



**Hunter Group ASA**  
Second quarter 2022 results

25 August 2022

## Highlights

### Financial highlights

- Total revenues of USD 20.10m
  - Spot pool revenues of USD 1.69m
  - Time charter revenues of USD 4.10m
  - Net gain on sale of assets of USD 15.20m
- Total operating expenses of USD 6.92m
  - Vessel opex incl. insurance of USD 2.88m
  - Voyage exp. and commissions of USD 0.51m
  - G&A expenses of 0.32m
    - USD 0.30m administrative expenses
    - USD 0.02m legal expenses
- EBITDA of USD 17.27m
- Net profit of USD 10.80m
- Average daily earnings of USD 15,900
  - Avg. daily pool earnings of USD 18,600<sup>1</sup>
  - Avg. daily time charter earnings of USD 15,000
- Opex. incl. insurance of USD 7,880 per day per vessel
- 364 available earnings days and 364 opex days
  - 91 pool spot days
  - 273 time charter days
- Fourth quarter cash flow breakeven of approx. USD 24,240 per day

### Key events in Q2 2022

- The Annual General Meeting was held on 27 April 2022. All resolutions were passed in accordance with the proposals set out in the notice
- Signed Memorandum of Agreements for the sale of Hunter Disen and Hunter Frigg for USD 96.0 million each, and for Hunter Freya and Hunter Idun for USD 95.5 million each
- Bought back 8,519,630 of own share at an average price of NOK 3.48 per share.
  - Following the buy back, the Company owns 19,762,826 of its own shares
- Concluded the sale of Hunter Disen and successfully delivered her to her new owner

### Subsequent events

- Concluded the sales of Hunter Idun and Hunter Frigg, and successfully delivered them to their new owners
- Sold forward USD 185 million at an average USDNOK of approx. 9.86
- Announced cash dividend of NOK 1.50 per share (excluding treasury shares), based on authority from the most recent general meeting
- As of the date of this report, 85% of days in the third quarter of 2022 have been booked at an average est. dayrate of USD 22,800
  - 77% of spot pool days booked at an avg. est. dayrate of USD 25,950<sup>1</sup>
  - Average Q3 TC dayrates of USD 18,450

1) Discharge to discharge basis

## Management update

It has been said that a smooth sea never made a skilled sailor. Whether we have become skilled sailors or not should be left to others to determine, but the sea has definitely not been smooth over the last four years. Since Hunter entered into the first newbuilding contracts at the end of 2017, we have seen oil prices fluctuate between USD 20.73 and USD 129.26. The USD versus NOK has fluctuated between 7.71 and 11.86. Steel prices have been as low as 3,309 CNY/t and as high as 5,982 CNY/t. VLCC rates for a standard vessel have fluctuated between negative USD 8,000/day to more than USD 200,000/day. Interest rates have been at lower levels than ever before. We have had the first global pandemic in modern times basically shutting the world down for the better part of more than a year. Russia has gone to war against Ukraine and sanctions have been implemented on both Iran and Venezuela. We could go on and on, but nevertheless, we believe we have weathered the storm and done what we said we would do, namely what we believed was in the best interest of our shareholders.

We bought a total of 8 VLCC's, all eco design and all fitted with scrubbers, at a time when there was massive skepticism to scrubbers. Today about half the VLCC fleet has scrubbers and the number of scrubber opponents is approaching zero. All our vessels were delivered ahead of schedule and on budget. We also supervised the construction of another 4 vessels against a fee. Once construction was completed and the ships delivered, we secured employment for the vessels and have had basically zero off hire. The first vessel was sold (Hunter Embla) at a profit literally minutes after we took delivery, to secure financing avoid raising equity below NAV, which would have diluted the value for shareholders unable to participate in an offering.

When we thought the spot market was either too high or too low, we shifted quickly between spot and TC exposure to try to minimize risk and maximize earnings. A strategy that in retrospect did not turn out too bad, although in fairness we must admit that the tanker market stayed weaker for longer than we expected. In Q1 2022, with 1-year TC rates at USD 26,000/day, bullish oil inventory data, a very low VLCC order book and a potential end to the pandemic in sight, we felt risk/reward was in favor of taking on more spot exposure. Hence, we fixed our three remaining vessels on 12-month index charters. These charters were based on TD3C plus a premium, adjusted for our vessels' speed and consumption on a one month lagging basis. Essentially that means that the rates we observe today, are the rates paid a month from now. The somewhat disappointing result in Q2 is in large part due to the weak spot rates in the first two months of Q2, but at the time of this report these index charters are generating approx. USD 60,000 per day.

