



## **D'AMICO INTERNATIONAL SHIPPING S.A. INTERIM MANAGEMENT STATEMENTS – FIRST QUARTER 2021**

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d'Amico International Shipping S.A.  
Registered office at 25C Boulevard Royal, Luxembourg  
RCS B124790  
Share capital US\$ 62,052,650.30 as at 31 March 2021

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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 2021</b>	<b>Q1 2020</b>
Time charter equivalent (TCE) earnings*	42,756	71,414
EBITDA *	14,152	32,984
<i>as % of margin on TCE</i>	33.10%	46.19%
EBIT *	(2,276)	13,893
<i>as % of margin on TCE</i>	(5.32)%	19.45%
Net profit (loss)	(9,768)	1,517
<i>as % of margin on TCE</i>	(22.85)%	2.12%
Adjusted Net profit (loss)**	(9,865)	6,342
Basic earnings (loss) per share	US\$ (0.008)	US\$ 0.001
Operating cash flow	6,608	25,678
Gross capital expenditure (CapEx)*	(1,969)	(1,765)
	<b>As at</b>	<b>As at</b>
	<b>31 March 2021</b>	<b>31 December 2020</b>
Total assets	1,017,344	1,032,590
Net financial indebtedness*	561,985	561,543
Shareholders' equity	356,715	365,734

\*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 2021.

### OTHER OPERATING MEASURES

<i>US\$ Thousand</i>	<b>Q1 2021</b>	<b>Q1 2020</b>
<b>Daily operating measures</b> - TCE earnings* per employment day (US\$) <sup>1</sup>	12,853	16,391
<b>Fleet development</b> - Total vessel equivalent	38.8	46.0
- Owned	19.6	23.5
- Bareboat chartered	8.4	9.0
- Time chartered-in	10.8	13.5
Vessels equivalent under commercial management	-	2.2
Off-hire days/ available vessel days <sup>2</sup> (%)	4.5%	1.8%
Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)	49.5%	64.6%

\*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.

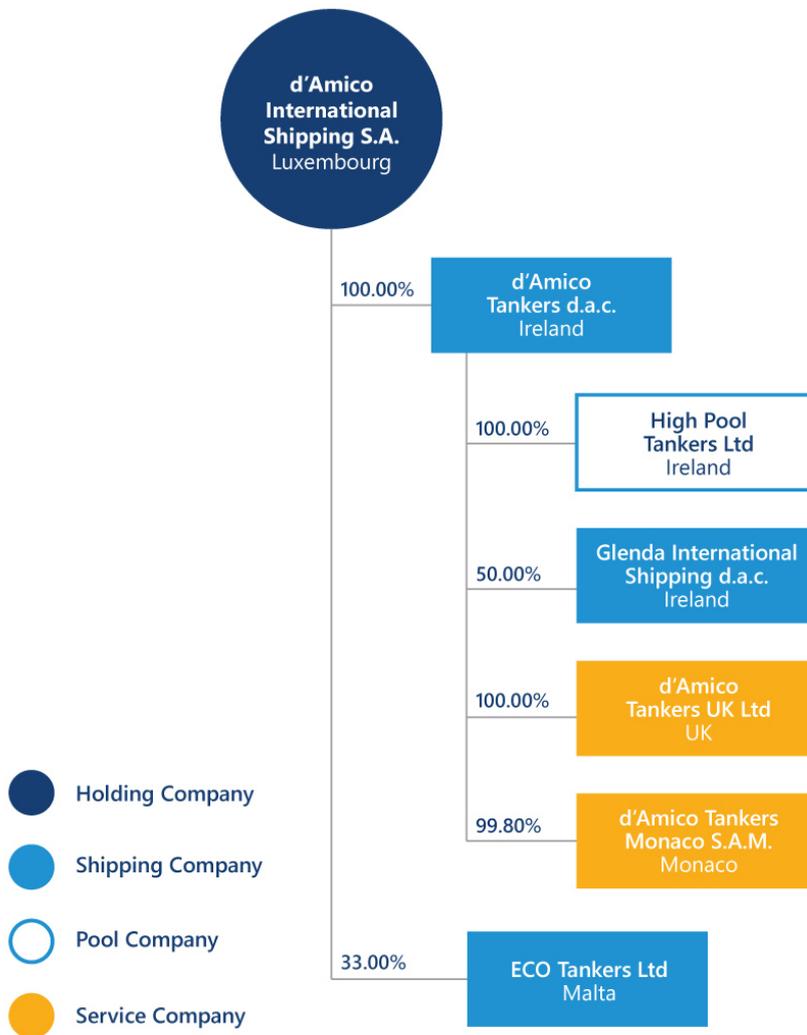
<sup>2</sup> This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

<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 2021:



Eco Tankers Limited is going through a voluntary liquidation.

