest, and depreciation.

Excluding the effect of IFRS 16, DIS' 'time-charter hire costs' would have amounted to US\$ (39.3) million in the first 9 months of 2022, compared with US\$ (40.6) million in the same period of last year. In the first 9 months of 2022, DIS operated a slightly lower number of chartered-in vessels (9.9 equivalent ships) relative to the same period of last year (10.3 equivalent ships).

**Other direct operating costs** mainly consist of crew, technical and luboil expenses relating to the operation of owned vessels, together with insurance expenses for both owned and chartered-in vessels. The adjustment to 'other direct operating costs' arising from the application of IFRS 16 increases such expenses by US\$ 16.5 million in the first 9 months of 2022 (US\$ 17.3 million increase in the first 9 months of 2021), as within the Income Statement, time-charter hire costs are replaced by other direct operating costs, interest, and depreciation. Excluding the effects of IFRS 16, DIS' 'other direct operating costs' would have amounted to US\$ (45.9) million in the first 9 months of 2022 vs. US\$ (51.4) million in the same period of 2021. In the first 9 months of 2022, the Company operated a smaller fleet of owned and bareboat vessels relative to the same period of last year (9 months 2022: 25.7 vs. 9 months 2021: 28.0). DIS constantly monitors its operating costs, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and full compliance with very stringent market regulations. Maintaining a 'top-quality' fleet represents an essential part of d'Amico's vision and strategy.

**General and administrative costs** amounted to US\$ (4.4) million in Q3 2022 (US\$ (3.2) million in Q3 2021) and US\$ (11.3) million in the first 9 months of 2022 (US\$ (10.2) million in the first 9 months of 2021). These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others.

**Result on disposal of vessel** was negative for US\$ (0.5) million in Q3 2022 in line with the amount of Q3 2021 and for US\$ (1.6) million in the first 9 months of 2022 in line with the amount of the first 9 months of 2021. The amount refers to the amortisation of the net deferred result on all vessels sold and leased back in the previous years.

<sup>8</sup> Total daily average TCE includes a bareboat charter out contract on an LR1 vessel owned by d'Amico Tankers d.a.c., inclusive of an assumed daily Opex of US\$ 6,700 (in line with DIS' actual costs), in order to express this bareboat contract in time-charter equivalent terms. The gross revenue of this bareboat contract is reported under 'bareboat charter revenue' in the Income Statement.

**EBITDA** was of US\$ 69.1 million in Q3 2022 (US\$ 14.9 million in Q3 2021) and US\$ 135.3 million in the first 9 months of 2022 (US\$ 47.9 million in the first 9 months of 2021), reflecting the better freight markets experienced in the first six months of the current year.

**Depreciation, impairment, and impairment reversal** amounted to US\$ (14.8) million in Q3 2022 (US\$ (22.2) million in Q3 2021) and to US\$ (47.4) million in the first 9 months of 2022 (US\$ (54.8) million in the first 9 months of 2021). The amount for the first 9 months of 2022 includes an impairment of US\$ (2.1) million on a MR vessel (M/T High Priority) owned by d'Amico Tankers d.a.c., whose sale was announced in Q1 2022 and finalized in Q2 2022. In accordance with IFRS 5, this vessel was classified as 'asset held for sale' at the end of Q1 2022, with the difference between its fair value less cost to sell and its book value charged to the Income Statement. The amount for the first 9 months of 2021 included US\$ (5.8) million impairment booked on a MR vessel (M/T High Venture) owned by d'Amico Tankers d.a.c. classified as 'asset held for sale' (in accordance with IFRS 5) as at 30 September 2021, with the difference between its fair value less cost to sell and its book value charged to the Income Statement.

**EBIT** was of US\$ 54.2 million in Q3 2022 (US\$ (7.3) million in Q3 2021) and of US\$ 88.0 million in the first 9 months of 2022 (US\$ (6.9) million in the first 9 months of 2021).

**Net financial income** was of US\$ (0.2) million in Q3 2022 (US\$ 1.1 million in Q3 2021) and of US\$ 0.7 million in the first 9 months 2022 (US\$ 2.1 million in the first 9 months 2021). The amount for the first 9 months of 2022 comprises mainly US\$ 0.6 million unrealized gain in relation to the ineffective part of DIS' interest rate swap agreements, as well as bank interest income on funds held with financial institutions on deposit and current accounts.

**Net financial charges** amounted to US\$ (10.3) million in Q3 2022 (US\$ (7.6) million in Q3 2021) and US\$ (25.6) million in the first 9 months of 2022 (US\$ (24.0) million in the first 9 months of 2021). The amount for the first 9 months of 2022, comprises mainly US\$ (21.5) million in interest expenses and amortized financial fees due on DIS' bank loan facilities, actual expenses on interest rate swaps and interest on lease liabilities, as well as net realised loss on derivative instruments of US\$ (0.9) million (US\$ (0.6) million realized loss on freight derivative instruments, US\$ (0.8) million realized loss on foreign exchange derivative instruments used for hedging purposes, US\$ 0.5 million realized gain arising from the closing of some interest rate swaps), US\$ (0.6) million negative exchange difference, and US\$ (2.5) million negative impact arising from the termination of the lease contracts on High Fidelity and High Discovery. The amount recorded in the same period of last year included US\$ (23.8) million in interest expenses and amortized financial fees due on DIS' bank loan facilities, actual expenses on interest rate swaps and interest on lease liabilities, as well as US\$ (0.1) million of unrealised losses mainly in relation to the ineffective part of DIS' interest rate swap agreements.

DIS recorded a **Profit before tax** of US\$ 43.7 million vs. a loss of US\$ (13.8) million in Q3 2021, and a profit of US\$ 63.0 million in the first 9 months of 2022 vs. a loss of US\$ (28.8) million in the same period of 2021.

**Income taxes** amounted to US\$ (0.2) million in Q3 2022 (close to zero in Q3 2021) and to US\$ (0.3) million in the first 9 months of 2022 (US\$ (0.2) million in the first 9 months of 2021).

DIS recorded a **Net profit of US\$ 43.6 million in Q3 2022** vs. a **Net loss** of US\$ (13.8) million in Q3 2021 and a **Net profit of US\$ 62.8 million in the first nine months of 2022** vs. a **Net loss** of US\$ (28.9) million in the same period of last year.

Excluding the result on disposals and non-recurring financial items from Q3 2022 (US\$ (3.1) million) and from the same period of 2021 (US\$ 0.3 million), as well as the asset impairment of US\$ (5.8) million from Q3 2021 and the net effects of IFRS 16 from both periods (Q3 2022: US\$ 0.9 million and Q3 2021: US\$ (0.1) million), **DIS' Net result would have amounted to US\$ 45.7 million in Q3 2022** compared with US\$ (8.2) million recorded in the same period of the previous year.

