



## **D'AMICO INTERNATIONAL SHIPPING S.A. INTERIM MANAGEMENT STATEMENTS – FIRST QUARTER 2022**

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d'Amico International Shipping S.A.  
Registered office at 25C Boulevard Royal, Luxembourg  
RCS B124790  
Share capital US\$ 62,052,778.45 as at 31 March 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

| <i>US\$ Thousand</i>                    | <b>Q1 2022</b>       | <b>Q1 2021</b>          |
|---|----------------------|-------------------------|
| Time charter equivalent (TCE) earnings* | 42,821               | 42,756                  |
| EBITDA *                                | 17,773               | 14,152                  |
| <i>as % of margin on TCE</i>            | 41.51%               | 33.10%                  |
| EBIT *                                  | 290                  | (2,276)                 |
| <i>as % of margin on TCE</i>            | 0.68%                | (5.32)%                 |
| Net loss                                | (6,496)              | (9,768)                 |
| <i>as % of margin on TCE</i>            | (15.17)%             | (22.85)%                |
| Adjusted Net loss**                     | (4,159)              | (9,865)                 |
| Basic earnings (loss) per share         | US\$ (0.005)         | US\$ (0.008)            |
| Operating cash flow                     | 10,241               | 6,608                   |
| Gross capital expenditure (CapEx)*      | (419)                | (1,969)                 |
|   | <b>As at</b>         | <b>As at</b>            |
|   | <b>31 March 2022</b> | <b>31 December 2022</b> |
| Total assets                            | 918,891              | 936,316                 |
| Net financial indebtedness*             | 495,695              | 520,288                 |
| Shareholders' equity                    | 331,596              | 332,382                 |

\*see Alternative Performance Measures on page 9

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

### OTHER OPERATING MEASURES

| <i>US\$ Thousand</i>   | <b>Q1 2022</b> | <b>Q1 2021</b> |
|--|----------------|----------------|
| <b>Daily operating measures</b> - TCE earnings* per employment day (US\$) <sup>1</sup> | 13,796         | 12,853         |
| <b>Fleet development</b> - Total vessel equivalent                                     | 36.1           | 38.8           |
| - Owned  | 18.1           | 19.6           |
| - Bareboat chartered-in  | 8.0            | 8.4            |
| - Time chartered-in  | 10.0           | 10.8           |
| Vessels equivalent under commercial management   | -              | -              |
| Off-hire days/ available vessel days <sup>2</sup> (%)                                  | 0.3%           | 4.5%           |
| Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)                   | 44.5%          | 49.5%          |

\*see Alternative Performance Measures on page 9

<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. This figure excludes TCE Earnings generated by the ‘vessels under commercial management’, as DIS passes these earnings on to the vessels’ owners, after deducting a 2% commission on all their gross revenues.

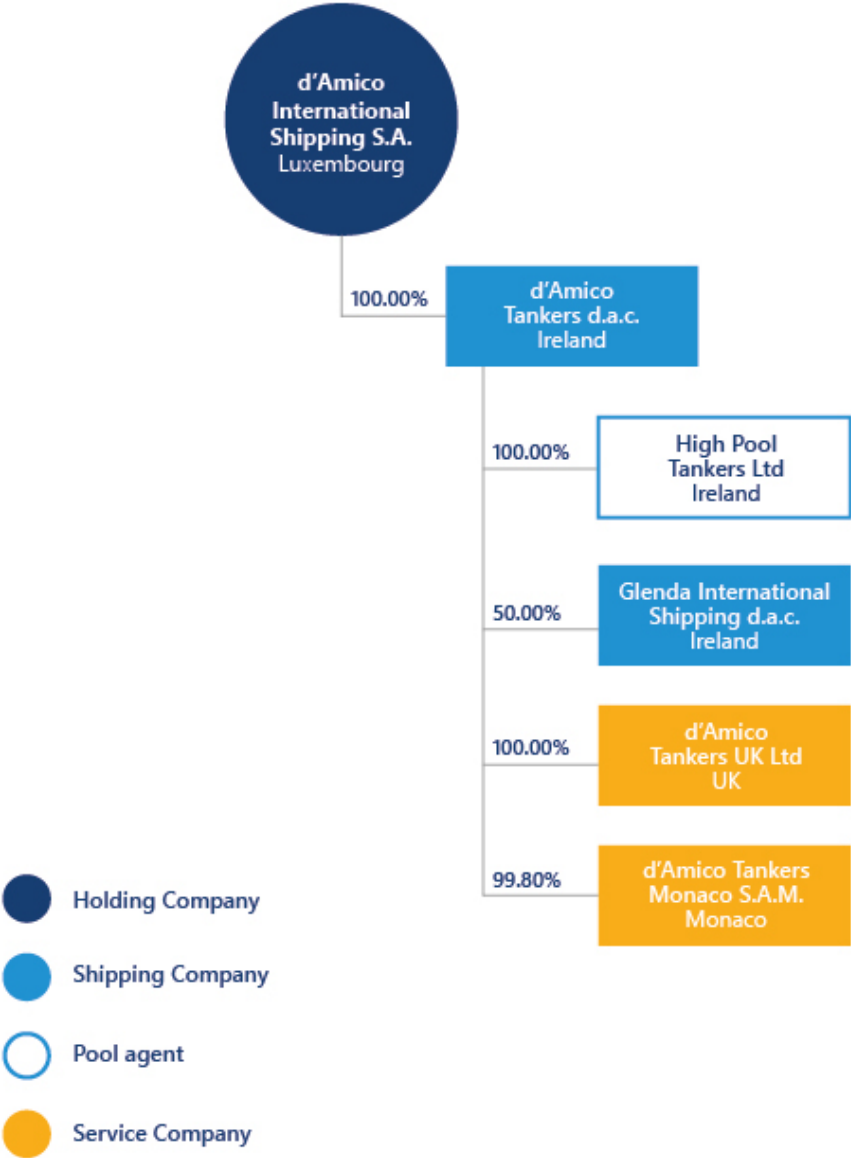
<sup>2</sup> This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

