

Preliminary financial information for Q2 2023 and H1 2023



Preliminary financial information for second quarter 2023

OSLO / SINGAPORE, 18 August 2023 – BW Epic Kosan Ltd. (ticker “BWEK”, “BW Epic Kosan” or the “Company”) and its subsidiaries (the “Group”) today announced its unaudited financial and operating results for the second quarter ended 30 June 2023. All amounts reported in US dollars unless otherwise stated.

Q2 2023 and H1 2023 highlights

- Q2 2023 Net profit of \$11.4 million.
- EBITDA of \$34.6 million.
- ROE 9.2% / ROCE 7.6%.
- Cash of \$85.3 million.
- H1 2023 cash dividend of \$0.073327 per share amounting to \$11.7 million.

	Q2 2023	Q2 2022	Increase/ (Decrease) %	YTD 2023	YTD 2022	Increase/ (Decrease) %
Financial highlights						
TCE revenue	\$70.9m	\$67.2m	+5.5%	\$143.0m	\$139.6m	+2.4%
EBITDA	\$34.6m	\$26.5m	+30.7%	\$68.0m	\$59.8m	+13.7%
Net profit	\$11.4m	\$3.0m	+278.8%	\$23.4m	\$12.1m	+92.8%
EPS	\$0.07	\$0.02	+278.8%	\$0.15	\$0.08	+92.8%
Key indicators						
TCE/calendar day	\$13,154	\$11,227	+17.2%	\$13,053	\$11,480	+13.7%
Total OPEX/day	\$5,115	\$5,446	-6.1%	\$5,213	\$5,196	+0.3%
Total G&A/day	\$1,280	\$1,007	+27.1%	\$1,271	\$1,030	+23.4%
Fleet operational utilisation	92.8%	91.7%	+1.2%	94.3%	92.2%	+2.3%
LTIF (Lost-Time Injury Frequency Rate)	0.50	0.92		0.25	0.46	
AER/Carbon intensity	23.32	24.13	-3.4%	23.80	23.89	-0.4%

Charles Maltby, Chief Executive Officer of BW Epic Kosan, commented:

“Market strength combined with an increase in average vessel capacity and effective cost management has helped us deliver an improved second quarter net profit of \$11.4 million, with higher forward cover providing some protection from the weaker summer seasonality.

Our fleet mix, which includes pressurised, semi-refrigerated and ethylene capable vessels, combined with an improving underlying market, saw our time charter earnings (TCE) per calendar day for the second quarter increase by 17.2% year on year (yoy) to \$13,154 per day (+\$1,927 per day). Our underlying operational expenses (OPEX) costs reduced by 6.1% yoy to \$5,115 per day (-\$331 per day) mostly due to the end of Covid-related costs. Our G&A on a per day basis increased primarily due to our reducing fleet calendar days.

Our strategy remains to focus on the LPG, petrochemicals, and speciality gases sector, grow the average size of our fleet and maintain an attractive average age, whilst improving our emissions profile.

We ended the quarter with 63 vessels in the fleet. During the quarter we continued to exercise on our fleet strategy, resulting in the sale of one more non-core vessel, in part facilitated by improving demand for second-hand vessels, resulting in our average vessel size being over 8% larger year on year.

Our year-on-year emissions have reduced by 3.4% with an AER of 23.32g of CO₂/dwt-tm as we continue to invest in carbon emission reduction, especially during routine dry docking, in areas such as silicon paints and other energy saving initiatives.

In line with the Company's dividend policy to target a twice-yearly payment of 50% of net profit, our Board has declared a cash dividend of \$0.073327 per share amounting to \$11.7 million, payable on or about 5 September 2023 to shareholders on record as of 31 August 2023.

The stronger market and our larger average fleet size mean we conclude the second quarter with 54% cover at \$13,324 per day, a year-on-year increase of 12.5% or \$1,481 per day. We anticipate a 4.1% growth in LPG seaborne trade over 2023, with smaller gas vessel fleet growth forecast at 1.8% before any further scrapping, which should result in further positive earnings momentum over the medium term. The market has eased downwards in the third quarter due to seasonal summer weakness, but with our improved level of cover, we expect to maintain better year-on-year earnings."

Conference Call and Slide Presentation

A live Zoom meeting to discuss these results is scheduled for 18 August 2023 at 08:00 AM (New York) / 02:00PM (Oslo) / 08:00PM (Singapore).