Excluding results on disposals and non-recurring financial items from the first 9 months of 2022 (US\$ (4.5) million) and from the same period of 2021 (US\$ 0.05 million), as well as the asset impairments (US\$ (2.1) million in the first 9 months of 2022 and US\$ (5.8) million in the same period of 2021) and the net effects of IFRS 16 from both periods (9 months 2022: US\$ 1.2 million and 9 months 2021: US\$ (0.6) million), **DIS' Net result would have amounted to US\$ 68.1 million in the first 9 months of 2022** compared with US\$ (22.6) million recorded in the same period of the previous year.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>(US\$ Thousand)</i>                            | As at<br>30 September 2022 | As at<br>31 December 2021 |
|---|----------------------------|---------------------------|
| <b>ASSETS</b>                                     |                            |                           |
| Non-current assets                                | 809,470                    | 831,283                   |
| Current assets, excluding assets held for sale    | 187,048                    | 94,836                    |
| Assets held for sale                              | -                          | 10,197                    |
| <b>Total assets</b>                               | <b>996,518</b>             | <b>936,316</b>            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                            |                           |
| Shareholders' equity                              | 402,459                    | 332,382                   |
| Non-current liabilities                           | 449,622                    | 466,111                   |
| Total current liabilities                         | 144,437                    | 137,823                   |
| <b>Total liabilities and shareholders' equity</b> | <b>996,518</b>             | <b>936,316</b>            |

**Non-current assets** mainly relate to DIS' owned vessels net book value, including right-of-use assets (there are no vessels under construction as at 30 September 2022). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned and bareboat fleet as at 30 September 2022 was of US\$ 951.5 million.

**Gross Capital expenditures (Capex)** were of US\$ 0.9 million in the first 9 months of 2022 vs. US\$ 5.2 million in the same period of 2021. These amounts include mainly the capitalised dry-dock costs pertaining to owned and bareboat vessels.

**Total current assets** as at 30 September 2022 amounted to US\$ 187.0 million. As at the same date, in addition to the working capital items (inventories and trade receivables amounting to US\$ 20.9 million and US\$ 74.1 million, respectively), current assets include 'cash and cash equivalent' of US\$ 85.1 million.

**Non-current liabilities** were of US\$ 449.6 million as at 30 September 2022 and mainly consist of the long-term portion of the debt due to banks (disclosed under the Net Indebtedness section of the report) and of lease liabilities.

**Total current liabilities**, other than the debt due to banks and other lenders (disclosed under the Net Indebtedness section of the report), includes as at 30 September 2022, working capital items amounting to US\$ 36.2 million (mainly relating to trade and other payables), US\$ 35.1 million of lease liabilities, and US\$ 6.0 million of other current financial liabilities.

**Shareholders' equity** amounted to US\$ 402.5 million as at 30 September 2022 (US\$ 332.4 million as at 31 December 2021). The variance relative to year-end 2021 is mainly due to the Net result generated in the first 9 months of 2022, as well as to the change in the valuation of cash-flow hedges during the period.



## NET INDEBTEDNESS \*

**DIS' Net debt as at 30 September 2022** amounted to **US\$ 453.9 million** compared to US\$ 520.3 million as at 31 December 2021. Due to the application of IFRS 16 these balances include from 1 January 2019 an additional lease liability amounting to US\$ 54.1 million as at the end of September 2022 vs. US\$ 80.5 million as at the end of 2021. The net debt (excluding the IFRS16 effect) / fleet market value ratio was of 42.0% as at 30 September 2022 vs. 60.4% as at 31 December 2021 (65.9% as at 31 December 2020, 64.0% as at the end of 2019 and 72.9% as at the end of 2018).

| <i>US\$ Thousand</i>  | As at<br>30 September 2022 | As at<br>31 December 2021 |
|---|----------------------------|---------------------------|
| Liquidity - <i>Cash and cash equivalents</i>                      | 85,135                     | 43,415                    |
| Current financial assets  | 6,859                      | 2,638                     |
| Other current financial assets – related party **                 | 31                         | 36                        |
| <b>Total current financial assets</b>                             | <b>92,025</b>              | <b>46,089</b>             |
| Bank loans and other lenders – current                            | 67,101                     | 68,870                    |
| Liabilities from leases - current                                 | 35,083                     | 36,480                    |
| Other current financial liabilities – 3 <sup>rd</sup> party       | 5,999                      | 4,765                     |
| <b>Total current financial debt</b>                               | <b>108,183</b>             | <b>110,115</b>            |
| <b>Net current financial debt</b>                                 | <b>16,158</b>              | <b>64,026</b>             |
| Other non-current financial assets – 3 <sup>rd</sup> parties      | 11,887                     | 9,849                     |
| <b>Total non-current financial assets</b>                         | <b>11,887</b>              | <b>9,849</b>              |
| Bank loans non-current  | 241,231                    | 226,771                   |
| Liabilities from leases – non-current                             | 204,614                    | 237,478                   |
| Other non-current financial liabilities – 3 <sup>rd</sup> parties | 3,777                      | 1,862                     |
| <b>Total non-current financial debt</b>                           | <b>449,622</b>             | <b>466,111</b>            |
| <b>Net non-current financial debt</b>                             | <b>437,735</b>             | <b>456,262</b>            |
| <b>Net financial indebtedness</b>                                 | <b>453,893</b>             | <b>520,288</b>            |

\* See Alternative Performance Measures on page 9 to 11

\*\* Please refer to the disclosures on related parties in the notes to the consolidated Financial Statements

The balance of *Total Current Financial Assets* was of US\$ 92.0 million as at the end of September 2022. The total amount comprises *Cash and cash equivalents* of US\$ 85.1 million, and the current portion of deferred losses on disposal on sale and leaseback transactions, amounting to US\$ 2.3 million and the positive fair value of derivative financial instruments (interest rate swaps), amounting to US\$ 4.6 million.

*Total Non-Current Financial Assets* comprise mainly deferred losses on disposal on sale and leaseback transactions.