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

CONSOLIDATED MANAGEMENT REPORT

GROUP STRUCTURE

Set out below is d'Amico International Shipping's Group structure as at 31 March 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 31 March 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 26.0 owned and bareboat vessels (with purchase obligations), with an average age of approximately 7.0 years, compared to an average in the product tankers industry of 12.1 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 31 March 2022, 75.0% 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 31 March 2022, the Group employed an equivalent of 555 seagoing personnel and 23 onshore personnel.

### **Fleet**

DIS controlled as at 31 March 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 31 March 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>6</sup>                                     | 47,251 | 2011       | Hyundai Mipo, South Korea                     | IMO II/III  |
| GLEND A Melody <sup>7</sup>                                    | 47,238 | 2011       | Hyundai Mipo, South Korea                     | IMO II/III  |
| GLEND A Melanie <sup>8</sup>                                   | 47,162 | 2010       | Hyundai Mipo, South Korea                     | IMO II/III  |
| High Priority  | 46,847 | 2005       | Nakai Zosen, Japan                            | -           |
| <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  | 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 owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest) and time chartered to the Glencore Group which then recharter the vessel with identical terms to d'Amico Tankers d.a.c.

<sup>6</sup> Vessel owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest).

<sup>7</sup> Vessel owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest) and time chartered to the Glencore Group which then recharter the vessel with identical terms to d'Amico Tankers d.a.c.

<sup>8</sup> Vessel owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest).

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### Handy-size fleet

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#### 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 |

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### **Fleet Employment and Partnership**

As at 31 March 2022, d'Amico International Shipping directly employed 36.0 Vessels: 4 LR1s ('Long Range 1'), 8 MRs ('Medium Range') and 2 Handy-size vessels on term contracts at fixed rates, whilst 2 LR, 16 MR and 4 Handy-size vessels were at the same date employed on the spot market. Some of these DIS' vessels are employed through its joint venture *GLENDIA International Shipping d.a.c.*, a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest. As at 31 March 2022, the JV operator owned 4 MR vessels built between February 2010 and February 2011, all of which were time-chartered to the Glencore Group, with two of these then time-chartered with identical terms by the Glencore Group to d'Amico Tankers DAC.

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 31 March 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.

#### ***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 FOR THE FIRST QUARTER OF 2022

The product tanker markets were very weak at the beginning of 2022, due to the lingering effects of the COVID pandemic with several countries in Europe and the US experiencing surges in cases from new variants last winter. Freight rates were especially depressed in February '22 but started recovering as developed economies gradually reopened.

Furthermore, from the end of February the oil tanker markets were significantly impacted by the war in Ukraine. Official sanctions and self-sanctioning led to a major disruption in oil product trades with an increase in average sailing distances as Russian exports of refined products were partially replaced by output from the Middle East, Asia and the US. Reluctance by some owners to commit to Russian cargoes or ports has also led to major spikes in regional freight rates from the Baltic and Black Sea ports.

Russia is the largest exporter of oil to global markets. According to the IEA, in December 2021 exports from Russia represented around 5.0 million b/d of crude and condensate and around 2.9 million b/d of refined products. Around 50% of Russia's product exports are sold to European countries.

Refinery throughputs have declined in the first quarter of 2022 to an average of 79.3 million b/d compared to 79.9 million b/d in Q4 2021, remaining 2.8 million b/d below the 2019 average.

The one-year time-charter rate is always the best indicator of spot market expectations and as at the end of March 2022 was assessed at around US\$ 13,500 per day for a conventional MR2, with an Eco MR2 assessed at a premium of around US\$ 2,000 / 2,500 per day.

**In Q1 2022, DIS recorded a Net loss of US\$ (6.5) million** vs. a Net loss of US\$ (9.8) million posted in the same quarter of 2021. Such positive variance is attributable to an improved 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\$ (4.2) million in Q1 2022** compared with US\$ (9.3) million recorded in Q1 2021.

DIS generated an EBITDA of US\$ 17.8 million in Q1 2022 vs. US\$ 14.2 million achieved in Q1 2021, whilst its operating cash flow was positive for US\$ 10.2 million compared with US\$ 6.6 million generated in the same quarter of last year.

In terms of spot performance, **DIS achieved a daily spot rate of US\$ 12,857 in Q1 2022** vs. US\$ 9,923 in Q1 2021, thanks to the improved market conditions relative to the same period of last year.