## **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. d'Amico International Shipping operates, mainly through its fully owned subsidiary, d'Amico Tankers d.a.c. (Ireland), which as at 31 March 2021, controls a fleet of 38.0 vessels, of which 28.0 owned and bareboat vessels (with purchase obligations), with an average age of approximately 6.7 years, compared to an average in the product tankers industry of 11.8 years for MRs (25,000 – 54,999 dwt) and of 11.8 years for LR1s (55,000 - 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 2021, 76.3% 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 2021, the Group employed an equivalent of 602 seagoing personnel and 23 onshore personnel.

### **Fleet**

DIS controlled as at 31 March 2021, either through ownership or charter arrangements a modern fleet of 38.0 product tankers (31 December 2020: 40.0 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 2021.

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 Venture	51,087	2006	STX, South Korea	IMO II/III
High Valor	46,975	2005	STX, 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 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).

<sup>8</sup> Vessel owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest) and time chartered to d'Amico Tankers d.a.c.

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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 2021, d'Amico International Shipping directly employed 38.0 Vessels: 6 LR1s ('Long Range 1'), 8 MRs ('Medium Range') and 3 Handy-size vessels on term contracts at a fixed rate, whilst 18 MR and 3 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 2021, the JV operator owned 4 MR vessels built between February 2010 and February 2011, of which two were time-chartered to d'Amico Tankers d.a.c. and two to the Glencore Group.

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 2021, the d'Amico Group controlled a wide fleet of owned and chartered-in vessels, of which 38.0 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 is regularly using Alternative Performance Measures, as they provide helpful additional information for users 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).

## SUMMARY OF THE RESULTS FOR THE FIRST QUARTER OF 2021

After the first half peaks and second-half troughs of 2020, 2021 started in the same weak vein as the end of last year. The ongoing pandemic and regional surges in COVID contagions with associated containment measures have continued to significantly dampen oil demand, leading OPEC+ to delay the planned increases in output. A silver lining of this very difficult market is that crude and products stocks are continuing to rapidly unwind, with the latter having already fully returned to levels just prior to the onset of the pandemic.

Both the USA and China are quickly returning to some sort of normality with oil demand in these two countries rapidly improving and approaching pre-pandemic levels. This increased demand was, however, adequately met by their respective domestic refineries, without contributing significantly to the seaborne transportation of refined products. In February, the US Gulf refineries were hit with very cold weather which reduced refinery throughput to 40%. Throughput has since improved and is back up to 85%. US exports, however, have suffered greatly from the woes experienced by Latin American countries, where the virus is still raging and that are suffering from a slow rollout of vaccines and the emergence of new variants, significantly dampening their demand for imports of refined products.

There are still lingering concerns over the strength of the recovery in oil demand with the number of COVID cases globally having recently peaked due to surges in some European countries and in particular due to the accelerating contagion trends in populous countries such as India and Brazil.

The one-year time-charter rate is always the best indicator of spot market expectations and as of the end of March 2021 was assessed at around US\$ 12,000 per day for a conventional MR2, with an Eco MR2 assessed at a premium of around US\$ 2,000 per day.

**In Q1 2021, DIS recorded a Net loss of US\$ (9.8) million** vs. a Net profit of US\$ 1.5 million posted in the same quarter of 2020. Such negative variance is mainly attributable to a much weaker product tanker market relative to the first quarter of 2020.

DIS generated an EBITDA of US\$ 14.2 million in Q1 2021 vs. US\$ 33.0 million achieved in Q1 2020, whilst its operating cash flow was positive for US\$ 6.6 million compared with US\$ 25.7 million generated in the same quarter of last year.

In terms of spot performance, DIS achieved a daily spot rate of US\$ 9,923 in Q1 2021 compared with US\$ 17,354 achieved in Q1 2020, as a result of the much weaker market relative to the same quarter of last year.

At the same time, **49.5% of DIS' total employment days in Q1 2021, were covered through 'time-charter' contracts at an average daily rate of US\$ 15,842** (Q1 2020: 64.6% coverage at an average daily rate of US\$ 15,864). 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 the negative cycles. **DIS' total daily average rate (which includes both spot and time-charter contracts) was of US\$ 12,853 in the first quarter of 2021** compared with US\$ 16,391 achieved in the same quarter of the previous year.