A slide presentation will be shared during the Zoom meeting and will be accessible on the Investor Relation page of the Company's website www.bwek.com

Please register in advance for this webinar via the following link:

<https://tinyurl.com/BWEKQ22023EP>

After registering, you will receive a confirmation email containing information about joining the webinar. A replay will be available shortly after the conclusion of the live event on the Investor Relations page of the Company's website.

About BW Epic Kosan

BW Epic Kosan Ltd. owns and operates the world's largest fleet of gas carriers providing seaborne services for the transportation of liquefied petroleum gas, petrochemicals and other speciality gases. The Company controls a fleet of 62 vessels¹ that serve the international supply chains of leading oil majors and commodity traders throughout Asia, Europe, Africa and the Americas. The Company has significant commercial and technical capability across pressurised, semi-refrigerated, refrigerated gas and petrochemical transportation, and aims to deliver customers the best solution for their transportation needs, along with leading service and operational standards. The Company is headquartered in Singapore, with Copenhagen as a regional office alongside offices in Manila and Tokyo. The Company's shares are listed and tradable on Euronext Growth Oslo under the symbol "BWEK".

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For regular updates on BW Epic Kosan please follow:



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 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", "feel", "project", "plan", "potential", "may", "should", "expect", "pending" and similar expressions identify forward-looking statements.

Market – Q2 2023 and H1 2023

Gas market overview

The second quarter saw global LPG prices fall, which encouraged demand from the residential sector and a recovering petrochemical market in Asia. Drewry has increased their forecast volume levels for 2023 and estimate that the seaborne LPG trade in 2023 will rise to 121.2 million

¹ Eff. 18.08.2023

tonnes, equivalent to a year-on-year (yoy) gain of 4.1%, with a related 4.2% growth in tonne-mile demand. In 2024, a further 3.7% increase to 125.7 million tonnes and a related 4.8% growth in tonne-mile demand is forecasted.

Global LPG supply remained robust with higher production in the United States (US) and in the Middle East. In the second quarter, US exports exceeded 14.5 million tonnes, a 4% quarter-on-quarter (qoq) gain, with over 50% of these volumes bound for Asia. The Middle East exported over 12.0 million tonnes of LPG, up by 12% qoq. Despite OPEC's oil production cuts, LPG exports from the Middle East are expected to increase to 45.2 million tonnes in 2023 compared to 44.2 million tonnes in 2022, according to Facts Global Energy (FGE).

China, India, Japan and South Korea remain the main demand drivers and together imported over 17.3 million tonnes of LPG in the second quarter of 2023 as reported by Kpler, up 5.0% qoq. China's LPG demand is driven by its petrochemical sector and imports increased by 47% qoq and 40% yoy. US cargoes now account for over 40% of total Chinese imports. Indian LPG demand is from the residential and retail sectors and imports have risen by 4.0% year on year. Almost all of India's supply comes from the Middle East, where the UAE has become the largest supplier.

Global seaborne olefins (ethylene, propylene, butadiene, VCM) trade is estimated to increase to 16.1 million tonnes in 2023, equivalent to a gain of 2.2% year on year, with a further 1.2% gain expected in 2024, according to Drewry.

Ethylene exports from the US in the second quarter exceeded 300,000 tonnes, though 1.5% lower than the first quarter. Supply of propylene in Asia is expected to increase with eight new propylene dehydrogenation (PDH) plants planned to start up in China this year adding approximately 4.8 million tonnes of annual production capacity to their existing 12.0 million tonnes capacity according to FGE.

Smaller Gas Carrier (SGC) market

	Q2 2023 12M TC market rates by cbm ship size				
	PR 3,500	PR 5,000	PR 7,500	PR 11,000	ETH 8,250
Average day rate	\$8,055	\$9,781	\$13,370	\$16,242	\$16,548
Change vs Q2 2022	↑ 2%	↑ 1%	↑ 12%	↑ 16%	↑ 5%

The SGC market in Europe started losing momentum halfway through the second quarter as the seasonal lull in LPG demand led to a build-up in shipping length. Nonetheless, freight levels in Europe continued to demand a premium over the East. At quarter end the benchmark butane 1,800 tonnes Tees-ARA and 4,000 tonnes East Coast UK-Morocco freight indices were -19% and -6% respectively qoq. European olefins producers curtailed operating rates of their plants to balance limited storage and weak downstream demand impacting the intra-region trade. There was some interest to export excess volumes to Asia but high freight costs and increasing supplies in Asia limited discussions and fixtures. The ethylene price differential between the US and Asia narrowed as the quarter progressed, but cargoes still moved to Asia in consideration of high cancellation fees. Kpler's data showed that US ethylene exports to Asia accounted for 64% of the volumes in the second quarter compared to 70% in the previous quarter, and 19% in Q2 2022 when over 75% of the cargoes went to Europe on account of pricing.