At the same time, 44.5% of DIS' total employment days in Q1 2022, were covered through 'time-charter' contracts at an average daily rate of US\$ 14,968 (Q1 2021: 49.5% coverage at an average daily rate of US\$ 15,842). 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\$ 13,796 in the first quarter of 2022** compared with US\$ 12,853 achieved in the same quarter of the previous year.

| <i>US\$ Thousand</i>                     | <b>Q1 2022</b> | <b>Q1 2021</b> |
|--|----------------|----------------|
| Revenue                                  | 66,538         | 59,121         |
| Voyage costs                             | (23,717)       | (16,365)       |
| <b>Time charter equivalent earnings*</b> | <b>42,821</b>  | <b>42,756</b>  |
| Bareboat charter revenue                 | 1,186          | -              |
| <b>Total net revenue</b>                 | <b>44,007</b>  | <b>42,756</b>  |
| Time charter hire costs                  | (1,206)        | (259)          |
| Other direct operating costs             | (21,129)       | (24,477)       |
| General and administrative costs         | (3,378)        | (3,340)        |
| Result on disposal of vessels            | (521)          | (528)          |
| <b>EBITDA*</b>                           | <b>17,773</b>  | <b>14,152</b>  |
| Depreciation and impairment              | (17,483)       | (16,428)       |
| <b>EBIT*</b>                             | <b>290</b>     | <b>(2,276)</b> |
| Net financial income                     | 573            | 773            |
| Net financial (charges)                  | (7,218)        | (8,194)        |
| <b>Loss before tax</b>                   | <b>(6,355)</b> | <b>(9,697)</b> |
| Income taxes                             | (141)          | (71)           |
| <b>Net loss</b>                          | <b>(6,496)</b> | <b>(9,768)</b> |

\*see Alternative Performance Measures on page 9

**Revenue** was of US\$ 66.5 million in Q1 2022 compared with US\$ 59.1 million realized in Q1 2021. 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 Q1 2022 (0.3%) was lower than in the same quarter of the previous year (4.5%), 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\$ (23.7) million in Q1 2022 compared with US\$ (16.4) million in Q1 2021. 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\$ 42.8 million in Q1 2022, in line with the same quarter of last year, despite the lower number of vessels operated in the first three months of the current year (Q1 2022: 36.1 vessels vs. Q1 2021: 38.8 vessels).

In detail, DIS realized a **daily average spot rate of US\$ 12,857 in Q1 2022** compared with US\$ 9,923 achieved in Q1 2021.

In Q1 2022, DIS maintained a **good level of 'coverage'**<sup>9</sup> (fixed-rate contracts), securing an average of **44.5%** (Q1 2021: 49.5%) of its available vessel days at a **daily average fixed rate of US\$ 14,968** (Q1 2021: US\$ 15,842). 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>9</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>10</sup> was of US\$ 13,796 in Q1 2022 vs. US\$ 12,853 in Q1 2021.

| DIS TCE daily rates<br>(US dollars) | 2021   |        |        |        |        | 2022   |
|-------------------------------------|--------|--------|--------|--------|--------|--------|
|                                     | Q1     | Q2     | Q3     | Q4     | FY     | Q1     |
| Spot                                | 9,923  | 12,720 | 9,248  | 12,055 | 11,004 | 12,857 |
| Fixed                               | 15,842 | 15,231 | 15,163 | 14,493 | 15,194 | 14,968 |
| Average                             | 12,853 | 13,893 | 12,113 | 13,165 | 12,996 | 13,796 |

**Bareboat charter revenue** was of US\$ 1.2 million in Q1 2022 and it relates to the bareboat charter out contract starting 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\$ 12.4 million in Q1 2022 and by US\$ 13.4 million in Q1 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\$ (13.6) million in Q1 2022, in line with the same quarter of last year. In Q1 2022, DIS operated a slightly lower number of chartered-in vessels (10.0 equivalent ships) relative to the same quarter of 2021 (10.8 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\$ 5.6 million in Q1 2022 (US\$ 6.1 million increase in Q1 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\$ (15.5) million in Q1 2022 vs. US\$ (18.4) million in Q1 2021. In Q1 2022, the Company operated a smaller fleet of owned and bareboat vessels relative to the same period of last year (Q1 2022: 26.1 vs. Q1 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\$ (3.4) million in Q1 2022 and were very in line with the same quarter of last year. 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 Q1 2022 and was in line with the same quarter of last year. The amount refers to the amortisation of the net deferred result on all vessels sold and leased back in the previous years.

**EBITDA** was of US\$ 17.8 million in Q1 2022 compared with US\$ 14.2 million in Q1 2021, mainly thanks to the better freight markets experienced in the first three months of the current year.

**Depreciation, impairment, and impairment reversal** amounted to US\$ (17.5) million in Q1 2022 vs. US\$ (16.4) million in Q1 2021. The amount for Q1 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 recently announced. In accordance with IFRS 5, this vessel was classified as 'asset held for sale' at the end of the period, with the difference between its fair value less cost to

<sup>10</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.

sell and its book value charged to the Income Statement.