The total outstanding bank debt (*Bank loans*) as at 30 September 2022 amounted to US\$ 308.3 million, of which US\$ 67.1 million is due within one year. In addition to some short-term credit lines, DIS' bank debt as at 30 September 2022 comprises mainly the following long-term facilities granted to d'Amico Tankers d.a.c. (Ireland), the key operating company of the Group:

- (i) US\$ 279.0 million (originally US\$ 250.0 million) term-loan facility granted by a pool of nine primary financial institutions (Crédit Agricole Corporate and Investment Bank, Nordea Bank, ING Bank, Banca IMI, Commonwealth Bank of Australia, Skandinaviska Enskilda Banken (SEB), The Governor and Company of the Bank of Ireland, Credit Industriel et Commercial, DnB), to provide financing for 1 existing vessels, with an outstanding debt of US\$ 24.3 million;
- (ii) Crédit Agricole Corporate and Investment Bank and ING term-loan facility to refinance 1 MR vessel built in 2016 with an outstanding debt of US\$ 15.0 million;

- (iii) Crédit Agricole Corporate and Investment Bank and ING 5-year term-loan facility to refinance 1 Handysize vessel built in 2016 and 4 MR vessels previously owned by Glenda International Shipping d.a.c. and built between 2010 and 2011, with an outstanding debt of US\$ 38.9 million;
- (iv) ING and Skandinaviska Enskilda Banken (SEB) 5-years term-loan facility to finance 3 LR1 vessels built in 2018 and 1 Handysize vessel built in 2014, with an outstanding debt of US\$ 82.0 million;
- (v) ABN Amro 5-years term-loan facility to finance 3 Handysize vessels built respectively in 2014, 2015 and 2016, with an outstanding debt of US\$ 39.9 million;
- (vi) Banca IMI (Intesa Group) 7-years term-loan facility to finance 1 Handy-size vessels built in 2016, with a total outstanding debt of US\$ 13.5 million;
- (vii) Skandinaviska Enskilda Banken 5-years term-loan facility to finance 1 LR1 vessel built in 2017, with an outstanding debt of US\$ 18.9 million;
- (viii) Century Tokyo Leasing 6-years term-loan facility to finance 1 MR vessel built in 2017, with a total outstanding debt of US\$ 13.8 million;
- (ix) Banco BPM S.p.A. 5-years term loan facility to finance 1 Handysize vessel built in 2016, with an outstanding debt of US\$ 14.8 million;
- (x) Danish Ship Finance 7-year term-loan facility to refinance 2 MR vessels built in 2012, with an outstanding debt of US\$ 25.2 million;

*Lease liabilities* include the leases on M/T High Freedom, M/T High Trust, M/T High Loyalty, M/T High Trader, M/T Cielo di Houston and M/T High Voyager, which were sold and leased back between 2017 and 2019 and the leases on M/T High Fidelity and M/T High Discovery, whose previous leases were terminated in Q3 2022, with the vessels then refinanced with new 10-year leases. In addition, 'lease liabilities' include as at 30 September 2022, US\$ 54.1 million arising from the application of IFRS 16 on contracts classified until 2018 as 'operating leases'.

*Other Non-current financial liabilities* include the negative fair value of derivative hedging instruments (interest rate swap agreements) and the deferred profit on disposal on sale and leaseback transactions.

## CASH FLOW

**DIS' net cash flow for the first 9 months of 2022 was US\$ 43.5 million** vs. US\$ (20.9) million in the same period of 2021 (Q3 2022: US\$ 40.3 million vs. Q3 2021 US\$ (10.2) million).

| Q3 2022       | Q3 2021         | US\$ Thousand  | 9 MONTHS<br>2022 | 9 MONTHS<br>2021 |
|---------------|-----------------|--|------------------|------------------|
| 61,479        | 5,838           | Cash flow from operating activities  | 80,461           | 24,371           |
| (25,499)      | (970)           | Cash flow from investing activities  | (7,088)          | (1,954)          |
| 4,282         | (15,072)        | Cash flow from financing activities  | (29,829)         | (43,307)         |
| <b>40,262</b> | <b>(10,204)</b> | <b>Change in cash balance</b>  | <b>43,544</b>    | <b>(20,890)</b>  |
| 29,688        | 34,608          | Cash and cash equivalents net of bank overdrafts at the beginning of the period  | 26,406           | 45,294           |
| <b>69,950</b> | <b>24,404</b>   | <b>Cash and cash equivalents net of bank overdrafts at the end of the period</b> | <b>69,950</b>    | <b>24,404</b>    |
| 85,135        | 42,045          | Cash and cash equivalents at the end of the period                               | 85,135           | 42,045           |
| (15,185)      | (17,641)        | Bank overdrafts at the end of the period   | (15,185)         | (17,641)         |

**Cash flow from operating activities** was positive, amounting to US\$ 61.5 million in Q3 2022 vs. US\$ 5.8 million in Q3 2021, and to US\$ 80.5 million in the first 9 months of 2022 vs. US\$ 24.4 million in the first 9 months of 2021.

The net **Cash flow from investing activities** was negative for US\$ (25.5) million in Q3 2022 (US\$ (1.0) million in Q3 2021) and for US\$ (7.1) million in the first 9 months of 2022 (US\$ (2.0) million in the first 9 months of 2021). In August 2022, d'Amico Tankers d.a.c. gained control of 100% of Glenda International Shipping d.a.c. (or "the JV") through the redemption of the shares owned by Topley Corporation (part of the Glencore Group) in the JV for a consideration of US\$ 27.4 million. The impact of this transaction, net of the cash equivalent acquired from the JV as at the redemption

date, is reflected in the cash flow from investing activities, amounting to US\$ (25.5) million. In addition, the total amount for the first 9 months of 2022 comprises the costs relating to drydocks which occurred in the period, off-set by US\$ 19.3 million generated from the sale of the M/T High Valor in Q1 2022 and M/T High Priority in Q2 2022. The amount for the first 9 months of 2021 comprised costs relating to drydocks occurred in the period, off-set by the reimbursement of US\$ 3.2 million of a sellers' credit relating to the sale and TC-back of two MRs in 2017.