## Operating Performance

<i>US\$ Thousand</i>	<b>Q1 2021</b>	<b>Q1 2020</b>
Revenue	59,121	94,355
Voyage costs	(16,365)	(22,941)
<b>Time charter equivalent earnings*</b>	<b>42,756</b>	<b>71,414</b>
Time-charter hire costs	(259)	(6,955)
Other direct operating costs	(24,477)	(27,650)
General and administrative costs	(3,340)	(3,272)
Result on disposal of vessels	(528)	(553)
<b>EBITDA*</b>	<b>14,152</b>	<b>32,984</b>
Depreciation and impairment	(16,428)	(19,091)
<b>EBIT*</b>	<b>(2,276)</b>	<b>13,893</b>
Net financial income	773	41
Net financial (charges)	(8,194)	(12,321)
<b>Profit (loss) before tax</b>	<b>(9,697)</b>	<b>1,613</b>
Income taxes	(71)	(96)
<b>Net profit (loss)</b>	<b>(9,768)</b>	<b>1,517</b>

\* See Alternative Performance Measures on page 9

**Revenue** was US\$ 59.1 million in Q1 2021 compared with US\$ 94.4 million realized in Q1 2020. The decrease in gross revenue compared with the same period in the previous year is attributable mainly to a lower number of vessels operated on average by DIS (Q1 2021: 38.8 vs. Q1 2020: 46.0). In addition, the percentage of off-hire days in Q1 2021 (4.5%) was higher than in the same quarter in the previous year (1.8%), mainly due to commercial off-hires and the timing of 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\$ (16.4) million in Q1 2021 compared with US\$ (22.9) million recorded in the same quarter of last year.

**Time charter equivalent earnings** were US\$ 42.8 million in Q1 2021 vs. US\$ 71.4 million in Q1 2020. The total amount for Q1 2020 included US\$ 3.9 million 'time charter equivalent earnings' generated by vessels under commercial management at the time (there wasn't any income from such contracts in the first quarter of 2021), which was offset by an almost equivalent amount reported under 'time-charter hire costs'.

In detail, DIS realized a **daily average spot rate of US\$ 9,923 in Q1 2021** compared with US\$ 17,354 in Q1 2020<sup>9</sup>. Such negative variance relative to the first quarter of last year is attributable to the much weaker market conditions.

Following its strategy, in Q1 2021 DIS maintained a **good level of 'coverage'** (fixed-rate contracts), securing an average of **49.5%** (Q1 2020: 64.6%) of its available vessel days at a **Daily Average Fixed Rate of US\$ 15,842** (Q1 2020: US\$ 15,864). 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.

**DIS' total daily average TCE (Spot and Time charter)<sup>10</sup> was US\$ 12,853 in Q1 2021** vs. US\$ 16,391 in Q1 2020.

<sup>9</sup> Daily Average TCE of 2020 excluded US\$ 3.9 million generated by the vessels under commercial management, as it was offset by an almost equivalent amount of time charter hire costs after deducting a 2% commission on gross revenues.

<sup>10</sup> Daily Average TCE for 2020 excluded the amounts generated by the vessels under commercial management, since hire revenue for these vessels for each year was offset by an almost equivalent amount of time charter hire costs, after deducting a 2% commission on gross revenues.

DIS TCE daily rates (US dollars)	2020					2021
	Q1	Q2	Q3	Q4	FY	Q1
Spot	17,354	25,118	12,866	11,699	16,771	9,923
Fixed	15,864	16,236	16,038	17,866	16,429	15,842
Average	16,391	19,555	14,864	15,192	16,560	12,853

**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\$ 13.4 million in Q1 2021 and by US\$ 15.3 million in Q1 2020, as within the Income Statement, these costs were replaced with other direct operating costs, interest and depreciation.

The total amount for the first quarter of 2020 included also US\$ 3.9 million in hire costs in relation to vessels under commercial management (2.2 average equivalent vessels), which was offset by an almost equivalent amount reported under 'time charter equivalent earnings', after deducting a 2% commission on the gross revenue generated by these ships in the period; there wasn't any income or related costs from such contracts in 2021. Excluding the cost related to the vessels under commercial management and the effect of IFRS 16, DIS' Q1 2021 'time-charter hire costs' would have amounted to US\$ 13.6 million, lower than US\$ 18.4 million for the same quarter of last year. In fact, DIS operated a lower number of chartered-in vessels in Q1 2021 (10.8 equivalent ships) relative to the first quarter of last year (13.5 equivalent ships).

**Other direct operating costs** mainly consist of crew, technical and luboil 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\$ 6.1 million in Q1 2021 (US\$ 7.1 million increase in Q1 2020), 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\$ (18.3) million in Q1 2021 vs. US\$ (20.6) million in Q1 2020. In the first three months of 2021, the Company operated a smaller fleet of owned and bareboat vessels relative to the same period of last year (Q1 2021: 28.0 vs. Q1 2020: 32.5). 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 'high-quality' fleet represents an essential part of d'Amico's vision and strategy.

**General and administrative costs** amounted to US\$ (3.3) million in Q1 2021 and were very much 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 2021 vs. US\$ (0.6) million in Q1 2020. 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\$ 14.2 million in Q1 2021 compared with US\$ 33.0 million in the same quarter of last year, reflecting the weaker freight markets experienced in the first three months of the current year.