**EBIT** was of US\$ 0.3 million in Q1 2022 compared with US\$ (2.3) million in Q1 2021.

**Net financial income** was of US\$ 0.6 million in Q1 2022 vs. US\$ 0.8 million in Q1 2021. The amount for Q1 2022 comprises mainly US\$ 0.4 million unrealized gain in relation to the ineffective part of DIS' interest rate swap agreements, US\$ 0.1 million commercial foreign exchange gain, as well as bank interest income on funds held with financial institutions on deposit and current accounts. The Q1 2021 amount comprised mainly US\$ 0.4 million unrealized gain in relation to the ineffective part of DIS' interest rate swap agreements, US\$ 0.1 million unrealized gain on freight derivative instruments used for hedging purposes, US\$ 0.3 million commercial foreign exchange gain, as well as bank interest income on funds held with financial institutions on deposit and current accounts.

**Net financial charges** amounted to US\$ (7.2) million in Q1 2022 vs. US\$ (8.2) million in Q1 2021. The Q1 2022 amount comprises mainly US\$ (6.9) 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\$ (0.2) million of unrealized losses on freight derivative instruments and interest rate swaps and US\$ (0.1) million realized loss on foreign exchange derivative instruments used for hedging purposes. The amount recorded in the same quarter of last year included US\$ (8.1) 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 **Loss before tax** of US\$ (6.4) million in Q1 2022 vs. Loss before tax of US\$ (9.7) million in Q1 2021.

**Income taxes** amounted to US\$ (0.1) million in both Q1 2022 and Q1 2021.

In Q1 2022, **DIS recorded a Net loss of US\$ (6.5) million** vs. a Net loss of US\$ (9.8) million achieved in the same quarter of 2021. Excluding the result on disposals and non-recurring financial items from Q1 2022 (US\$ (0.4) million) and from Q1 2021 (US\$ (0.1) million), as well as the asset impairment (US\$ (2.1) million in Q1 2022) and the net effects of IFRS 16 from both periods (Q1 2022: US\$ 0.1 million and Q1 2021: US\$ (0.3) million), **DIS' Net result would have amounted to US\$ (4.2) million in Q1 2022** compared with US\$ (9.3) million recorded in the same quarter of the previous year.

## Consolidated Statement of Financial Position

| <i>US\$ Thousand</i>                              | As at<br>31 March 2022 | As at<br>31 December 2021 |
|---|------------------------|---------------------------|
| <b>ASSETS</b>                                     |                        |                           |
| Non-current assets                                | 808,419                | 831,283                   |
| Current assets                                    | 101,364                | 94,836                    |
| Assets held for sale                              | 9,108                  | 10,197                    |
| <b>Total assets</b>                               | <b>918,891</b>         | <b>936,316</b>            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                        |                           |
| Shareholders' equity                              | 331,596                | 332,382                   |
| Non-current liabilities                           | 436,223                | 466,111                   |
| Current liabilities                               | 149,204                | 135,487                   |
| Banks associated to assets held-for-sale          | 1,868                  | 2,336                     |
| <b>Total liabilities and shareholders' equity</b> | <b>918,891</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 31 March 2022). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned and bareboat fleet as at 31 March 2022 was of US\$ 717.5 million, of which US\$ 708.3 million refer to vessels classified as 'Non-current assets'.

**Gross Capital expenditures (Capex)** were of US\$ 0.4 million in Q1 2022 vs. US\$ 2.0 million in Q1 2021. These amounts include mainly the capitalised dry-dock costs pertaining to owned and bareboat vessels.



**Total current assets** as at 31 March 2022 amounted to US\$ 110.5 million. As at the same date, in addition to the working capital items (inventories and trade receivables amounting to US\$ 13.5 million and US\$ 38.3 million, respectively), current assets include ‘cash and cash equivalent’ of US\$ 45.4 million.

Total current assets include also *Assets held-for-sale*. The amount of US\$ 9.1 million refers to a vessel owned by d’Amico Tankers d.a.c., included in the category ‘Assets held for sale’ (in accordance with IFRS 5) as at 31 March 2022, with an impairment allocation representing the difference between its fair value and its book value, charged to the Income Statement.

**Non-current liabilities** were of US\$ 436.2 million as at 31 March 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 31 March 2022, working capital items amounting to US\$ 29.9 million (mainly relating to trade and other payables), US\$ 33.3 million of lease liabilities, and US\$ 3.7 million of other current financial liabilities.

**Shareholders’ equity** amounted to US\$ 331.6 million as at 31 March 2022 (US\$ 332.4 million as at 31 December 2021). The variance relative to year-end 2021 is due to the Net result generated in the first quarter of 2021, partially offset by the change in the valuation of cash-flow hedges during the period.