**Cash flow from financing activities** was negative, amounting to US\$ (29.8) million in the first 9 months of 2022. This figure comprises mainly: **i) US\$ (162.4) million in bank debt repayments**, of which US\$ (2.4) million were due to the reimbursement of the loan, including the balloon, for the M/T High Valor, sold in Q1 2022; US\$ (1.9) million were due to the reimbursement of the loan, including the balloon, for the M/T High Priority, sold in Q2 2022; US\$ (14.2) million were due to the reimbursement of the facilities for the M/T Cielo di Salerno, whose debt, due to expire later in 2022, was refinanced in Q1 2022; US\$ (94.4) million were due to the reimbursement of the facilities for the M/T High Seas, M/T High Tide, M/T Cielo di New York, M/T Cielo di Rotterdam, M/T Cielo Rosso and M/T Cielo di Cagliari, whose debt, due to expire in 2023, was refinanced in Q3 2022; and US\$ (33.7) million were due to the reimbursement of the facilities for the four MR vessels previously owned by GLENDA International Shipping, whose debt, was refinanced in Q3 2022; **ii) US\$ 159.5 million bank debt drawdown**, of which US\$ 15.3 million related to the refinancing of the facility for the M/T Cielo di Salerno; US\$ 82.0 million related to the refinancing of the facilities for the M/T Cielo di New York, M/T Cielo di Rotterdam, M/T Cielo Rosso and M/T Cielo di Cagliari; US\$ 25.2 million related to the refinancing of the facilities for the M/T High Seas and M/T High Tide; US\$ 38.9 million related to the refinancing of the facilities for the four MR vessels previously owned by GLENDA International Shipping; **iii) US\$ 42.9 million inception of financial lease**, related to the refinancing of the leases on M/T High Fidelity and M/T High Discovery; **iv) US\$ (70.1) million repayment of lease liabilities**, including US\$ (39.5) million related to the termination of the previous lease on High Fidelity and High Discovery; **v) US\$ (0.1) million acquisition of DIS' treasury shares**.

## SIGNIFICANT EVENTS OF THE FIRST NINE MONTHS

### D'AMICO INTERNATIONAL SHIPPING S.A.:

**Fifth and last exercise period of DIS' Ordinary shares warrants 2017-2022:** On 17 May 2022, d'Amico International Shipping S.A. confirmed that the holders of "d'Amico International Shipping's Warrants 2017 – 2022", ISIN code n. LU1588548724 (the "Warrants") could apply for their Warrants to be exercised on any Banking Day (days on which banks in Luxembourg and in Italy are generally open for business as defined in the terms and conditions of the Warrants) starting from 1st June, 2022 until 30th June, 2022, both dates included (the "Fifth Exercise Period"), with the right to subscribe for newly issued ordinary shares of DIS admitted to trading on the Euronext STAR Milan segment of the Milan Stock exchange, organized and managed by Borsa Italiana, each without par value and with the same rights and features as DIS' ordinary shares outstanding at the issue date (the "Warrant Shares"), in the ratio of one (1) ordinary DIS share for one (1) Warrant exercised. After the termination of the Fifth Exercise Period, the unexercised Warrants are considered expired and can no longer be exercised. The exercise price for the Fifth Exercise Period amounted to EUR 0.412 (zero point four hundred and twelve Euros) per Warrant Share.

**Capital increase following the fifth exercise period of DIS' Ordinary shares warrants 2017-2022:** on 4 July 2022 following the completion of the Fifth Warrants exercise period, in which 10,000 Warrants were exercised, leading to the issuance of 10,000 new ordinary shares, the Company's share capital amounted to US\$ 62,053,278.45, divided into 1,241,065,569 shares with no nominal value. The remaining 55,215,905 Warrants not exercised by the deadline of 30 June 2022 expired, becoming invalid for all purposes.

### D'AMICO TANKERS D.A.C.:

**Refinancing of two leases:** In July 2022, d'Amico Tankers d.a.c. exercised its purchase options on the existing bareboat charter contracts for MT High Discovery (a 49,990 dwt medium-range product tanker vessel built in 2014 by Hyundai-Mipo, South Korea), for a consideration of US\$ 20.3 million, and for MT High Fidelity (a 49,990 dwt medium-range product tanker vessel built in 2014 by Hyundai-Vinashin Shipyard Co. Ltd., Vietnam), for a consideration of US\$ 19.2 million. In addition, d'Amico Tankers refinanced the two vessels with new 10-year leases (bareboat charter contracts), with a purchase obligation at the end of the contract, and purchase options starting from the second anniversary date for MT High Discovery and the third anniversary date for MT High Fidelity.

**Refinancing of the bank debt maturing in 2023, related to four vessels through a new sustainability-linked loan:**

In July 2022, d'Amico Tankers d.a.c. signed a US\$ 82.0 million 5-year term facility with ING and Skandinaviska Enskilda Banken (SEB), to refinance the bank loans maturing in 2023 on MT Cielo di Cagliari, MT Cielo Rosso, MT Cielo di Rotterdam, and MT Cielo di New York. For this new sustainability-linked loan, the margin is adjusted based on the CO2 emissions of d'Amico Tankers' fleet and associated AER (annual efficiency ratio) indicator, relative to the AER trajectory established by the Poseidon Principles for the type of vessels controlled by our Subsidiary. ING is acting as the Agent and the Sustainability Coordinator of this facility.

**Refinancing of the bank debt related to three MR vessels, maturing in 2023:** In July 2022, d'Amico Tankers d.a.c. secured the refinancing of the loan related to three of its MR vessels maturing in 2023, with their related balloons. In detail:

- d'Amico Tankers signed a US\$ 25.2 million 7-year term loan facility with Danish Ship Finance A/S, to refinance the bank loans maturing in 2023 on MT High Seas and MT High Tide. This new loan was drawn down and the current financing reimbursed in July 2022.
- d'Amico Tankers signed an agreement with Tokyo Century Corporation to extend in direct continuation and for further 4.5 years from its previous maturity in January 2023, the existing loan on MT High Challenge, with an amount then outstanding of US\$ 13.8 million.

**Refinancing of the bank debt related to five MR vessels:** In September 2022, d'Amico Tankers d.a.c. signed a new US\$ 54.2 million 5-year term loan facility with Credit Agricole Corporate and Investment Bank and ING aimed at refinancing the loans related to the following five vessels:

- MT Cielo di Capri, a 39,043 dwt handysize product tanker vessel built in 2016 by Hyundai-Vinashin Shipyard Co. Ltd., Vietnam, and whose previous bank debt matured in May 2023. The new loan facility related to this vessel was drawn down at the beginning of October 2022.
- MT Glenda Melissa, MT Glenda Meryl, MT Glenda Melody, MT Glenda Melanie, four 47,200 dwt MR vessels built between 2010 and 2011 by Hyundai-Mipo, South Korea, all formerly owned by Glenda International Shipping d.a.c.. The new loan facility related to these four vessels was drawn down in September 2022.