**Depreciation, impairment and impairment reversal** amounted to US\$ (16.4) million in Q1 2021 vs. US\$ (19.1) million in Q1 2020. The Q1 2020 amount included US\$ (1.6) million impairment booked on four vessels owned by d'Amico Tankers d.a.c. and one vessel owned by Glenda International Shipping (a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest), which were classified as 'assets held for sale' (in accordance with IFRS 5) as at 31 March 2020, with the difference between their fair value less cost to sell and their book value charged to the Income Statement.

**EBIT** was negative for US\$ (2.3) million in Q1 2021 compared to US\$ 13.9 million for the same period of last year.

**Net financial income** was of US\$ 0.8 million in Q1 2021 vs. US\$ 0.04 million in Q1 2020. The amount of Q1 2021 comprises 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\$ (8.2) million in Q1 2021 vs. US\$ (12.3) million in Q1 2020. The Q1 2021 amount comprises 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. The amount recorded in the same quarter of last year included US\$ (10.0) million in interest expenses and amortized financial fees due on DIS' bank loan facilities, actual expenses on interest rate swaps and interest on financial leases, as well as US\$ (2.3) million of unrealised losses in relation to the ineffective part of DIS' interest rate swap agreements.

DIS recorded a **Loss before tax of US\$ (9.7) million in Q1 2021** vs. a profit of US\$ 1.6 million in Q1 2020.

**Income taxes** amounted to US\$ (0.1) million in Q1 2021, in line with the same quarter of last year.

Due to the challenging market experienced in the first three months of the year, DIS recorded a **Net loss of US\$ (9.8) million in Q1 2021** compared with a Net profit of US\$ 1.5 in Q1 2020.

## Consolidated Statement of Financial Position

<i>(US\$ Thousand)</i>	As at 31 March 2021	As at 31 December 2020
<b>ASSETS</b>		
Non-current assets	911,227	918,187
Current assets	106,117	114,403
<b>Total assets</b>	<b>1,017,344</b>	<b>1,032,590</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity	356,715	365,734
Non-current liabilities	534,402	539,382
Current liabilities	126,227	127,474
<b>Total liabilities and shareholders' equity</b>	<b>1,017,344</b>	<b>1,032,590</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 2021). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned and bareboat fleet as at 31 March 2021 was of US\$ 676.5 million.

**Gross Capital expenditures (Capex)** were of US\$ 2.0 million in Q1 2021 vs. US\$ 1.8 million in Q1 2020. The amounts for Q1 2021 and Q1 2020 include only the capitalised dry-dock costs pertaining to owned and bareboat vessels.

**Current assets** as at 31 March 2021 amounted to US\$ 106.1 million. As at the same date, in addition to the working capital items (inventories and trade receivables amounting to US\$ 9.8 million and US\$ 36.0 million, respectively), current assets include 'cash and cash equivalent' of US\$ 56.1 million and US\$ 1.7 million relating to funds deposited by d'Amico Tankers d.a.c. with financial institutions in respect of interest rate swap contracts.

**Non-current liabilities** were of US\$ 534.4 million as at 31 March 2021 and mainly consist of the long-term portion of debt due to banks (disclosed under the Net Indebtedness section of the report) and of lease liabilities.

**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 2021, working capital items amounting to US\$ 27.1 million (mainly relating to trade and other payables), US\$ 32.8 million in lease liabilities, and US\$ 11.2 million in other current financial liabilities.

**Shareholders' equity** amounted to US\$ 356.7 million as at 31 March 2021 (US\$ 365.7 million as at 31 December 2020). The variance relative to year-end 2020 is due to the Net result generated in Q1 2021, partially offset by the change in the valuation of cash-flow hedges.

### Net Indebtedness \*

**DIS' Net debt as at 31 March 2021** amounted to **US\$ 562.0 million** compared to US\$ 561.5 million as at 31 December 2020. These balances include an additional liability due to the application of IFRS 16, amounting to US\$ 98.5 million as at the end of March 2021 vs. US\$ 96.4 million as at the end of 2020. The net debt (excluding IFRS16) / fleet market value ratio was of 68.5% as at 31 March 2021 vs. 65.9% as at 31 December 2020 and compared with 64.0% as at the end of 2019 and 72.9% as at the end of 2018.

<i>US\$ Thousand</i>	As at 31 March 2021	As at 31 December 2020
Liquidity - Cash and cash equivalents	56,055	62,071
Other current financial assets	2,475	2,565
Other current financial assets – related party **	1,704	2,160
<b>Total current financial assets</b>	<b>60,234</b>	<b>66,796</b>
Bank loans and other lenders– current	55,135	46,523
Liabilities from leases	32,799	43,411
Other current financial liabilities – 3 <sup>rd</sup> parties	6,880	6,824
Other current financial liabilities – related party **	4,309	4,309
<b>Total current financial debt</b>	<b>99,123</b>	<b>101,067</b>
<b>Net current financial debt</b>	<b>38,889</b>	<b>34,271</b>
Other non-current financial assets – third parties	11,306	12,110
<b>Total non-current financial assets</b>	<b>11,306</b>	<b>12,110</b>
Bank loans non-current	258,946	263,089
Liabilities from leases	270,794	269,941
Other non-current financial liabilities – 3 <sup>rd</sup> parties	4,662	6,352
<b>Total non-current financial debt</b>	<b>534,402</b>	<b>539,382</b>
<b>Net non-current financial debt</b>	<b>523,096</b>	<b>527,272</b>
<b>Net financial indebtedness</b>	<b>561,985</b>	<b>561,543</b>