### Net Indebtedness \*

**DIS’ Net debt as at 31 March 2022** amounted to **US\$ 495.7 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\$ 75.6 million as at the end of March 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 58.5% as at 31 March 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>  | <b>As at<br/>31 March 2022</b> | <b>As at<br/>31 December 2021</b> |
|---|--------------------------------|-----------------------------------|
| Liquidity - <i>Cash and cash equivalents</i>                      | 45,438                         | 43,415                            |
| Other current financial assets                                    | 4,088                          | 2,638                             |
| Other current financial assets – related party                    | 35                             | 36                                |
| <b>Total current financial assets</b>                             | <b>49,561</b>                  | <b>46,089</b>                     |
| Bank loans and other lenders – current                            | 84,068                         | 68,870                            |
| Liabilities from financial lease – current                        | 33,343                         | 36,480                            |
| Other current financial liabilities – 3 <sup>rd</sup> parties     | 3,699                          | 4,765                             |
| <b>Total current financial debt</b>                               | <b>121,110</b>                 | <b>110,115</b>                    |
| <b>Net current financial debt</b>                                 | <b>71,549</b>                  | <b>64,026</b>                     |
| Other non-current financial assets – third parties                | 12,020                         | 9,782                             |
| Other non-current financial assets – related party                | 57                             | 67                                |
| <b>Total non-current financial assets</b>                         | <b>12,077</b>                  | <b>9,849</b>                      |
| Bank loans - non-current  | 202,734                        | 226,771                           |
| Liabilities from financial lease - non-current                    | 232,783                        | 237,478                           |
| Other non-current financial liabilities – 3 <sup>rd</sup> parties | 706                            | 1,862                             |
| <b>Total non-current financial debt</b>                           | <b>436,223</b>                 | <b>466,111</b>                    |
| <b>Net non-current financial debt</b>                             | <b>424,146</b>                 | <b>456,262</b>                    |
| <b>Net financial indebtedness</b>                                 | <b>495,695</b>                 | <b>520,288</b>                    |

\* See Alternative Performance Measures on page 9



The balance of *Total Current Financial Assets* was of US\$ 49.6 million as at the end of March 2022. The total amount comprises *Cash and cash equivalents* of US\$ 45.4 million, and the current portion of deferred losses on disposal on sale and leaseback transactions, amounting to US\$ 2.3 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 31 March 2022 amounted to US\$ 286.8 million, of which US\$ 84.1 million is due within one year. In addition to some short-term credit lines, DIS' debt as at 31 March 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 5 existing vessels, with an outstanding debt of US\$ 100.8 million;
- (ii) Crédit Agricole Corporate and Investment Bank and ING term-loan facility to refinance 1 MR vessel built in 2016, and 1 MR vessels built in 2005, with an outstanding debt of US\$ 17.5 million;
- (iii) DnB NOR Bank 5-years term-loan facility to finance 1 MR vessel built in 2012, with an outstanding debt of US\$ 11.5 million;
- (iv) ING 5-years term-loan facility to finance 1 MR vessel built in 2012, with an outstanding debt of US\$ 11.0 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\$ 42.0 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\$ 14.3 million;
- (vii) Skandinaviska Enskilda Banken 5-years term-loan facility to finance 1 LR1 vessel built in 2017, with an outstanding debt of US\$ 19.6 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\$ 14.9 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\$ 15.5 million;
- (x) In addition, DIS' debt comprises also its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Standard Chartered Bank, amounting to US\$ 16.9 million, to finance 4 Glenda International Shipping d.a.c. vessels built between 2010 and 2011.

*Lease liabilities* include the leases on M/T High Fidelity, M/T High Discovery, 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. In addition, 'lease liabilities' include as at 31 March 2022, US\$ 75.6 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

In Q1 2022, DIS' Net Cash Flow was positive for US\$ 3.7 million vs. US\$ (3.0) million in Q1 2021.

| US\$ Thousand  | Q1 2022       | Q1 2021        |
|--|---------------|----------------|
| Cash flow from operating activities  | 10,241        | 6,608          |
| Cash flow from investing activities  | 9,778         | 1,231          |
| Cash flow from financing activities  | (16,340)      | (10,813)       |
| <b>Change in cash balance</b>  | <b>3,679</b>  | <b>(2,974)</b> |
| Cash and cash equivalents net of bank overdrafts at the beginning of the period  | 26,406        | 45,294         |
| Cash and cash equivalents at the end of the period                               | 45,438        | 56,055         |
| Bank overdrafts at the end of the period   | (15,353)      | (13,735)       |
| <b>Cash and cash equivalents net of bank overdrafts at the end of the period</b> | <b>30,085</b> | <b>42,320</b>  |

**Cash flow from operating activities** was positive, amounting to US\$ 10.2 million in Q1 2022 vs. US\$ 6.6 million in Q1 2021. This positive variance is attributable to the better operating performance achieved in Q1 2022 relative to the same period of last year.

The net **Cash flow from investing activities** was positive, amounting to US\$ 9.8 million in Q1 2022 (US\$ 1.2 million in Q1 2021). The amount for Q1 2022 comprises mainly the costs relating to drydocks which occurred in the period, off-set by US\$ 10.2 million generated from the sale of the M/T High Valor in Q1 2022. The amount for Q1 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\$ (16.3) million in Q1 2022. This figure comprises mainly: (i) US\$ (22.9) 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; and 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; ii) US\$ 15.3 million bank debt drawdown, related to the refinancing of the facility for the M/T Cielo di Salerno; iii) US\$ (8.9) million repayment of lease liabilities.