LPG exports on small gas carriers out of Iraq gained traction during the second quarter offering gainful employment to ships serving the Middle East and Indian Ocean region. In Asia, rising energy needs supported LPG demand. Bangladesh's LPG imports increased by 4% qoq and by 26% yoy despite their challenges with the value of their local currency. Similarly, as Sri Lanka recovers from weak demand in 2022, LPG imports increased by 39% qoq and by 87% yoy, but remain over 30% lower than earlier years. LPG demand from the Asian petrochemical sector also recovered in the second quarter as plants completed turnarounds and operating rates scaled up. However, limited downstream demand meant persistent low pricing and negative margins which kept intra-regional shipping activity at low levels.

There are a total of 355 pressure vessels (non-Chinese flagged over 3,000 cbm) on the water, which includes two newbuilds that delivered during the quarter. The international pressure vessel order book has six more newbuilds scheduled to be delivered in 2023, four in 2024 and three in 2025, a total of 71,000 cbm. This represents a 3.7% increase in the existing 1.9 million cbm fleet capacity. If we consider the existing older tonnage, there are 15 ships totalling approximately 53,000 cbm that are aged 30 years and older, which are potential scrapping candidates, representing 2.8% of existing fleet capacity.

The smaller-sized semi-refrigerated fleet has no newbuilds on order. There are three 7,200 cbm LNG dual-fuel ethylene vessels under order for delivery in 2024, which represents a 2.4% increase in existing fleet capacity. Amongst the older units in the fleet, there are eight non-ethylene vessels and two ethylene vessels that are aged 30 years and older, which may be scrapped, equivalent to 3.6% of existing fleet capacity. Two dedicated 7,500 cbm CO₂ carrier newbuilds have been ordered, for delivery in 2024.

The present combined small gas carrier fleet has a forecast total expected net fleet growth, before any further scrapping, of 1.8% for 2023, 1.3% for 2024, and 0.6% for 2025. In the adjacent handy-sized sector, there are two non-ethylene newbuilds that will be delivered in 2023 and one in 2024, representing a 2.8% increase in existing fleet capacity. Two 22,000 cbm CO₂ carrier newbuilds that will also be capable of carrying LPG and ammonia have recently been ordered with delivery in 2026, as reported by Clarksons.

Our business

In Q2 2023 the Company loaded over 1.2 million tonnes, 6% higher than the previous quarter and 12% lower than a year ago, impacted by the lower calendar days derived from our smaller fleet of vessels. LPG and petrochemical cargoes made up 51% and 49% respectively of the cargoes lifted. We engaged in 781 cargo operations in 198 different ports in the second quarter.

We ended the quarter with a core fleet of 59 vessels with a total capacity of 466,054 cbm and an average size and age of 7,899 cbm and 13.3 years, respectively. Since Q1 2022, 15 vessels have been sold or redelivered, and six vessels have joined our fleet, which has resulted in a 10% increase in average vessel size. We also have four additional vessels with a total capacity of 23,573 cbm under our commercial management.

At quarter-end we had 11 vessels operating in the Americas, 30 in the Europe/Middle East/Africa (EMEA) belt and 22 in Asia. During the quarter, our vessels performed a total of 52 ship-to-ship (STS) operations, 18% higher than the previous quarter, but 36% lower than a year ago. The

number of STS operations off East India and in the Caribbean have decreased.

During the second quarter, the fleet experienced 297 technical off-hire days, which included the impact of seven planned dry dockings. Our routine docking schedule in 2023 is heavier than average due to the age profile of our fleet. This resulted in fleet availability of 94.5% and an operational utilisation of 92.8%.

Performance review - Q2 2023 and H1 2023

The Company reported revenue of \$87.0 million, up 0.7% year on year for the second quarter 2023, despite a 9.9% reduction in fleet calendar days. Time Charter Equivalent (“TCE”) earnings per calendar day of \$13,154 were 17.2% higher than the \$11,227 earned in the corresponding period of 2022.

