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**PERFORMANCE SHIPPING INC. REPORTS FINANCIAL RESULTS
FOR THE SECOND QUARTER AND SIX MONTHS ENDED
JUNE 30, 2022**

ATHENS, GREECE, August 4, 2022 – Performance Shipping Inc. (NASDAQ: PSHG) (“we” or the “Company”), a global shipping company specializing in the ownership of tanker vessels, today reported net income from continuing and discontinued operations of \$3.9 million and net income from continuing and discontinued operations attributable to common stockholders of \$3.7 million for the second quarter of 2022, compared to a net loss from continuing and discontinued operations and a net loss from continuing and discontinued operations attributable to common stockholders of \$2.6 million for the same period in 2021.

Revenue from continuing and discontinued operations was \$16.7 million (\$11.3 million net of voyage expenses) for the second quarter of 2022, compared to \$9.1 million (\$4 million net of voyage expenses) for the same period in 2021. This increase was attributable to the increased time-charter equivalent rates (TCE rates) achieved during the quarter. Fleetwide, the average time charter equivalent rate for the second quarter of 2022 was \$24,921, compared with an average rate of \$9,728 for the same period in 2021.

Net income from continuing and discontinued operations for the six-month period ended June 30, 2022, amounted to \$1.8 million, compared to a net loss from continuing and discontinued operations of \$5.5 million for the six-month period ended June 30, 2021. Revenue from continuing and discontinued operations was \$25.3 million (\$16.5 million net of voyage expenses) for the six-month period ended June 30, 2022, compared to \$17.5 million (\$7.5 million net of voyage expenses) for the six-month period ended June 30, 2021.

As of August 4, 2022, the Company’s number of common shares issued and outstanding was 27,395,030.

On June 21, 2022, the Company announced its agreement to acquire its sixth Aframax tanker, which was delivered on July 5, 2022. The acquisition cost of approximately \$27.6 million was financed with cash on hand and the incurrence of debt through a new senior secured facility that the Company entered into prior to delivery of the vessel.

On July 27, 2022, the Company commenced a time charter contract with Teekay Chartering Limited for one of its Aframax tanker vessels, M/T Blue Moon. The gross charter rate is \$23,000 per day for a period of 24 months +/-30 days at the option of the Charterer. The new charter is expected to generate approximately US\$16.8 million in gross revenue.

Commenting on the results of the second quarter of 2022 and subsequent developments, Andreas Michalopoulos, the Company's Chief Executive Officer, stated:

"During the second quarter of 2022, we saw a continuation in the tanker market recovery, supported by strong demand for crude oil and significant changes in trading patterns as a result of sanctions on Russian crude oil exports leading to longer-haul tanker voyages. We took advantage of the improved tanker charter rate environment, resulting in fleetwide average time charter equivalent rates of \$24,921 per day during the second quarter of 2022, revenues of \$16.7 million, and net income of \$3.9 million from our fleet operations.

"We believe that the encouraging freight rate developments since early March 2022 indicate a promising trend towards a sustainable charter rate recovery. Having taken delivery of our sixth Aframax tanker on July 5th, we are now well positioned to take advantage of the firming charter rate environment with our expanded fleet operations. We did so by entering into a two-year contract for the M/T Blue Moon with Teekay Chartering Limited at \$23,000 per day. We expect to operate our remaining vessels in the spot market for the foreseeable future, where voyage charter rates for Aframax tankers are currently quoted in excess of \$35,000 per day.

"We intend to complete the special survey and the installation of the ballast water treatment system (BWTS) on the M/T P. Kikuma during the fourth quarter of this year, and we expect full utilization of our expanded and 100% BWTS-fitted tanker fleet going forward, with no scheduled special surveys for 2023.

"As a result of our financial results, and in accordance with our dividend policy, we will not declare a dividend for our Q2 2022 results from operations."