### SIGNIFICANT EVENTS OF THE FIRST QUARTER

In Q1 2022, the main events for the d'Amico International Shipping Group were the following:

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

**'Time Charter-Out' Fleet:** In January 2022, d'Amico Tankers d.a.c. extended a time charter-out contract with a leading trading house 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.

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

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

**'Time Charter-Out' Fleet:** In April 2022, d'Amico 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.

**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.

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

|                           | As at 31 March 2022 |             |            |             | As at 05 May 2022 |             |            |             |
|---------------------------|---------------------|-------------|------------|-------------|-------------------|-------------|------------|-------------|
|                           | LR1                 | MR          | Handysize  | Total       | LR1               | MR          | Handysize  | Total       |
| Owned                     | 5.0                 | 7.0         | 6.0        | 18.0        | 5.0               | 7.0         | 6.0        | 18.0        |
| Bareboat chartered*       | 1.0                 | 7.0         | 0.0        | 8.0         | 1.0               | 7.0         | 0.0        | 8.0         |
| Long-term time chartered  | 0.0                 | 9.0         | 0.0        | 9.0         | 0.0               | 9.0         | 0.0        | 9.0         |
| Short-term time chartered | 0.0                 | 1.0         | 0.0        | 1.0         | 0.0               | 1.0         | 0.0        | 1.0         |
| <b>Total</b>              | <b>6.0</b>          | <b>24.0</b> | <b>6.0</b> | <b>36.0</b> | <b>6.0</b>        | <b>24.0</b> | <b>6.0</b> | <b>36.0</b> |

\* with purchase obligation

## BUSINESS OUTLOOK

### 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 and average sailing speeds and (vii) average sailing distances. Some of the factors that could drive a recovery in the product tankers market in the medium-term are detailed below:

### Product Tanker Demand

- Economic damage from the war in Ukraine will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. In their April ’22 report, the IMF forecasted a slowdown in global growth from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than they had projected in January ’22. Beyond 2023, global growth is forecast to decline to about 3.3% over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7% in advanced economies and 8.7% in emerging markets and developing economies—1.8 and 2.8 percentage points higher than projected last January.
- According to the IEA’s April ’22 report, surging energy and other commodity prices, along with sanctions against Russia, and COVID related lockdowns in China are expected to depress world oil demand. While the outlook remains highly uncertain, they have reduced their global oil demand forecast, which is now projected to average 99.4 million b/d in 2022, an increase of 1.9 million b/d from 2021.
- According to IEA’s April ’22 report, OECD oil product inventories declined by 42.6 million barrels in February ’22 to 1,359 mb. Preliminary data indicate further declines in product stocks occurred in March ’22. Product stocks are now well below the 5-year average.
- Russian oil supply and exports continue to fall. So far in April, roughly 700 kb/d of production has reportedly been shut in. From May the IEA estimates close to 3 mb/d of Russian production could be offline due to international sanctions and as the impact of a widening customer-driven embargo comes into full force.
- In April ’22 IEA member countries announced 120 million barrels of oil releases from their strategic reserves, after having announced releases of around 63 million barrels in March. The US announced in April further

releases from its strategic reserves. In total 240 million barrels should be released between May and October '22 (around 1.3 million bpd), alleviating the likely drop in supply from Russia and providing more time for the market to ramp-up supply.

- Excluding Russia, oil output from the rest of the world is set to rise by 3.9 mb/d from March through December '22. For the whole year, oil production is forecast to rise by 5.5 mb/d excluding Russia, with OPEC+ accounting for 3.5 mb/d (mostly Saudi Arabia, Iraq, Kuwait and UAE) and non-OPEC+ contributing 2 mb/d (mostly the US, with important increases also from Brazil, Canada and Guyana).
- Beijing had initially called on domestic refiners to cut or halt April '22 exports to increase domestic supplies. Following the COVID-19 restrictions in more than 30 cities, significantly curtailing domestic demand for oil, Argus now forecasts China will export 170,000 b/d and 50,000 b/d of gasoline and diesel respectively in April.
- In their April 2022 outlook, Clarksons estimates that in 2022 product tanker demand will grow by 10.4%, well above the expected increase in fleet supply (see below). Expectations for products exports from the US, MEG and Asia to Europe have increased, with potential for refiners in these regions to supply additional volumes, partly replacing lost volumes from Russia. Indeed, there have already been reports of Asian refiners raising runs to increase exports to Europe amid supportive arbitrage dynamics. Shifts in trade patterns appear likely to have a positive impact on products' tonne-mile seaborne trade.
- More than 70% of new refining capacity in the next four years will be located east of Suez. The EIA estimates that around 800,000 b/d of refining capacity has been closed in North America since the pandemic began. Engen have announced the conversion of 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 refining landscape are likely to boost 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 quarter of the year only 16 such vessels were delivered versus an estimated 26.
- In their March 2022 outlook, Clarksons estimate the product tanker fleet will grow by only 1.5% 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. 11 vessels in the MR and LR1 sector have already been scrapped this year.
- According to Clarksons, as at the end of March '22, 6.4% of the MR and LR1 fleet was over 20 years old (in dwt), whilst the current order book in these segments represented only 3.5% of the current trading fleet (in dwt). As at the same date, 29.7% 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) last 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 regulation 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**  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