\* See Alternative Performance Measures on page 9

The balance of *Total Current Financial Assets* was of US\$ 60.2 million as at the end of March 2021. The total amount comprises *Cash and cash equivalents* of US\$ 56.1 million, and short-term financial receivables of US\$ 1.7 million, which mainly consist of funds deposited by d'Amico Tankers d.a.c. with financial institutions, in respect of interest rate swap contracts, as well as the current portion of deferred losses on disposal on leased-back transactions, amounting to US\$ 2.5 million.

*Total Non-Current Financial Assets* comprise mainly deferred losses on disposal on lease-back transactions.

The total outstanding bank debt (*Bank loans*) as at 31 March 2021 amounted to US\$ 314.1 million, of which US\$ 55.1 million is due within one year. In addition to some short-term credit lines, DIS' debt as at 31 March 2021 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\$ 108.6 million;
- (ii) Crédit Agricole Corporate and Investment Bank and ING term-loan facility to refinance 1 MR vessel built in 2016, 2 MR vessels built in 2005 and 1 additional MR vessel built in 2006, with an outstanding debt of US\$ 27.9 million;
  - (iii) DnB NOR Bank 5-years term-loan facility to finance 1 MR vessel built in 2012, with an outstanding debt of US\$ 12.9 million;
  - (iv) ING 5-years term-loan facility to finance 1 MR vessel built in 2012, with an outstanding debt of US\$ 12.4 million;
  - (v) ABN Amro 6-years term-loan facility to finance 1 Handysize vessel built in 2014 with an outstanding debt of US\$ 11.9 million;
  - (vi) Banca IMI (Intesa Group) 7-years term-loan facility to finance 2 Handy-size vessels built respectively in 2015 and 2016, with a total outstanding debt of US\$ 30.8 million;
  - (vii) Monte dei Paschi di Siena 5-years term-loan facility to finance 1 LR1 vessel (delivered in November 2017), with an outstanding debt of US\$ 20.6 million;
  - (viii) Century Tokyo Leasing 6-years term-loan facility to finance 2 Handy-size vessels delivered respectively in July and October 2016 and 1 MR vessel delivered in January 2017, with a total outstanding debt of US\$ 47.8 million;
  - (ix) 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\$ 20.6 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 2021, US\$ 98.5 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 2021, DIS' Net Cash Flow was negative for US\$ (3.0) million vs. US\$ (5.5) million in Q1 2020.**

<i>US\$ Thousand</i>	<b>Q1 2021</b>	<b>Q1 2020</b>
Cash flow from operating activities	6,608	25,678
Cash flow from investing activities	1,231	(1,292)
Cash flow from financing activities	(10,813)	(29,889)
<b>Change in cash balance</b>	<b>(2,974)</b>	<b>(5,503)</b>
Cash and cash equivalents net of bank overdrafts at the beginning of the period	45,294	17,517
Cash and cash equivalents at the end of the period	56,055	32,406
Bank overdrafts at the end of the period	(13,735)	(20,392)
<b>Cash and cash equivalents net of bank overdrafts at the end of the period</b>	<b>42,320</b>	<b>12,014</b>

**Cash flow from operating activities was positive, amounting to US\$ 6.6 million in Q1 2021 vs. US\$ 25.7 million in Q1 2020.** This negative variance is attributable to the much weaker spot market in Q1 2021 relative to the same period of last year.

The net **Cash flow from investing activities** was positive for US\$ 1.2 million in Q1 2021 vs. US\$ (1.3) million in Q1 2020. The amount for Q1 2021 comprises only the costs relating to drydocks which occurred in the period, partially 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\$ (10.8) million in Q1 2021. This figure comprises mainly: (i) US\$ (6.6) million in scheduled bank debt repayments; (ii) US\$ 13.8 million bank debt drawdown, deriving from a US\$ 3.8 million refinancing with Crédit Agricole of M/T High Priority (a MR vessel, which was leased by d'Amico Tankers as at 31 December 2020 and whose purchase option was exercised on 5 February 2021), and a US\$ 10.0 million draw-down on the hot-money credit line with Banca Intesa; (iii) US\$ (18.1) million repayment of lease liabilities, including US\$ (9.6) million deriving from the exercise of the purchase option on M/T High Priority; (iv) US\$ (0.3) million acquisition of DIS' treasury shares.