Although rates have increased significantly over the last three months, and our decision to increase our spot exposure has proven right so far, it is certainly possible to argue that there are some clouds on the horizon. First, central banks are doing what they can to fight off inflation. If all you have is a hammer, everything becomes a nail. In this case, interest rates seem to be the hammer, and although it may be the correct tool for the job, it certainly will have an impact on ship financing availability and cash break-even levels. Secondly, VLCC ship values are now at a level reflecting long term rates around USD 40,000/day assuming a purchase price of slightly above USD 100m, which is significantly above average rates for the last 10 years. Thirdly, China is continuing to use lock downs to fight Covid-19, and with the expected spike in cases this fall, the Chinese rebound everyone is expecting might be further away than consensus seems to think. Finally, a long-lasting war between Russia and Ukraine adds additional hardship to the world economy, as Russia will most likely do what it can to ensure that energy prices and gas prices in particular stay high. In essence, high energy prices act as a tax on the world economy and limits growth. We may not be heading for a depression, but on the other hand, a recession would not be too surprising either.

With that in mind, when approached by serious buyers willing to pay fair prices for our vessels, we felt it was time to lie on the oars. We bought these vessels at low prices and sold higher prices while making some money in the meantime. At the time of this report only Hunter Freya is left in our fleet, and she is expected to be delivered to her new owners shortly. We have announced our intention to pay out the proceeds from the vessel sales to our shareholders, and NOK 1.5 per share is being paid out shortly. The remaining intrinsic value will be paid out not long after the final delivery.

## Responsibility Statement

The Board of Directors and the CEO confirm that to the best of our knowledge the condensed set of financial statements (unaudited) as of 30 June 2022 and the first half year of 2022, which have been prepared in accordance with IAS 34 - Interim Financial Reporting, gives a true and fair view on the Group's consolidated assets, liabilities, financial position and results of the operation for the period, and that the interim management report includes a fair review of the information required under the requirements in the Norwegian Securities Trading Act.

Oslo, 24 August 2022

The board of directors and Chief Executive Director  
Hunter Group ASA

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Henrik August Christensen  
Chairman of the board

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Arne Helge Fredly  
Board member

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Kristin Hellebust  
Board member

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Erik A. S. Frydendal  
CEO

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## Condensed consolidated financial statements for 2Q 2022

### Consolidated income statement

<i>(Unaudited figures in USD 1 000)</i>	Quarters			Year to date		Year
	2Q 2022	2Q 2021	Note	30.06.2022	30.06.2021	31.12.2021
<b>Revenues</b>						
Pool revenues	1 692	1 501		3 017	4 633	7 438
Time charter revenues	4 099	7 225		10 537	16 508	29 722
Other income	0	207		0	280	704
Net gain on sale of assets	15 198	2 567	5	15 198	2 567	2 567
<b>Total Revenues</b>	<b>20 989</b>	<b>11 500</b>		<b>28 752</b>	<b>23 988</b>	<b>40 431</b>
<b>Operating expenses</b>						
Vessel operating expenses	2 876	2 509		5 387	5 112	9 776
Voyage expenses and commissions	515	429	1	997	764	1 916
Depreciation and amortisation expense	3 201	3 242	5	6 401	7 260	13 754
General and administrative expenses	325	382	4	853	811	1 815
<b>Total operating expenses</b>	<b>6 917</b>	<b>6 562</b>		<b>13 638</b>	<b>13 947</b>	<b>27 261</b>
<b>Operating profit (loss)</b>	<b>14 072</b>	<b>4 938</b>		<b>15 114</b>	<b>10 041</b>	<b>13 171</b>
<b>Net financial income (loss)</b>	<b>-3 272</b>	<b>-2 554</b>		<b>-5 017</b>	<b>-5 072</b>	<b>-9 394</b>
<b>Profit (loss) before taxes</b>	<b>10 799</b>	<b>2 384</b>		<b>10 097</b>	<b>4 969</b>	<b>3 776</b>
Tax on ordinary result	0	0		0	0	0
<b>Net profit (loss)</b>	<b>10 799</b>	<b>2 384</b>		<b>10 097</b>	<b>4 969</b>	<b>3 776</b>
Earning per share	0.02	0.00		0.02	0.01	0.01
Earnings per share diluted	0.02	0.00		0.02	0.01	0.01
<b>Other comprehensive income, items to be reclassified to profit &amp; loss</b>						
Translation differences	0	0		0	0	0
<b>Comprehensive income for the period</b>	<b>10 799</b>	<b>2 384</b>		<b>10 097</b>	<b>4 969</b>	<b>3 776</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the parent	10 799	2 384		10 097	4 969	3 776
<b>Total comprehensive income</b>	<b>10 799</b>	<b>2 384</b>		<b>10 097</b>	<b>4 969</b>	<b>3 776</b>