| <i>US\$ Thousand</i>                                   | <b>Q1 2022</b>      | <b>Q1 2021</b>      |
|--|---------------------|---------------------|
| Revenue  | 66,538              | 59,121              |
| Voyage costs   | (23,717)            | (16,365)            |
| <b>Time charter equivalent earnings*</b>               | <b>42,821</b>       | <b>42,756</b>       |
| Bareboat charter revenue                               | 1,186               | -                   |
| <b>Total net revenue</b>                               | <b>44,007</b>       | <b>42,756</b>       |
| Time charter hire costs                                | (1,206)             | (259)               |
| Other direct operating costs                           | (21,129)            | (24,477)            |
| General and administrative costs                       | (3,378)             | (3,340)             |
| Result on disposal of vessels                          | (521)               | (528)               |
| <b>EBITDA*</b>   | <b>17,773</b>       | <b>14,152</b>       |
| Depreciation and impairment                            | (17,483)            | (16,428)            |
| <b>EBIT*</b>   | <b>290</b>          | <b>(2,276)</b>      |
| Net financial income                                   | 573                 | 773                 |
| Net financial (charges)                                | (7,218)             | (8,194)             |
| <b>Loss before tax</b>                                 | <b>(6,355)</b>      | <b>(9,697)</b>      |
| Income taxes   | (141)               | (71)                |
| <b>Net loss</b>  | <b>(6,496)</b>      | <b>(9,768)</b>      |
| <b>Basic earnings (loss) per share <sup>(11)</sup></b> | <b>US\$ (0.005)</b> | <b>US\$ (0.008)</b> |

\*see Alternative Performance Measures on page 9

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

| <i>US\$ Thousand</i>  | <b>Q1 2022</b>      | <b>Q1 2021</b>      |
|---|---------------------|---------------------|
| Loss for the period   | (6,496)             | (9,768)             |
| <i>Items that may be reclassified subsequently into profit or loss</i>              |                     |                     |
| Movement of valuation of cash-flow hedges   | 5,748               | 1,114               |
| Exchange differences in translating foreign operations                              | (113)               | (29)                |
| <b>Total comprehensive income for the period</b>                                    | <b>(861)</b>        | <b>(8,683)</b>      |
| <i>The net result is entirely attributable to the equity holders of the Company</i> |                     |                     |
| <b>Basic earnings (loss) per share</b>  | <b>US\$ (0.001)</b> | <b>US\$ (0.007)</b> |

<sup>11</sup> Basic earnings / loss per share (e.p.s.), have been calculated on an average number of shares outstanding equal to 1,223,144,312 in the first quarter of 2021 and 1,230,890,447 in the first quarter of 2020. In Q1 2021 and in Q1 2020 diluted e.p.s. was equal to basic e.p.s..

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>US\$ Thousand</i>  | Note | As at<br>31 March 2022 | As at<br>31 December 2021 |
|---|------|------------------------|---------------------------|
| <b>ASSETS</b>   |      |                        |                           |
| Property, plant and equipment (PPE) and Right-of-use assets (RoU) |      | 796,343                | 821,434                   |
| Other non-current financial assets                                |      | 12,076                 | 9,849                     |
| <b>Total non-current assets</b>                                   |      | <b>808,419</b>         | <b>831,283</b>            |
| Inventories   |      | 13,515                 | 11,643                    |
| Receivables and other current assets                              |      | 38,288                 | 37,104                    |
| Other current financial assets                                    |      | 4,123                  | 2,674                     |
| Cash and cash equivalents   |      | 45,438                 | 43,415                    |
| <b>Current Assets</b>   |      | <b>101,364</b>         | <b>94,836</b>             |
| Assets held for sale  |      | 9,108                  | 10,197                    |
| <b>Total current assets</b>                                       |      | <b>110,471</b>         | <b>105,033</b>            |
| <b>TOTAL ASSETS</b>   |      | <b>918,891</b>         | <b>936,316</b>            |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                       |      |                        |                           |
| Share capital   |      | 62,053                 | 62,053                    |
| Accumulated losses  |      | (87,318)               | (80,568)                  |
| Share Premium   |      | 368,823                | 368,823                   |
| Other reserves  |      | (11,962)               | (17,926)                  |
| <b>Total shareholders' equity</b>                                 |      | <b>331,596</b>         | <b>332,382</b>            |
| Banks and other lenders   |      | 202,734                | 226,771                   |
| Non-current lease liabilities                                     |      | 232,783                | 237,478                   |
| Other non-current financial liabilities                           |      | 706                    | 1,862                     |
| <b>Non-current liabilities</b>                                    |      | <b>436,223</b>         | <b>466,111</b>            |
| Banks and other lenders   |      | 82,200                 | 66,534                    |
| Current lease liabilities   |      | 33,343                 | 36,480                    |
| Payables and other current liabilities                            |      | 29,859                 | 27,665                    |
| Other current financial liabilities                               |      | 3,699                  | 4,765                     |
| Current tax payable   |      | 103                    | 43                        |
| <b>Current liabilities</b>  |      | <b>149,204</b>         | <b>135,487</b>            |
| Banks associated to assets held-for-sale                          |      | 1,868                  | 2,336                     |
| <b>Total current liabilities</b>                                  |      | <b>151,071</b>         | <b>137,823</b>            |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                 |      | <b>918,891</b>         | <b>936,316</b>            |