## SIGNIFICANT EVENTS OF THE FIRST QUARTER

In Q1 2021, the main events for the d'Amico International Shipping Group were the following:

### D'AMICO INTERNATIONAL SHIPPING:

**Executed buyback program:** On 14 January 2021, d'Amico International Shipping S.A. announced that during the period between 5 January and 13 January 2021, n. 1,543,118 own shares (representing 0.124% of the outstanding share capital of the Company) were repurchased on the regulated market managed by Borsa Italiana S.p.A. at the average share price of Euro 0.0949, for a total consideration of Euro 146,469.26.

On 25 January 2021, d'Amico International Shipping S.A. announced that during the period between 14 January and 22 January 2021, n. 1,305,897 own shares (representing 0.105% of the outstanding share capital of the Company) were repurchased on the regulated market managed by Borsa Italiana S.p.A. at the average share price of Euro 0.0936, for a total consideration of Euro 122,217.85. As at 22 January 2021, d'Amico International Shipping S.A. held nr. 18,326,911 own shares, representing 1.48% of its outstanding share capital.

The transactions were made and coordinated by an independent equity broker duly engaged for this purpose, Equita SIM S.p.A., in compliance with the Board of Directors resolution of 13 November 2019 and under the authorization to purchase own shares approved by DIS Shareholders' Meeting on 20 April 2016 (as reminded by means of a press release issued on 13 November 2019).

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

- **Vessel Purchase:** In February 2021, 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 Priority, a 46,847 dwt MR product tanker vessel, built in 2005 by Nakai Zosen, Japan, for a consideration of US\$ 9.7 million. The Vessel had been sold and leased back by d'Amico Tankers in 2017, for a 5-year period, with purchase options starting from the 2nd anniversary and a purchase obligation at the end of the 5th year.
- **'Time Charter-Out' Fleet:** In January 2021, d'Amico Tankers d.a.c. extended a time charter-out contract with a leading trading house for two of its LR1 vessels for 9-18 months, both starting from January 2021.

In February 2021, d'Amico Tankers d.a.c. fixed one of its Handy-size vessels with an oil-major for 6 months with an option for a further 6 months, starting from March 2021.

In March 2021, d'Amico Tankers d.a.c. extended a time charter-out contract with an oil-major for one of its Handy-size vessels for 12 months, starting from the end of May 2021.

- **'Time Charter-In' Fleet:** the time-charter-in contracts for the M/T SW Southport I and M/T SW Tropez I, two MR vessels built in 2004, ended and the vessels were redelivered to their owners in January and February 2021, respectively.

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

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

With reference to the management of the bonus relating to the conclusion of the first cycle (vesting period 2019-2020) of the Medium-Long Term Incentive Plan adopted by the Company, (hereinafter the LTI Plan), since DIS reached the objectives set, the Beneficiaries will be rewarded with the relevant "cash" portion of the bonus with the final balance in shares, through a deferred allocation over two years and in two tranches with the first one in 2022, according to the provisions of the Plan's Information Document (published in the Corporate Governance section of DIS' website).

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

**'Time Charter-Out' Fleet:** In April 2021, d'Amico Tankers d.a.c. fixed one of its Handy-size vessels with a leading trading house for 12 months with an option for further 12 months, starting from the end of April 2021.

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

	As at 31 March 2021				As at 6 May 2021			
	LR1	MR	Handysize	Total	LR1	MR	Handysize	Total
Owned	5.0	9.0	6.0	20.0	5.0	9.0	6.0	20.0
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>26.0</b>	<b>6.0</b>	<b>38.0</b>	<b>6.0</b>	<b>26.0</b>	<b>6.0</b>	<b>38.0</b>

\* with purchase obligation

## BUSINESS OUTLOOK

In its April World Economic Outlook (WEO) the IMF forecasts global growth of 6.0% in 2021, moderating to 4.4% in 2022. The projections for 2021 and 2022 are stronger than in their October 2020 report. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and progressive adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, relating to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalisation, and the evolution of financial conditions.

Regarding the pandemic, new virus variants have led to an overall acceleration in contagions which are now close to their all-time peak, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variations in pandemic induced disruptions and the extent of policy support. The outlook depends on the outcome of the battle between the virus and vaccines, as well as on how effectively economic policies are rolled out in this period of high uncertainty.

According to IEA's April report, global oil consumption is expected to increase from 96.7 million b/d in Q1 2021 to 99.5 million b/d in Q4 2021. This should cause a material decline in oil stockpiles, which have already declined significantly, with product stock already roughly aligned with their 5-year average, stimulating a gradual increase in OPEC+ production, which should exceed the 2.15 million b/d expansion it has already committed to. In addition, the IEA expects global refinery runs to average 81.4 million b/d in H2 2021, an increase of 4.7 million b/d (+6.1%) relative to the average for the first half of the year.