  

<i>(Unaudited figures in USD 1 000)</i>	Quarters			Year to date		
	2Q 2022	2Q 2021		31.12.2021	30.06.2021	31.12.2020
Net profit (loss)	10 799	2 384		10 097	4 969	3 776

## Consolidated balance sheet

### Assets

(Unaudited figures in USD 1 000)

	Note	30.06.2022	31.03.2022	30.06.2021	31.12.2021
<b>NON-CURRENT ASSETS</b>					
VLCC vessels	5	245 987	329 301	338 962	332 521
Other tangible assets	5	246	288	145	318
<b>Total tangible assets</b>		<b>246 233</b>	<b>329 588</b>	<b>339 107</b>	<b>332 839</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>246 233</b>	<b>329 588</b>	<b>339 107</b>	<b>332 839</b>
<b>CURRENT ASSETS</b>					
Trade and other receivables		4 148	5 309	8 542	5 513
Other short-term financial assets		0	0	0	0
Other short-term assets		2 301	5 184	7 113	3 878
<b>Total current assets</b>		<b>6 448</b>	<b>10 493</b>	<b>15 655</b>	<b>9 391</b>
<b>Cash and cash equivalents</b>		<b>77 755</b>	<b>29 154</b>	<b>56 138</b>	<b>29 639</b>
<b>TOTAL CURRENT ASSETS</b>		<b>84 204</b>	<b>39 647</b>	<b>71 793</b>	<b>39 030</b>
<b>TOTAL ASSETS</b>		<b>330 436</b>	<b>369 235</b>	<b>410 900</b>	<b>371 869</b>

### Equity and Liabilities

#### EQUITY

Share capital (575 362 013 shares)	2	82 625	82 625	82 625	82 625
Own shares	2	-2 735	-1 660	-1 660	-1 660
Share premium	2	13 160	15 055	46 695	15 034
Other equity		90 618	79 819	81 714	80 522
<b>TOTAL EQUITY</b>		<b>183 669</b>	<b>175 839</b>	<b>209 374</b>	<b>176 521</b>

#### LIABILITIES

Interest-bearing debt	5	0	177 407	186 563	180 514
<b>Total non-current liabilities</b>		<b>0</b>	<b>177 407</b>	<b>186 563</b>	<b>180 514</b>
Trade payables		3 298	822	556	195
Accrued public charges and indirect taxes		63	47	53	68
Current portion of interest-bearing debt	5	141 107	13 500	13 436	13 500
Other current liabilities		2 299	1 620	916	1 070
<b>Total current liabilities</b>		<b>146 767</b>	<b>15 989</b>	<b>14 962</b>	<b>14 833</b>
<b>TOTAL LIABILITIES</b>		<b>146 767</b>	<b>193 396</b>	<b>201 524</b>	<b>195 346</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>330 436</b>	<b>369 235</b>	<b>410 900</b>	<b>371 868</b>