5 May 2022  
On behalf of the Board

*Paolo d'Amico*  
Chairman, Chief Executive Officer



*Antonio Carlos Balestra di Mottola*  
Chief Financial Officer



## CONSOLIDATED STATEMENT OF CASH FLOWS

| <i>US\$ Thousand</i>   | Q1 2022         | Q1 2021         |
|--|-----------------|-----------------|
| <b>Loss for the period</b>   | <b>(6,496)</b>  | <b>(9,768)</b>  |
| Depreciation and amortisation PPE and RoU  | 15,403          | 16,428          |
| Impairment   | 2,080           | -               |
| Current and deferred income tax  | 141             | 71              |
| Net lease cost   | 3,844           | 4,588           |
| Other net financial charges (income)   | 2,801           | 2,833           |
| Movement in deferred result on disposal of fixed assets                          | 521             | 528             |
| Other non-cash items   | (28)            | (29)            |
| <b>Cash flow from operating activities before changes in working capital</b>     | <b>18,266</b>   | <b>14,651</b>   |
| Movement in inventories  | (1,872)         | (961)           |
| Movement in amounts receivable   | (1,184)         | (505)           |
| Movement in amounts payable  | 569             | 683             |
| Taxes paid   | (81)            | (69)            |
| Net cash payment for interest portion of lease liability                         | (3,842)         | (4,588)         |
| Net interest paid  | (1,615)         | (2,603)         |
| <b>Net cash flow from operating activities</b>                                   | <b>10,241</b>   | <b>6,608</b>    |
| Acquisition of fixed assets  | (419)           | (1,969)         |
| Deferred cash-in from sale of fixed assets                                       | -               | 3,200           |
| Net sale of fixed assets   | 10,197          | -               |
| <b>Net cash flow from investing activities</b>                                   | <b>9,778</b>    | <b>1,231</b>    |
| Treasury shares  | -               | (336)           |
| Movement in other financial receivables  | 77              | 474             |
| Bank loan repayments   | (22,857)        | (6,578)         |
| Bank loans draw-down   | 15,345          | 13,756          |
| Repayments of principal portion of lease liability                               | (8,905)         | (18,129)        |
| <b>Net cash flow from financing activities</b>                                   | <b>(16,340)</b> | <b>(10,813)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                      | <b>3,679</b>    | <b>(2,974)</b>  |
| Cash and cash equivalents net of bank overdrafts at the beginning of the period  | 26,406          | 45,294          |
| <b>Cash and cash equivalents net of bank overdrafts at the end of the period</b> | <b>30,085</b>   | <b>42,320</b>   |
| Cash and cash equivalents at the end of the period                               | 45,438          | 56,055          |
| Bank overdrafts at the end of the period   | (15,353)        | (13,735)        |

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

|                                       | Share capital | Retained Earnings<br>(Accumulated losses) | Share premium  | Other Reserves  |                 | Total          |
|---------------------------------------|---------------|---|----------------|-----------------|-----------------|----------------|
|                                       |               |   |                | Other           | Cash-Flow hedge |                |
| <i>US\$ Thousand</i>                  |               |   |                |                 |                 |                |
| <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> |
| Total comprehensive income            | -             | (254)                                     | -              | 329             | -               | 75             |
| Other changes in shareholders' equity | -             | (6,496)                                   | -              | (113)           | 5,748           | (861)          |
| <b>Balance as at 31 March 2022</b>    | <b>62,053</b> | <b>(87,318)</b>                           | <b>368,823</b> | <b>(16,251)</b> | <b>4,289</b>    | <b>331,596</b> |

|                                     | Share capital | Retained Earnings<br>(Accumulated losses) | Share premium  | Other Reserves  |                 | Total          |
|-------------------------------------|---------------|---|----------------|-----------------|-----------------|----------------|
|                                     |               |   |                | Other           | Cash-Flow hedge |                |
| <i>US\$ Thousand</i>                |               |   |                |                 |                 |                |
| <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> |
| Treasury shares                     | -             | -   | -              | (336)           | -               | (336)          |
| Total comprehensive income          | -             | (9,768)                                   | -              | (29)            | 1,114           | (8,683)        |
| <b>Balance as at 31 March 2021</b>  | <b>62,053</b> | <b>(53,075)</b>                           | <b>368,853</b> | <b>(16,520)</b> | <b>(4,596)</b>  | <b>356,715</b> |



## 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.

The financial statements of the d'Amico International Shipping Group are prepared in accordance with International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and adopted by the European Union. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee 'IFRIC', formerly the Standing Interpretations Committee 'SIC' as adopted by the European Union. 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.

#### Basis of Preparation

The financial statements present the consolidated results of the parent company, d'Amico International Shipping S.A., and its subsidiaries for the period ended 31 March 2022.

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.

#### 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 are expected to have a material impact on the entity in the current reporting periods and on its foreseeable transactions.

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

There are no other 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 its foreseeable transactions.

5 May 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 interim financial reports, Antonio Carlos Balestra di Mottola, in his capacity as Chief Financial Officer of the Company, declares that the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the Company.

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