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 and (v) the product tankers' fleet growth rate. Some of the factors that could drive a recovery in the product tankers market in the medium-term are detailed below:

### **Product Tanker Demand**

- According to IEA's April report, oil demand in 2021 is forecast to reach 96.7 million b/d, an increase of 5.7 million b/d from 2020. Despite weaker than expected data for Q1 2021, annual growth has been revised up by 230,000 b/d on average to take into account better economic forecasts for the rest of the year.
- Global refinery throughput rose in March by 1.0 million b/d month on month on a strong recovery in the US following February's freeze. At 75.9 million b/d in March '21, global refinery runs were nevertheless 4.4 million b/d below the same month in 2019. Refining throughput for the second-half of '21 is however forecast to rise by 4.7 million b/d (+6.1%), relative to the first part of the year.
- More than 70% of new refining capacity in the next four years will be located east of Suez. Stifel estimates that around 1.1 million b/d of refining capacity has been closed since the pandemic began, 411,000 b/d in North America, 305,000 b/d in Europe and 340,000 b/d in other regions. 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**

- According to Clarksons, 97 MRs and LR1s will be delivered in 2021; in these same segments in Q1 2021 there were 19 deliveries.
- In their March 2021 outlook, Clarksons estimates that in 2021 the product tanker fleet will grow by 4.2% while the demand for the transportation of refined products will grow by 7.3%.
- A large number of demolition yards were temporarily shut in 2020 during the pandemic, resulting in only 13 MRs being scrapped. As demolition yards have reopened, demolitions have picked up due to strong steel demand and prices and weak freight markets. 13 MRs have been sold for scrap in Q1 2021, 7 of which have already been demolished.
- According to Clarksons, 9% of the MR fleet and 3% of the LR fleet is over 20 years old.
- 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 75) in Q4 2020, measures for the reduction of greenhouse gases have been approved for formal adoption during their next meeting (MEPC 76) in the second half of 2021. The agreement, which will be applicable from the end of 2022, requires operators to measure for their vessels the energy efficiency existing ship index (EEXI), reflecting their technical efficiency, and the carbon intensity indicator (CII), reflecting how efficiently they are managed. Both of these measures aim to cut emissions progressively from 2023 to 2030.
- The expected technological change to meet increasingly demanding environmental and other regulations is reducing appetite for newbuilding orders, since such vessels could be obsolete soon after delivery.
- Shipyards are going through a period of uncertainty. Lack of orders and poor returns are leading to a reduction in global shipyard capacity. Furthermore, the recent depreciation of the US Dollar and increase in steel prices, is increasing the construction cost of vessels. New ship ordering is expected to remain low until there is further clarity on propulsion technology and emissions regulations as well as an economic justification for ordering.

**D' AMICO INTERNATIONAL SHIPPING GROUP**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

<i>US\$ Thousand</i>	<b>Q1 2021</b>	<b>Q1 2020</b>
Revenue	59,121	94,355
Voyage costs	(16,365)	(22,941)
<b>Time charter equivalent earnings*</b>	<b>42,756</b>	<b>71,414</b>
Time charter hire costs	(259)	(6,955)
Other direct operating costs	(24,477)	(27,650)
General and administrative costs	(3,340)	(3,272)
Result on disposal of vessels	(528)	(553)
<b>EBITDA*</b>	<b>14,152</b>	<b>32,984</b>
Depreciation and impairment	(16,428)	(19,091)
<b>EBIT*</b>	<b>(2,276)</b>	<b>13,893</b>
Net financial income	773	41
Net financial (charges)	(8,194)	(12,321)
<b>Profit (loss) before tax</b>	<b>(9,697)</b>	<b>1,613</b>
Income taxes	(71)	(96)
<b>Net profit (loss)</b>	<b>(9,768)</b>	<b>1,517</b>
<b>Basic earnings (loss) per share <sup>(11)</sup></b>	<b>US\$ (0.008)</b>	<b>US\$ 0.001</b>

\*see Alternative Performance Measures on page 9

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

<i>US\$ Thousand</i>	<b>Q1 2021</b>	<b>Q1 2020</b>
Profit (loss) for the period	(9,768)	1,517
<i>Items that may be reclassified subsequently into profit or loss</i>		
Movement of valuation of cash-flow hedges	1,114	(4,151)
Exchange differences in translating foreign operations	(29)	(84)
Total comprehensive income for the period	(8,683)	(2,718)
<i>The net result is entirely attributable to the equity holders of the Company</i>		
Basic earnings / (loss) per share	US\$ (0.007)	US\$ (0.002)

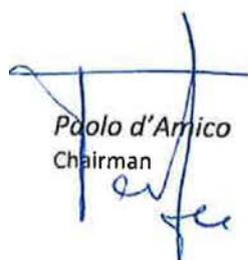
<sup>11</sup> Basic earnings/ loss per share (e.p.s.), have been calculated on an average number of shares outstanding equal to 1,223,144,312 in the first quarter of 2021 and 1,230,890,447 in the first quarter of 2020. In Q1 2021 and in Q1 2020 diluted e.p.s. was equal to basic e.p.s..