## Consolidated cash flow statement

<i>(Unaudited figures in USD 1 000)</i>	Quarters			Year to date		2021
	2Q 2022	2Q 2021	Note	30.06.2022	30.06.2021	
Profit (loss) before tax	10 799	2 384		10 097	4 969	3 776
Depreciation	3 201	3 242	5	6 401	7 260	13 754
Gain on sale of VLCC	-15 198	-2 567	5	-15 198	-2 567	-2 567
Financial income	-39	-101		-40	-101	-4
Financial expenses	2 056	2 529		3 807	4 912	8 430
Change in working capital items	6 589	-7 788		6 712	-11 335	-4 974
<b>Net cash flow from operating activities</b>	<b>7 408</b>	<b>-2 302</b>		<b>11 780</b>	<b>3 136</b>	<b>18 415</b>
Investments in VLCC newbuilds and PP & E	0	0		0	-8	-8
Interest received	39	101		40	101	4
Sale of VLCC	96 000	84 500	5	96 000	84 500	83 575
Investments/sale of other financial investments	0	40		0	0	0
<b>Net cash flow to investment activities</b>	<b>96 039</b>	<b>84 641</b>		<b>96 040</b>	<b>84 594</b>	<b>83 571</b>
Interest paid	-2 056	-2 529		-3 807	-4 912	-6 441
New interest-bearing debt	0	0		0	0	0
Installment interest-bearing debt	-49 774	-50 808		-52 855	-54 513	-61 802
Installment leasing-debt (IFRS 16)	-25	-22		-51	-47	-94
Capital contribution	0	0		0	0	0
Purchase of own shares	-2 991	-1 114	2	-2 991	-1 267	-1 267
Dividend paid	0	0	2	0	-65 999	-97 887
<b>Net cash flow from financing activities</b>	<b>-54 846</b>	<b>-54 473</b>		<b>-59 704</b>	<b>-126 737</b>	<b>-167 491</b>
<b>Total net changes in cash flow</b>	<b>48 601</b>	<b>27 866</b>		<b>48 116</b>	<b>-39 007</b>	<b>-65 505</b>
Currency effect on cash	0	0		0	0	0
Cash and cash equivalents beginning of period	29 154	28 272		29 639	95 146	95 146
<b>Cash and cash equivalents end of period</b>	<b>77 755</b>	<b>56 138</b>		<b>77 755</b>	<b>56 138</b>	<b>29 639</b>

## Consolidated statement of changes in equity

<i>(Unaudited figures in USD 1 000)</i>	Note	Share Capital	Own Shares	Share premium	Currency translation	Retained earnings	Total equity
<b>Equity as of 01.01.2021</b>		<b>82 625</b>	<b>-1 121</b>	<b>113 364</b>	<b>-2 289</b>	<b>79 035</b>	<b>271 614</b>
Net profit H1 2021				0	0	4 969	4 969
Other comprehensive income				0	0	0	0
Total comprehensive income H1 2021				0	0	4 969	4 969
Dividend paid				-65 999	0	0	-65 999
Share based payment				57	0	0	57
Purchase of own shares			-539	-728	0	0	-1 267
<b>Equity as of 30.06.2021</b>		<b>82 625</b>	<b>-1 660</b>	<b>46 695</b>	<b>-2 289</b>	<b>84 004</b>	<b>209 374</b>
Net profit H2 2021						-1 193	-1 193
Other comprehensive income						0	0
Total comprehensive H2 2021				0	0	-1 193	-1 193
Dividend paid				-31 888	0	0	-31 888
Share based payment				228	0	0	228
Purchase of own shares			0	0	0	0	0
<b>Equity as of 31.12.2021</b>		<b>82 625</b>	<b>-1 660</b>	<b>15 034</b>	<b>-2 289</b>	<b>82 811</b>	<b>176 521</b>
Net profit H1 2022				0	0	10 097	10 097
Other comprehensive income				0	0	0	0
Total comprehensive income H1 2022				0	0	10 097	10 097
Purchase of own shares			-1 075	-1 916	0	0	-2 991
Share based payment				42	0	0	42
<b>Equity as of 30.06.2022</b>		<b>82 625</b>	<b>-2 735</b>	<b>13 160</b>	<b>-2 289</b>	<b>92 908</b>	<b>183 669</b>



## Notes to the Hunter Group condensed consolidated financial statements for 2Q 2022

### 1. Accounting principles

These condensed interim financial statements of Hunter Group were authorized for issue by the Board of Directors on 24 August 2022.

The interim condensed consolidated financial statements for the three and six months ending 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

#### *Vessels and equipment*

The net cost of the VLCCs (less estimated residual value) is the basis for a straight-line depreciation over the estimated remaining economic useful lives (25 years). Other equipment (excluding vessel upgrades) are depreciated over its estimated remaining useful life (5 years). The estimated residual value for the VLCCs is calculated by multiplying the lightweight tonnage with the market price of scrap per ton. Residual values are reviewed annually.