Tanker Market Update for the Second Quarter of 2022:

- Tanker fleet supply was 663.0 million dwt, up 0.7% from 658.2 million dwt from the previous quarter and up 1.7% from Q2 2021 levels of 651.7 million dwt.
- Tanker demand in billion tonne-miles is projected to increase by a firm 6.7% in 2022, supported by the ongoing recovery of global oil demand along with a shift in trading patterns to longer-haul routes emerging due to the Russia-Ukraine war.
- Tanker fleet supply in deadweight terms is estimated to grow by a moderate 2.6% in 2022.
- Crude oil tanker fleet utilization was estimated at 80.0%, up from 78.0% in the previous quarter and up from 77.4% in Q2 2021.
- Newbuilding tanker contracting was just 1.4 million dwt in the second quarter, resulting in a tanker orderbook to fleet ratio of 5.2%, the lowest level seen in the past 26 years.
- Daily spot charter rates for Aframax tankers averaged \$46,438, up 43.9% from the previous quarter average of \$32,266 and up 507.1% from the Q2 2021 average of \$7,648.
- The value of a 10-year-old Aframax tanker at the end of the second quarter was \$35.0 million, up 27.3% from \$27.5 million in the previous quarter, and up 34.6% from \$26.0 million in Q2 2021.
- The number of tankers used for floating storage (excluding dedicated storage) was 165 (23.3 million dwt), up 13.8% from 145 (21.2 million dwt) from the previous quarter and up 9.3% from Q2 2021 levels of 151 (22.8 million dwt).
- Global oil consumption was 98.7 million bpd, down 0.3% from the previous quarter level of 98.9 million bpd, and up 2.5% from Q2 2021 levels of 96.3 million bpd.
- Global oil production was 99.3 million bpd, up 0.4% from the previous quarter level of 98.8 million bpd and up 4.8% from Q2 2021 levels of 94.7 million bpd.
- OECD commercial inventories were 2,677.6 million barrels, up 2.3% from the previous quarter level of 2,616.3 million barrels, and down 6.5% from Q2 2021 levels of 2,864.4 million barrels.
- During the global gradual recovery from COVID-19, we continue to take proactive measures to ensure the health and

wellness of our crew and onshore employees while endeavoring to maintain effective business continuity and uninterrupted service to our customers. While the situation is improving, we continue to incur increased costs as a result of the restrictions imposed in various jurisdictions creating delays and additional complexities with respect to port calls and crew rotations.

The above market outlook update is based on information, data, and estimates derived from industry sources. There can be no assurances that such trends will continue or that anticipated developments in tanker demand, fleet supply or other market indicators will materialize. While we believe the market and industry information included in this release to be generally reliable, we have not independently verified any third-party information or verified that more recent information is not available.

Summary of Selected Financial & Other Data (Continuing and Discontinued Operations¹)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
STATEMENT OF OPERATIONS DATA (in thousands of US Dollars):				
Revenue	\$16,707	\$9,116	\$25,275	\$17,513
Voyage expenses	5,368	5,079	8,748	10,016
Vessel operating expenses	2,950	2,901	6,277	5,779
Net income/ (loss) from continuing and discontinued operations	3,870	(2,646)	1,790	(5,500)
Net income / (loss) attributable to common stockholders	3,662	(2,646)	(7,809)	(5,500)
Earnings/(loss) per common share, basic	0.70	(0.53)	(1.82)	(1.10)
Earnings/(loss) per common share, diluted	0.10	(0.53)	(1.82)	(1.10)
FLEET DATA				
Average number of vessels	5	5	5	5
Number of vessels	5	5	5	5
Ownership days	455	455	905	905
Available days	455	415	875	865
Operating days (2)	455	332	855	705
Fleet utilization	100%	80%	98%	82%
AVERAGE DAILY RESULTS				
Time charter equivalent (TCE) rate (3)	\$ 24,921	\$ 9,728	\$ 18,888	\$ 8,667
Daily vessel operating expenses (4)	\$ 6,484	\$ 6,376	\$ 6,936	\$ 6,386

(1) Discontinued Operations refer to our container vessels segment that we disposed of in 2020.

(2) Operating days are the number of available days in a period less the aggregate number of days that our vessels are off-hire. The specific calculation counts as on-hire the days of the ballast leg of the spot voyages, as long as a charter party is in place. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(3) Time charter equivalent rates, or TCE rates, are defined as revenue (voyage, time charter and pool revenue), less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel) expenses, canal charges and commissions. TCE is a non-GAAP measure. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels despite changes in the mix of charter types (i.e., voyage (spot) charters, time charters and bareboat charters).

- (4) Daily vessel operating expenses, which include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, lubricant costs, tonnage taxes, regulatory fees, environmental costs, lay-up expenses and other miscellaneous expenses, are calculated by dividing vessel operating expenses by ownership days for the relevant period.