**Acquisition of the full control in GLENDA International Shipping d.a.c.:** In August 2022, d'Amico Tankers d.a.c. gained control of 100% of Glenda International Shipping d.a.c. ("Glenda" or "the JV") through the redemption of the shares ("the Redemption") owned by Topley Corporation ("Topley", part of the Glencore Group) in the JV for a consideration of US\$ 27.4 million. Prior to the transaction Topley owned a participation of 50% in Glenda International Shipping. The vessels owned at the time by Glenda International Shipping were the following MRs:

- GLENDA Melissa, 47,203 dwt, built in 2011, by Hyundai Mipo, South Korea;
- GLENDA Meryl, 47,251 dwt, built in 2011, by Hyundai Mipo, South Korea;
- GLENDA Melody, 47,238 dwt, built in 2011, by Hyundai Mipo, South Korea;
- GLENDA Melanie, 47,162 dwt, built in 2010, by Hyundai Mipo, South Korea.

Prior to the Redemption of the shares, the bank loans related to these vessels were fully reimbursed. In September 2022, d'Amico Tankers d.a.c. acquired these vessels from Glenda.

**'Time Charter-Out' Fleet:** In January 2022, d'Amico Tankers d.a.c. extended a time charter-out contract with an oil-major for one of its MR vessels for 12 months, starting from January 2022; and it extended another time charter-out contract with a reputable counterparty for one of its Handy-size vessels for 6 months, starting from January 2022.

In September 2022, d'Amico Tankers d.a.c. extended a time charter-out contract with an oil-major for one of its LR1 vessels for 12 months, starting from October 2022.

**Vessel Sale:** In April 2022, d'Amico Tankers d.a.c. signed a memorandum of agreement for the sale of the M/T High Priority, a 46,847 dwt MR product tanker vessel, built in 2005 by Nakai Zosen, Japan, for a consideration of US\$ 9.2 million.

**Exercise of the purchase option on a TC-in MR vessels:** In September 2022, d'Amico International Shipping S.A. announced that its operating subsidiary d'Amico Tankers d.a.c. exercised its purchase option on the M/T High Adventurer, a 50,000 dwt MR product tanker vessel, built in 2017 by Onomichi Dockyard Co., Japan, for a

consideration of JPY 4.1 billion (equivalent to approximately US\$ 30.4 million) and with delivery expected in November 2022.

#### HIGH POOL TANKERS D.A.C.:

**'Time Charter-Out' Fleet:** In April 2022, High Pool Tankers d.a.c. fixed a time charter-out contract with a reputable counterparty for one of its MR vessels for 6 months, starting in June 2022.

#### SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

**'Time Charter-Out' Fleet:** In October 2022, d'Amico Tankers d.a.c. fixed a time charter-out contract with an oil-major for one of its LR1 vessels for a minimum of 10 months up to 12 months, starting from December 2022.

In November 2022 d'Amico Tanker d.a.c. fixed a time charter-out contract with an oil major for one of its MR vessels for 12 months, starting from November 2022.

The profile of d'Amico International Shipping's vessels on the water is summarized as follows.

|                           | As at 30 September 2022 |           |           |           | As at 10 November 2022 |           |           |           |
|---------------------------|-------------------------|-----------|-----------|-----------|------------------------|-----------|-----------|-----------|
|                           | LR1                     | MR        | Handysize | Total     | LR1                    | MR        | Handysize | Total     |
| Owned                     | 5                       | 8         | 6         | 19        | 5                      | 8         | 6         | 19        |
| Bareboat chartered*       | 1                       | 7         | -         | 8         | 1                      | 7         | -         | 8         |
| Long-term time chartered  | -                       | 9         | -         | 9         | -                      | 9         | -         | 9         |
| Short-term time chartered | -                       | -         | -         | -         | -                      | -         | -         | -         |
| <b>Total</b>              | <b>6</b>                | <b>24</b> | <b>6</b>  | <b>36</b> | <b>6</b>               | <b>24</b> | <b>6</b>  | <b>36</b> |

\* with purchase obligation

#### Business Outlook

The key drivers that should affect the product tankers' freight markets and d'Amico International Shipping's performance are (i) the growth in global oil supply, (ii) refinery margins and throughput, (iii) demand for refined products, (iv) the structure of forward prices for both crude oil and refined petroleum products, (v) the product tankers' fleet growth rate, (vi) the efficiency of the fleet due to factors such as congestion, transshipments, and average sailing speeds and (vii) average sailing distances and ballast to laden ratios. Some of the factors that should continue supporting the current strong markets are detailed below:

#### Product Tanker Demand

- According to IEA's latest report, for FY'22, global oil demand is expected to rise by 1.9 mb/d, reaching 99.6 mb/d, before advancing by another 1.7 mb/d in FY'23, to exceed pre-pandemic levels at 101.3 mb/d. In FY'22 the OECD will account for most of the total increase, while non-OECD countries will cover three-quarters of FY'23's gains if China reopens as expected.
- In their October report, the IEA expects refinery runs to increase on average by 1.3 mb/d in Q4 '22 (q-o-q) and by 1.2 mb/d in FY'23.
- OECD refined product inventories are well below their 5-year averages, with a particularly concerning situation for middle distillate stocks, in both Europe and the US.
- The very tight market for gasoil, in particular in the US East coast, and the anticipated gasoil-to-gas switching this winter, has been and should continue contributing in the coming quarters, to very high

gasoil cracks, driving refining activity and providing a key support to the historically high product tanker freight rates.

- In their October 2022 outlook, Clarksons estimates product tanker demand is projected to grow by 5.6% in 2022 and by a further 6.2% in 2023.
- There are a range of downside risks to the demand outlook, from a lack of significant improvement in Chinese oil demand next year if widespread COVID restrictions continue, to the slowing global economy. However, even if macroeconomic headwinds build further, shifts to longer routes, ongoing support to oil demand from gas-to-oil switching, recovery in jet fuel demand and low oil inventories, creating the potential for restocking, suggest that overall demand trends will likely remain supportive.
- According to Clarksons, the average 'haul' of seaborne products trade is projected to rise by circa 10% across 2022-23, reflecting impacts from both the Ukraine conflict (more significant switching away from Russian cargoes in Europe is expected in 2023 after the EU ban on imports from Russia comes into force in Feb-23) and recent changes in the refining landscape.
- More than 70% of new refining capacity in the next four years will be located east of Suez. The EIA estimates that the pandemic led to 1.9 million b/d of refinery closures of which around 800,000 b/d in North America and significant closures also in Europe and Oceania. Engen have converted their 120,000 b/d refinery in Durban (responsible for approximately 17% of the country's fuel production) into a terminal/storage facility. In the long run, recovering demand and structural shifts in the location of refineries are likely to continue boosting long-haul product trades.