As of 30 June 2023, the Company was approximately 54% covered for the balance of 2023, with 6,064 voyage days covered at an average daily TCE rate of \$13,324, leaving 5,252 calendar days open for the rest of the year.

Vessel operating expenses decreased 16.5% from \$29.3 million in Q2 2022 to \$24.5 million in Q2 2023, mainly reflecting the Company’s decrease in fleet calendar days by 9.9%. On a per calendar day basis, operating expenses decreased by 6.1% from \$5,446 in Q2 2022 to \$5,115 in the second quarter of 2023.

Voyage expenses were \$16.1 million, down from \$19.2 million in Q2 2022. The decrease is a result of the Company’s reduced voyage charter activity year on year, down from 2,032 in Q2 2022 to 1,413 spot market days in Q2 2023. As a percentage of total voyage days, spot market days accounted for 27.7% in Q2 2023, down from 35.2% in Q2 2022.

Charter-in costs were \$3.0 million in Q2 2023, a similar level as in Q2 2022. As of 30 June 2023, the Company had eight ships on inward charter arrangements, one on a bareboat basis and seven on a time charter basis.

General and Administrative (G&A) expenses increased 9.0% year on year from \$6.8 million in Q2 2022 to \$7.4 million in Q2 2023 due to in-housing of crewing services for some of the Company’s vessels and unfavourable FX movements. On a per calendar day basis, they increased from \$1,007 to \$1,280 due to the overall reduction of fleet calendar days.

Finance expenses increased from \$5.0 million to \$5.7 million year on year due to the write-off of unamortised deferred financing costs of \$0.8 million under a loan facility that was fully refinanced in June and increased Libor and SOFR rates on our floating-rate debt, partially offset by our reduced indebtedness. The Company has outstanding bank indebtedness of \$357.7 million (31 December 2022: \$398.5 million).

EBITDA was \$34.6 million for Q2 2023 (Q2 2022: \$26.5 million) and \$68.0 million for H1 2023 (H1 2022: \$59.8 million), primarily due to higher TCE income and lower operating expenses.

Profit after tax was \$11.4 million for Q2 2023 (Q2 2022: \$3.0 million) and \$23.4 million for H1 2023 (H1 2022: \$12.1 million).

Balance sheet and cash flows

As at 30 June 2023, BWEK controls a fleet of 63 vessels. Total assets amounted to \$947.0 million (31 December 2022: \$987.3 million), of which \$758.5 million (31 December 2022: \$803.0 million) represented the carrying value of the vessels (including vessels held for sale) and \$36.5 million (31 December 2022: \$34.1 million) represented the carrying value of eight right-of-use vessels.

Cash and cash equivalents amounted to \$85.3 million (31 December 2022: \$78.5 million).

Total interest-bearing debt and lease liabilities were \$395.0 million by the end of the quarter. In June, the Company completed the refinancing of 19 vessels, securing a \$160 million loan facility over five years (\$125.7 million drawn at the end of Q2 2023). As of today, \$20 million remain undrawn under this facility.

Operating metrics

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
OPERATING METRICS				
Average number of vessels in period (1)	59.3	65.8	60.5	67.2
Number of vessels as of period end (2)	59	65	59	65
Average vessel age (years)	13.3	12.6	13.3	12.6
Fleet capacity at period end (cbm)	466,054	473,941	466,054	473,941
Average vessel size (cbm)	7,899	7,291	7,899	7,291
Fleet calendar days	5,392	5,986	10,953	12,156
Time charter days	3,682	3,733	7,905	7,622
Spot market days	1,046	1,428	1,727	2,926
COA days (relets excluded)	367	604	864	1,090
Voyage days (3)	5,095	5,765	10,496	11,638
Fleet utilisation (4)	94.5%	96.3%	95.8%	95.7%
Fleet operational utilisation (5)	92.8%	91.7%	94.3%	92.2%
Time charter equivalent earnings				
Per calendar day	\$13,154	\$11,227	\$13,053	\$11,480
Per voyage day	\$13,922	\$11,658	\$13,621	\$11,992
Operating expenses per calendar day (6)	\$5,115	\$5,446	\$5,213	\$5,196

- 1) The number of days each vessel (excluding vessels under commercial management) was a part of our fleet during the period divided by the number of calendar days.
- 2) Excluding vessels under commercial management.
- 3) Calendar days net of off-hire days associated with major repairs, dry dockings or special or intermediate surveys.
- 4) Calculated by dividing voyage days by fleet calendar days.
- 5) Calculated by dividing voyage days, excluding commercially idle days, by fleet calendar days.
- 6) Time charter-in vessels excluded.