Fleet Employment Profile (As of August 4, 2022)

Performance Shipping Inc.'s fleet is employed as follows:

Vessel	Year of Build	Capacity	Builder	Charter Type
Aframax Tanker Vessels				
1 BLUE MOON	2011	104,623 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Time charter
2 BRIOLETTE	2011	104,588 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Pool
3 P. FOS	2007	115,577 DWT	Sasebo Heavy Industries Co. Ltd	Pool
4 P. KIKUMA	2007	115,915 DWT	Samsung Heavy Industries Co Ltd.	Spot
5 P. YANBU	2011	105,391 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Pool
6 P. SOPHIA	2009	105,071 DWT	Hyundai Heavy Industries Co., LTD.	Spot

About the Company

Performance Shipping Inc. is a global provider of shipping transportation services through its ownership of Aframax tankers. The Company's current fleet is employed on spot voyages, through pool arrangements and on time charters.

Cautionary Statement Regarding Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include, but are not limited to, statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending," and similar expressions, terms or phrases may identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include but are not limited to: the strength of world economies, fluctuations in currencies and interest rates, general market conditions, including fluctuations in charter rates and vessel values, changes in demand in the tanker shipping industry, changes in the supply of vessels, changes in worldwide oil production and consumption and storage, changes in our operating expenses, including bunker prices, crew costs, dry-docking and insurance costs, our future operating or financial results, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, the length and severity of epidemics and pandemics, including the ongoing outbreak of the novel coronavirus (COVID-19) and its impact on the demand for seaborne transportation of petroleum and other types of products, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions or events, including "trade wars", armed conflicts including the war in Ukraine, the imposition of new international sanctions, acts by terrorists or acts of piracy on ocean-going vessels, potential disruption of shipping routes due to accidents, labor disputes or political events, vessel breakdowns and instances of off-hires and other important factors. Please see our filings with the U.S. Securities and Exchange Commission for a more complete discussion of these and other risks and uncertainties.

Disclaimer

This press release does not constitute an offer to sell or the solicitation of an offer to buy securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

(See financial tables attached)

PERFORMANCE SHIPPING INC.

FINANCIAL TABLES

Expressed in thousands of U.S. Dollars, except for share and per
share data

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUING AND DISCONTINUED
OPERATIONS)**

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
REVENUE:				
Revenue	\$16,707	\$9,116	\$25,275	\$17,513
EXPENSES:				
Voyage expenses	5,368	5,079	8,748	10,016
Vessel operating expenses	2,950	2,901	6,277	5,779
Depreciation and amortization of deferred charges	2,057	1,836	4,070	3,653
General and administrative expenses	1,781	1,506	3,289	3,009
Provision/ (reversal) for credit losses and write offs	55	(27)	77	(20)
Foreign currency losses / (gains)	(7)	18	(53)	68
Operating income/ (loss)	\$4,503	\$(2,197)	\$2,867	\$(4,992)
OTHER INCOME / (EXPENSES):				
Interest and finance costs	(645)	(454)	(1,090)	(921)
Interest income	12	5	13	13
Other revenues	-	-	-	400
Total other expenses, net	\$ (633)	\$ (449)	\$ (1,077)	\$ (508)
Net income/(loss)	\$3,870	\$(2,646)	\$1,790	\$(5,500)
Deemed dividend on Series B preferred stock upon exchange of common stock	-	-	(9,271)	-
Dividends on Series B preferred stock	(201)	-	(328)	-
Income allocated to participating securities	(7)	-	-	-
Net income / (loss) attributable to common stockholders	\$3,662	\$(2,646)	\$(7,809)	\$(5,500)
Earnings / (Loss) per common share, basic	\$0.70	\$(0.53)	\$(1.82)	\$(1.10)
Earnings / (Loss) per common share, diluted	\$0.10	\$(0.53)	\$(1.82)	\$(1.10)
Weighted average number of common shares, basic	5,228,585	5,032,333	4,292,326	5,019,981
Weighted average number of common shares, diluted	39,908,214	5,032,333	4,292,326	5,019,981