### Product Tanker Supply

- At the beginning of the year, Clarksons estimated 67 MRs and LR1s would have been delivered in 2022; in the first nine months of the year only 42 such vessels were delivered.
- Trading inefficiencies, as transshipments of cargoes and ballast to laden ratios increase, have been one of the factors reducing fleet productivity and contributing to the strong freight markets since the onset of the war in Ukraine.
- In their October 2022 outlook, Clarksons estimated the product tanker fleet will grow by only 1.9% in 2022.
- A large number of demolition yards were temporarily shut during the pandemic. However, the rebound in steel prices has improved demand for tonnage recycling. Despite the strong freight markets, 23 vessels in the MR and LR1 sector have already been scrapped this year.
- According to Clarksons, as at the end of September 2022, 6.9% of the MR and LR1 fleet was over 20 years old (in dwt), whilst the current order book in these segments represented only 3.1% of the current trading fleet (in dwt). As at the same date, 33.1% of the MR and LR1 fleet (in dwt) was more than 15 years old, and this percentage should continue rising fast over the coming years.
- The IMO's 2030 and 2050 targets for reducing greenhouse gas emissions are high on the shipping agenda. Many owners and banks now require 'green recycling' of vessels in line with EU and IMO conventions, while the EU is set to include shipping in its Emissions Trading Scheme. Furthermore, important cargo charterers including oil majors such as Shell and Total, as well as leading trading houses such as Trafigura, have recently signed the Sea Cargo Charter with the aim of disclosing the CO2 emissions of the vessels they operate and reducing these in line with the IMO targets. During the Marine Environmental Committee's (MEPC) meeting (MEPC 76) in June 2021, measures were adopted which will be enforceable from 1 November 2022, requiring operators to measure their vessels' energy efficiency existing ship index (EEXI), reflecting their technical efficiency and their carbon intensity indicator (CII), assessing how efficiently they are managed. Both measures aim to cut emissions progressively from 2023 to 2030. The expected technological change required to meet the increasingly demanding environmental regulations is reducing appetite for new building orders, since such vessels could be obsolete soon after delivery. Furthermore, the increase in new building costs and decrease in yard availability is also negatively affecting the appetite for new orders.

## D'AMICO INTERNATIONAL SHIPPING GROUP CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2022

### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

| Q3 2022  | Q3 2021         | US\$ Thousand  | 9 MONTHS<br>2022 | 9 MONTHS<br>2021 |
|--|-----------------|--|------------------|------------------|
| 136,494  | 59,298          | Revenue  | 311,774          | 181,335          |
| (42,321)   | (17,192)        | Voyage costs   | (101,994)        | (50,338)         |
| <b>94,173</b>  | <b>42,106</b>   | <b>Time charter equivalent earnings*</b>               | <b>209,780</b>   | <b>130,997</b>   |
| 1,213  | -               | Bareboat charter revenue *                             | 3,599            | -                |
| <b>95,386</b>  | <b>42,106</b>   | <b>Total net revenue</b>                               | <b>213,379</b>   | <b>130,997</b>   |
| (1,188)  | (895)           | Time charter hire costs                                | (2,909)          | (2,515)          |
| (20,199)   | (22,564)        | Other direct operating costs                           | (62,340)         | (68,755)         |
| (4,414)  | (3,238)         | General and administrative costs                       | (11,254)         | (10,228)         |
| (513)  | (538)           | Result on disposal of fixed assets                     | (1,561)          | (1,611)          |
| <b>69,072</b>  | <b>14,871</b>   | <b>EBITDA*</b>   | <b>135,315</b>   | <b>47,888</b>    |
| (14,837)   | (22,191)        | Depreciation and impairment                            | (47,365)         | (54,822)         |
| <b>54,235</b>  | <b>(7,320)</b>  | <b>EBIT*</b>   | <b>87,950</b>    | <b>(6,934)</b>   |
| (197)  | 1,117           | Net financial income                                   | 696              | 2,136            |
| (10,321)   | (7,552)         | Net financial (charges)                                | (25,603)         | (23,975)         |
| <b>43,717</b>  | <b>(13,755)</b> | <b>Profit (loss) before tax</b>                        | <b>63,043</b>    | <b>(28,773)</b>  |
| (159)  | 4               | Income taxes   | (267)            | (157)            |
| <b>43,558</b>  | <b>(13,751)</b> | <b>Net profit (loss)</b>                               | <b>62,776</b>    | <b>(28,930)</b>  |
| <i>The net result is attributable to the equity holders of the Company</i> |                 |  |                  |                  |
| <b>0.036</b>   | <b>(0.011)</b>  | <b>Earnings (loss) per share in US\$<sup>(1)</sup></b> | <b>0.051</b>     | <b>(0.024)</b>   |

\*see Alternative Performance Measures on page 9 to 11

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| Q3 2022  | Q3 2021         | US\$ Thousand  | 9 MONTHS<br>2022 | 9 MONTHS<br>2021 |
|--|-----------------|--|------------------|------------------|
| <b>43,558</b>  | <b>(13,751)</b> | <b>Profit / (loss) for the period</b>                  | <b>62,776</b>    | <b>(28,930)</b>  |
| <i>Items that can subsequently be reclassified into Profit or Loss</i> |                 |  |                  |                  |
| (307)  | 230             | Cash flow hedges                                       | 7,568            | 2,504            |
| (148)  | (46)            | Exchange differences in translating foreign operations | (290)            | (89)             |
| <b>43,103</b>  | <b>(13,567)</b> | <b>Total comprehensive income for the period</b>       | <b>70,054</b>    | <b>(26,487)</b>  |