Voyage expenses relates to fuel and other costs incurred before the vessel joins the Tankers International pool.

### 2. Equity transactions

On 5 February 2021, the Company purchased 517,000 own shares in the market at an average price of NOK 2.5106 per share and on 12 May 2021, the Company purchased 3,034,702 of its own shares at NOK 2.9998 per share. On 24 June 2022, the Company purchased 6,757,859 own shares in the market at an average price of NOK 3.5 per share and on 29 June 2022, the Company purchased 1,761,771 of its own shares at NOK 3.42 per share. As of 30 June 2022, the Company own a total of 19,762,826 of its own shares.

The board of directors of Hunter Group ASA decided 12 July 2021 to distribute a dividend of NOK 0.50 per share (excluding treasury shares), based on authority granted by the general meeting held 3 June 2021. The distribution was conducted as a reduction of the Company’s share premium.

### 3. Segment information

The management monitors the operating results in 1 segment which develops and operates the VLCCs.

### 4. Transactions with related parties

The following table provides the total amount of transactions with related parties controlled by the members of the executive management of Hunter Group for 2022. All related party transactions have been entered into on an arm’s length basis.

Transactions with related parties	30.06.2022	31.12.2021
Purchased services in USD 1 000	39	76

The Group has used the services of the law firm Ro Sommernes DA for legal advice in 2022 and 2021; USD 39t in H1 2022 and USD 76t in 2021. The Company’s chairman Henrik Christensen is a partner in Ro Sommernes DA.

The Company rents office space from Dronningen Eiendom AS. The rental agreement is for 36 months, and the contract was renewed for an additional 36 months as from 1 November 2021. One of the Company's shareholder is also a shareholder of Dronningen Eiendom AS.

In April 2021 Hunter Group entered into a sale & leaseback agreement for a handysize dry cargo vessel, which was sold to Apollo Asset Ltd. shortly thereafter with a gain of USD 0.1 million. Furthermore, Hunter Group has served as a manager for several other similar agreements where Apollo pays NOK 1,500 per hour and a fee of USD 5 thousand per transaction. Apollo Asset Ltd. is 100% owned by Mr. Arne Fredly, board member and largest shareholder of Hunter Group ASA.

## 5. Property, plant & equipment

*(Unaudited figures in USD 1 000)*

Per 31 December 2021	IFRS 16 PP&E	Other tan- gible assets	VLCC vessels	Total
Cost at 1 January 2021	471	18	350 235	439 462
Additions	0	0	0	0
Sales	-11	0	-80 094	-80 105
Cost at 30 June 2022	460	18	270 141	270 619
Accumulated depreciations at 30 June 2022	-215	-17	-24 155	-24 387
<b>Book value at 30 June 2022</b>	<b>245</b>	<b>1</b>	<b>245 986</b>	<b>246 232</b>
This period's depreciation	56	4	6 341	6 401

Hunter Atla was sold in 2Q 2021 for an en-bloc price of USD 84.5 million, with a gain of USD 2.6 million. On 30 June 2022, the Company concluded the sale of Hunter Disen for an en-bloc price of USD 96.0 million, with a gain of USD 15.1 million. On 24 June 2022 the Company signed a Memorandum of Agreement for the sale of Hunter Freya and Hunter Idun for USD 95.5 million each, and Hunter Frigg for USD 96.0 million, with a few outstanding subjects. The vessels will be delivered to their new owners following completion of their current voyages.

All of the Group's interest-bearing debt will be settled in relation to the sale of the Group's remaining VLCCs within 3Q 2022, and the interest-bearing debt is as such classified as current liabilities.

## 6. Subsequent events

Concluded the sales of Hunter Idun and Hunter Frigg, and successfully delivered them to their new owners

Announced cash dividend of NOK 1.50 per share (excluding treasury shares), based on authority from the most recent general meeting

As of the date of this report, 85% of days in the third quarter of 2022 have been booked at an average est. dayrate of USD 22,800. 77% of spot pool days booked at an avg. est. dayrate of USD 25,950. Average Q3 TC dayrates of USD 18,450

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