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 31 March 2021	As at 31 December 2020
<b>ASSETS</b>		
Property, plant and equipment (PPE) and right-of-use assets (RoU)	895,610	901,765
Investments in jointly controlled entities	4,312	4,312
Other non-current financial assets	11,305	12,110
<b>Total non-current assets</b>	<b>911,227</b>	<b>918,187</b>
Inventories	9,847	8,885
Receivables and other current assets	36,036	38,722
Other current financial assets	4,179	4,725
Cash and cash equivalents	56,055	62,071
<b>Total current assets</b>	<b>106,117</b>	<b>114,403</b>
<b>TOTAL ASSETS</b>	<b>1,017,344</b>	<b>1,032,590</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	62,053	62,053
Accumulated losses	(53,075)	(43,307)
Share Premium	368,853	368,853
Other reserves	(21,116)	(21,865)
<b>Total shareholders' equity</b>	<b>356,715</b>	<b>365,734</b>
Banks and other lenders	258,946	263,089
Non-current lease liabilities	270,794	269,941
Other non-current financial liabilities	4,662	6,352
<b>Total non-current liabilities</b>	<b>534,402</b>	<b>539,382</b>
Banks and other lenders	55,135	46,523
Current lease liabilities	32,799	43,411
Payables and other current liabilities	27,061	26,367
Other current financial liabilities	11,190	11,133
Current tax payable	42	40
<b>Total current liabilities</b>	<b>126,227</b>	<b>127,474</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,017,344</b>	<b>1,032,590</b>

6 May 2021

On behalf of the Board

  
Paolo d'Amico  
Chairman

  
Antonio Carlos Balestra di Mottola  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>US\$ Thousand</i>	Q1 2021	Q1 2020
<b>Profit (loss) for the period</b>	<b>(9,768)</b>	<b>1,517</b>
Depreciation and amortisation PPE and RoU	16,428	17,509
Impairment	-	1,582
Current and deferred income tax	71	96
Net lease cost	4,588	5,137
Other net financial charges (income)	2,833	7,143
Movement in deferred result on disposal of fixed assets	528	553
Other non-cash items	(29)	(180)
<b>Cash flow from operating activities before changes in working capital</b>	<b>14,651</b>	<b>33,357</b>
Movement in inventories	(961)	(366)
Movement in amounts receivable	(505)	(10)
Movement in amounts payable	683	1,642
Taxes paid	(69)	(182)
Net cash payment for interest portion of lease liability	(4,588)	(5,135)
Net interest paid	(2,603)	(3,628)
<b>Net cash flow from operating activities</b>	<b>6,608</b>	<b>25,678</b>
Acquisition of fixed assets	(1,969)	(1,765)
Deferred cash-in from sale of fixed assets	3,200	-
Movement in financing to equity accounted investee	-	473
<b>Net cash flow from investing activities</b>	<b>1,231</b>	<b>(1,292)</b>
Treasury shares	(336)	-
Other changes in shareholders' equity	-	(422)
Shareholders' financing	-	(5,000)
Movement in other financial receivables	474	610
Net movement in other financial payables / related party	-	(1,746)
Bank loan repayments	(6,578)	(13,677)
Bank loans draw-down	13,756	-
Repayments of principal portion of lease liability	(18,129)	(9,654)
<b>Net cash flow from financing activities</b>	<b>(10,813)</b>	<b>(29,889)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,974)</b>	<b>(5,503)</b>
Cash and cash equivalents net of bank overdrafts at the beginning of the period	45,294	17,517
<b>Cash and cash equivalents net of bank overdrafts at the end of the period</b>	<b>42,320</b>	<b>12,014</b>
Cash and cash equivalents at the end of the period	56,055	32,406
Bank overdrafts at the end of the period	(13,735)	(20,392)

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Retained Earnings (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>

	Share capital	Retained Earnings (Accumulated losses)	Share premium	Other Reserves		Total
				Other	Cash-Flow hedge	
<i>US\$ Thousand</i>						
<b>Balance as at 1 January 2020</b>	<b>62,052</b>	<b>(59,801)</b>	<b>368,846</b>	<b>(15,380)</b>	<b>(3,252)</b>	<b>352,465</b>
Treasury shares	-	-	-	(261)	-	(261)
Effect of equitization	-	-	-	(77)	-	(77)
Total comprehensive income	-	1,517	-	(84)	(4,151)	(2,718)
<b>Balance as at 31 March 2020</b>	<b>62,052</b>	<b>(58,284)</b>	<b>368,846</b>	<b>(15,802)</b>	<b>(7,403)</b>	<b>349,409</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 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 2021.

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 2020.

#### 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 2021**

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.

6 May 2021

On behalf of the Board



Paolo d'Amico  
Chairman



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