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/ (LOSS) (CONTINUING AND DISCONTINUED OPERATIONS)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Net income/ (loss) from continuing and discontinued operations	\$ 3,870	\$ (2,646)	\$ 1,790	\$ (5,500)
Comprehensive income/(loss) from continuing and discontinued operations	\$ 3,870	\$ (2,646)	\$ 1,790	\$ (5,500)

CONDENSED CONSOLIDATED BALANCE SHEET DATA

(Expressed in thousands of US Dollars)

	<u>June 30, 2022</u>		<u>December 31, 2021*</u>	
	(unaudited)			
<u>ASSETS</u>				
Cash and cash equivalents	\$	13,269	\$	9,574
Advances for vessel acquisitions		2,811		-
Vessels, net		120,534		123,036
Other fixed assets, net		106		151
Other assets		<u>16,793</u>		<u>12,163</u>
Total assets	\$	<u>153,513</u>	\$	<u>144,924</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
Long-term bank debt, net of unamortized deferred financing costs	\$	46,007	\$	49,898
Related party financing, net of unamortized deferred financing costs		4,864		-
Other liabilities		4,959		7,677
Total stockholders' equity		<u>97,683</u>		<u>87,349</u>
Total liabilities and stockholders' equity	\$	<u>153,513</u>	\$	<u>144,924</u>

* The balance sheet data as of December 31, 2021 has been derived from the audited consolidated financial statements at that date.

OTHER FINANCIAL DATA (CONTINUING AND DISCONTINUED OPERATIONS)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Net Cash provided by / (used in) Operating Activities	\$2,269	\$ (157)	\$ (1,594)	\$ (1,540)
Net Cash used in Investing Activities	\$ (2,858)	\$ (618)	\$ (4,019)	\$ (871)

Net Cash provided by / (used in)
Financing Activities

\$5,673

\$(1,978)

\$9,309

\$(3,956)

Dividend Policy – Quarterly Calculations

Our Board of Directors has adopted a variable quarterly dividend policy with respect to our common stock, pursuant to which we may declare and pay a variable quarterly cash dividend on our common stock. If declared, the quarterly dividend is expected to be paid each February, May, August and November and will be equal to available cash from operations during the previous quarter after cash payments for debt repayment and interest expense, dividends to holders of our Series B Preferred Shares, if any, and reserves for the replacement of our vessels, scheduled drydockings, intermediate and special surveys and other purposes as our Board of Directors may from time to time determine are required, after taking into account contingent liabilities, the terms of any credit facility, our growth strategy and other cash needs as well as the requirements of Marshall Islands law. The declaration and payment of dividends is, at all times, subject to the discretion of our Board of Directors. Our Board of Directors may review and amend our dividend policy from time to time, in light of our plans for future growth and other factors.

In accordance with our dividend policy, and taking into account the above-listed factors, we expect to pay dividends only if during the preceding quarter Quarterly Cash Flow is positive and Quarter-End Excess Cash is also positive. As a general guideline, the amount of any such dividends is expected to be based on a pay-out ratio of the lower of i) Quarterly Cash Flow; and ii) Quarter-End Excess Cash. So long as our end of quarter outstanding debt exceeds our equity market capitalization our pay-out ratio is expected to be 50%. We will consider increasing the pay-out ratio gradually up to a maximum level of 90% that we may achieve when our end of quarter outstanding debt is less than 10% of our equity market capitalization. Quarter-End Excess Cash is defined as actual end of quarter Cash and Cash Equivalents over our Minimum Cash Threshold. Minimum Cash Threshold is defined as the sum of minimum liquidity pursuant to our loan agreements and \$1.5 million per vessel. Our bank facilities currently require us to maintain minimum liquidity of \$5.0 million.

Quarterly Cash Flow is equal to voyage and time charter revenues less voyage expenses, less vessel operating expenses, less general and administrative expenses, less - the greater of i) net interest expense and repayment of long-term bank debt or ii) fleet replacement reserves - and less maintenance reserves for our fleet and less cash dividends to holders of our Series B Preferred Shares, if any.

We believe the above approach will ensure the sustainability of our Company and replacement of our fleet as during quarters where either Excess Cash is negative or Quarterly Cash Flow is negative, we will not pay dividends until Quarterly Cash Flow is positive and Excess Cash is also positive. Below are our calculations of Quarter-End Excess Cash and Quarterly Cash Flow for the second quarter of 2022.