*The net result is entirely attributable to the equity holders of the Company*

(<sup>1</sup>) Basic earnings per share (e.p.s.) was calculated on an average number of outstanding shares equal to 1,222,895,331 in the first nine months of 2022 (1,222,854,116 shares in the first nine months of 2021) and on an average of 1,222,888,554 outstanding shares in the third quarter of 2022 (Q3, 2021: 1,222,726,438 outstanding shares). In Q3/nine months of 2022 and Q3/nine months 2021 diluted e.p.s. was equal to basic e.p.s.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| <i>US\$ Thousand</i>   | As at<br>30 September 2022 | As at<br>31 December 2021 |
|--|----------------------------|---------------------------|
| <b>ASSETS</b>  |                            |                           |
| Property, plant and equipment and Right-of-use assets                          | 797,583                    | 821,434                   |
| Other non-current financial assets   | 11,887                     | 9,849                     |
| <b>Total non-current assets</b>  | <b>809,470</b>             | <b>831,283</b>            |
| Inventories  | 20,879                     | 11,643                    |
| Receivables and other current assets   | 74,144                     | 37,104                    |
| Other current financial assets   | 6,890                      | 2,674                     |
| Cash and cash equivalents  | 85,135                     | 43,415                    |
| <b>Current Assets, excluding assets held for sale</b>                          | <b>187,048</b>             | <b>94,836</b>             |
| Assets held for sale   | -                          | 10,197                    |
| <b>Total current assets</b>  | <b>187,048</b>             | <b>105,033</b>            |
| <b>TOTAL ASSETS</b>  | <b>996,518</b>             | <b>936,316</b>            |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                                    |                            |                           |
| Share capital  | 62,053                     | 62,053                    |
| Accumulated losses   | (18,046)                   | (80,568)                  |
| Share Premium  | 368,827                    | 368,823                   |
| Other reserves   | (10,375)                   | (17,926)                  |
| <b>Total shareholders' equity</b>  | <b>402,459</b>             | <b>332,382</b>            |
| Banks and other lenders  | 241,231                    | 226,771                   |
| Non-current lease liabilities  | 204,614                    | 237,478                   |
| Other non-current financial liabilities  | 3,777                      | 1,862                     |
| <b>Total non-current liabilities</b>   | <b>449,622</b>             | <b>466,111</b>            |
| Banks and other lenders  | 67,101                     | 66,534                    |
| Current lease liabilities  | 35,083                     | 36,480                    |
| Payables and other current liabilities   | 36,151                     | 27,665                    |
| Other current financial liabilities  | 5,999                      | 4,765                     |
| Current tax payable  | 103                        | 43                        |
| <b>Current liabilities, excluding banks associated to assets held-for-sale</b> | <b>144,437</b>             | <b>135,487</b>            |
| Banks associated to assets held-for-sale                                       | -                          | 2,336                     |
| <b>Total current liabilities</b>   | <b>144,437</b>             | <b>137,823</b>            |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                              | <b>996,518</b>             | <b>936,316</b>            |

10 November 2022

On behalf of the Board



**Paolo d'Amico**  
Chairman, Chief Executive Officer



**Antonio Carlos Balestra di Mottola**  
Chief Financial Officer



**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

| Q3 2022         | Q3 2021         | US\$ Thousand  | 9 MONTHS<br>2022 | 9 MONTHS<br>2021 |
|-----------------|-----------------|--|------------------|------------------|
| <b>43,558</b>   | <b>(13,751)</b> | <b>Profit (loss) for the period</b>  | <b>62,776</b>    | <b>(28,930)</b>  |
| 14,837          | 16,428          | Depreciation and amortisation  | 45,285           | 49,059           |
| -               | 5,763           | Impairment   | 2,080            | 5,763            |
| 159             | (4)             | Current and deferred income tax  | 267              | 157              |
| 6,121           | 4,185           | Net lease cost   | 13,735           | 13,101           |
| 4,407           | 2,250           | Other Financial charges (income)   | 11,172           | 8,738            |
| 513             | 538             | Result on disposal of fixed assets   | 1,561            | 1,611            |
| -               | -               | Balance on disposal of investments   | -                | 2                |
| (329)           | (71)            | Other non-cash changes   | (460)            | (76)             |
| <b>69,266</b>   | <b>15,338</b>   | <b>Cash flow from operating activities before changes in working capital</b>     | <b>136,416</b>   | <b>49,425</b>    |
| (2,710)         | 267             | Movement in inventories  | (8,989)          | (1,591)          |
| 768             | (1,813)         | Movement in amounts receivable   | (33,193)         | 2,485            |
| (189)           | (1,131)         | Movement in amounts payable  | 7,153            | (3,628)          |
| (108)           | (41)            | Taxes (paid) received  | (214)            | (184)            |
| (3,572)         | (4,183)         | Net cash payments for the interest portion of IFRS16 related leases              | (11,176)         | (13,100)         |
| (1,976)         | (2,599)         | Net interest paid  | (9,536)          | (9,036)          |
| <b>61,479</b>   | <b>5,838</b>    | <b>Net cash flow from operating activities</b>                                   | <b>80,461</b>    | <b>24,371</b>    |
| (3)             | (970)           | Acquisition of fixed assets  | (897)            | (5,154)          |
| 46              | -               | Sale of fixed assets   | 19,351           | 3,200            |
| (25,542)        | -               | Increase in participation in Glenda International Shipping**                     | (25,542)         | -                |
| <b>(25,499)</b> | <b>(970)</b>    | <b>Net cash flow from investing activities</b>                                   | <b>(7,088)</b>   | <b>(1,954)</b>   |
| 4               | *-              | Share capital increase   | 4                | *-               |
| -               | (17)            | Other changes in shareholder's equity  | -                | (31)             |
| -               | -               | Movement in treasury shares  | 129              | (336)            |
| 48              | 658             | Movement in other financial receivables  | 121              | 1,769            |
| (130,703)       | (6,996)         | Bank loan repayments   | (162,379)        | (22,956)         |
| 144,172         | -               | Bank loan drawdowns  | 159,517          | 13,756           |
| 42,900          | -               | Proceeds from disposal of assets subsequently leased-back                        | 42,900           | -                |
| (52,139)        | (8,717)         | Net repayments for the principal portion of the lease liability                  | (70,121)         | (35,509)         |
| <b>4,282</b>    | <b>(15,072)</b> | <b>Net cash flow from financing activities</b>                                   | <b>(29,829)</b>  | <b>(43,307)</b>  |
| <b>40,262</b>   | <b>(10,204)</b> | <b>Net increase (decrease) in cash and cash equivalents</b>                      | <b>43,544</b>    | <b>(20,890)</b>  |
| 29,688          | 34,608          | Cash and cash equivalents net of bank overdrafts at the beginning of the period  | 26,406           | 45,294           |
| <b>69,950</b>   | <b>24,404</b>   | <b>Cash and cash equivalents net of bank overdrafts at the end of the period</b> | <b>69,950</b>    | <b>24,404</b>    |
| 85,135          | 42,045          | Cash and cash equivalents at the end of the period                               | 85,135           | 42,045           |
| (15,185)        | (17,641)        | Bank overdrafts at the end of the period   | (15,185)         | (17,641)         |

\* Following the exercise of the warrants, on 1 July 2021 a capital increase amounting to US\$ 157 occurred; that amount falls below DIS' US\$ thousand reporting threshold.

\*\* The consideration paid by d'Amico Tankers d.a.c. (US\$27.4 million) for the increase in participation in Glenda International Shipping d.a.c., was allocated to the fair value of the assets and liabilities acquired.

## INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

| <i>US\$ Thousand</i>                   | Share capital | Retained Earnings<br>(Accumulated losses) | Share premium  | Other Reserves  |                 | Total          |
|--|---------------|---|----------------|-----------------|-----------------|----------------|
|  |               |   |                | Other           | Cash-Flow hedge |                |
| <b>Balance as at 1 January 2022</b>    | <b>62,053</b> | <b>(80,568)</b>                           | <b>368,823</b> | <b>(16,467)</b> | <b>(1,459)</b>  | <b>332,382</b> |
| Share capital increase                 | *-            | -   | 4              | -               | -               | 4              |
| Treasury shares                        | -             | -   | -              | 129             | -               | 129            |
| Other changes                          | -             | (254)                                     | -              | 144             | -               | (110)          |
| Total comprehensive income             | -             | 62,776                                    | -              | (290)           | 7,568           | 70,054         |
| <b>Balance as at 30 September 2022</b> | <b>62,053</b> | <b>(18,046)</b>                           | <b>368,827</b> | <b>(16,484)</b> | <b>6,109</b>    | <b>402,459</b> |

\* Following the exercise of the warrants, on 1 July 2022 a capital increase occurred, leading to an increase in the share capital amounting to US\$ 500; that amount falls below DIS' US\$ thousand reporting threshold.

| <i>US\$ Thousand</i>                   | Share capital | Retained Earnings<br>(Accumulated losses) | Share premium  | Other Reserves  |                 | Total          |
|--|---------------|---|----------------|-----------------|-----------------|----------------|
|  |               |   |                | Other           | Cash-Flow hedge |                |
| <b>Balance as at 1 January 2021</b>    | <b>62,053</b> | <b>(43,307)</b>                           | <b>368,853</b> | <b>(16,155)</b> | <b>(5,710)</b>  | <b>365,734</b> |
| Share capital increase                 | *-            | -   | *-             | -               | -               | *-             |
| Treasury shares                        | -             | -   | -              | (336)           | -               | (336)          |
| Other changes                          | -             | -   | (31)           | 34              | -               | 3              |
| Total comprehensive income             | -             | (28,930)                                  | -              | (61)            | 2,504           | (26,487)       |
| <b>Balance as at 30 September 2021</b> | <b>62,053</b> | <b>(72,237)</b>                           | <b>368,822</b> | <b>(16,518)</b> | <b>(3,206)</b>  | <b>338,914</b> |

\* Following the exercise of the warrants, on 1 July 2021 a capital increase amounting to US\$ 157 occurred; that amount falls below DIS' US\$ thousand reporting threshold.

The following notes form an integral part of the interim consolidated financial report.

## NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Société Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The ultimate parent company of the Group is d'Amico Società di Navigazione. DIS is an international marine transportation company, operating, mainly through its fully owned subsidiary, d'Amico Tankers d.a.c. (Ireland), as well as other indirectly controlled subsidiaries. All DIS' vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to the major oil companies and trading houses.

This condensed consolidated interim financial information as at, and for the nine months period ended 30 September 2022 have been prepared in accordance with IAS 34 – Interim Financial reporting, as adopted by the European Union.

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

The consolidated financial statements are prepared on the basis of the historic cost convention, with the exception of certain financial assets and liabilities, which are stated at fair value through profit or loss or other comprehensive income for the effective portion of the hedges.

The financial statements are presented in U.S. Dollars, which is the functional currency of the Company and its principal subsidiaries. Rounding is applied to the nearest thousand.

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### 1. ACCOUNTING POLICIES

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The principal accounting policies, which have been consistently applied, are set out below.

#### Critical Accounting Judgments and Key Estimates

The preparation of the financial statements requires Directors to make accounting estimates and in some cases assumptions in the application of accounting principles. The Management decisions are based on historical experience as well as on expectations associated with the realization of future events, considered reasonable under the circumstances. Critical accounting estimates and judgments are exercised in all areas of the business and are reviewed on an ongoing basis.

#### Segment Information

d'Amico International Shipping provides transportation services of refined petroleum products and vegetable oil, operating in only one business segment, Product Tankers. Furthermore, the Group only has one geographical segment, employing all of its vessels worldwide, rather than in specific geographical areas. The Group's top management monitors, evaluates and allocates the Group's resources as a whole, operations are run in one single currency – the US\$ – and DIS considers, therefore, the product tankers business as a single segment.

#### Accounting principles

The accounting policies adopted are consistent with those of the previous financial year.

#### **Accounting principles adopted from 1 January 2022**

There are no new accounting principles that have been adopted for the accounting period ending 30 September 2022.

#### **Accounting principles, amendments, and interpretations not yet effective**

##### *Interest Rate Benchmark Reform*

US\$ LIBOR rates for periods of 3 months and 6 months, which are the reference rates for all of our mortgage loans, should not be published anymore from 30 June 2023. All our loans which will be affected have or will include transition clauses to the Secured Overnight Financing Rate (SOFR), the new risk-free reference rate. All new loans from January 2022, will already include the SOFR as the reference rate, from the loan's start date. The reference

rate can either be based on the Term SOFR, or the Cumulative Compounded SOFR in arrears. Effective hedges can be performed for loans linked to both the Term SOFR and the Cumulative Compounded SOFR in arrears.

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. Early adoption of any new standard is not currently envisaged.

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## 2. COMMITMENTS AND CONTINGENCIES

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### Ongoing disputes

The Group is currently involved in a number of on-going commercial disputes concerning both our owned and chartered-in vessels. The majority are cargo contamination claims. The disputes are mostly covered by insurance policies with the Group's P&I Club and therefore are not expected to generate any significant financial exposure.

### Tonnage tax deferred taxation

All of the Group's Irish operating companies are qualified to be taxed under the Tonnage Tax regime in Ireland. The regime includes a provision whereby a proportion of capital allowances previously claimed by the Group may be subject to tax in the event that vessels are sold, and the Group fails to comply with the ongoing requirements to remain within the regime.

There are neither contingent liabilities nor commitments made by the Group which are not recognized at the reporting date in relation with the Group's interests in its joint ventures.

10 November 2022

On behalf of the Board



*Paolo d'Amico*  
Chairman, Chief Executive Officer



*Antonio Carlos Balestra di Mottola*  
Chief Financial Officer

The manager responsible for preparing the company's financial reports, Mr. Antonio Carlos Balestra di Mottola, in his capacity as Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that the nine months and third quarter 2022 financial statements prepared in accordance with the applicable set of accounting standards as published in this report, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and its consolidated subsidiaries and that the interim management report includes a fair review of the development and performance of the business and the position of the Company and its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.



*Antonio Carlos Balestra di Mottola*  
Chief Financial Officer