Reconciliation of revenue to TCE rate

Time charter equivalent (“TCE”) rate is a measure of the average daily revenue performance of a vessel. Our method of calculating TCE rate is to divide charter revenues net of voyage expenses by calendar days for the relevant time period, which may not be comparable to that reported by other companies. TCE rate is a shipping industry performance measure used primarily to compare period-to-period changes in a company’s performance despite changes in the mix of charter types (i.e., spot charters, time charters and contracts of affreightment) under which the vessels may be employed between the periods. We include average daily TCE rate, as we believe it provides additional meaningful information in conjunction with net operating revenues, because it assists our management in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance.

All amounts in US\$’000 except per day amounts	Q2 2023	Q2 2022	H1 2023	H1 2022
Charter revenue	86,988	86,388	172,995	176,948
Voyage expenses	(16,061)	(19,179)	(30,026)	(37,394)
TCE income	70,927	67,209	142,968	139,554
Calendar days	5,392	5,986	10,953	12,156
Average daily TCE rate	13,154	11,227	13,053	11,480

Outlook

Market fundamentals remain sound although we see headwinds from the threat of recession in key markets and higher interest rates, with uncertainty on the pace of China’s economic recovery and ongoing geopolitics. Asia remains the main driver for the LPG and olefins markets but will be impacted by the pace of China’s recovery. Ethylene exports from the US is an important driver too, and whether most cargoes end up in Asia or in Europe will determine shipping availability accordingly.

For 2023, the newbuild vessel supply remains balanced with a small gas carrier fleet growth forecast of 1.8% before further scrapping. However, the orderbook for the larger LPG segments is more substantial, with general tight shipyard capacity and a mix of demand, inflation and technology costs driving yard prices higher - we note that 74% of newbuild orders now placed for LPG vessels are for dual fuel LPG, ethane or LNG. We expect that the implementation of the IMO’s EEXI and CII regulations over 2023 will result in a general reduction in the global fleet’s steaming speed.

Whilst the seasonal summer lull has impacted the SGC freight levels in the third quarter, we have placed further cover since the end of the second quarter. As of today, we have TC cover in place for 2023 at \$13,458 per day, an increase of \$1,615 per day compared to the end of the second quarter 2022, with 45% of our remaining fleet days for the year uncovered.

The spot market can often show seasonal weakness over the summer, but with our improved level of cover we expect to maintain better year-on-year performance as we head towards year-end.

BW Epic Kosan has a strong foundation in scale and operational capability for future success and is working to optimise performance from its fleet both in economic and environmental terms, whilst working with partners on projects in areas such as ammonia and CO₂ shipping. The fine-

tuning of our fleet with asset transactions highlights the Company's ability to evolve its fleet positively and deliver profitable growth.

Risk factors

The Group's results are largely dependent on the worldwide market for transportation of LPG. Market conditions for shipping activities are typically volatile and, as a consequence, the results may vary considerably from year to year. The market in broad terms is dependent on the following factors: the supply of vessels, US LPG export volumes and the demand for LPG. The supply of vessels depends on the newbuilds entering the markets, the demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. The demand side depends mainly on developments in the global economy.

The Group is also exposed to risk in respect of increases in operating costs, such as fuel costs. Fuel oil prices are affected by the global political and economic environment. For contracts of affreightment, the risk is managed with fuel oil adjustment clauses, or by entering into forward fuel oil contracts. For voyage contracts, the current fuel costs are priced into the contracts. Other risks that management takes into account are interest rate risk, credit risk, liquidity risk and capital risk. These risks, along with mitigation measures, are further elaborated in section 27 of the annual report 2022 and note 31 of the consolidated financial statements of the Group for the financial year ended 2022. The Group does not expect the exposure to these risks and the mitigation measures to change materially for the remainder of 2023.

Responsibility statement

We confirm, to the best of our knowledge, that the interim financial information for the six-month period ended 30 June 2023 has been prepared in accordance with IAS 34 and SFRS (I) 1-34 – Interim Financial Reporting and gives a true and fair view of the Group’s assets, liabilities, financial position and income statement as a whole. We also confirm, to the best of our knowledge, that this interim report includes a fair review of important events that have occurred during the six months period ended 30 June 2023 and their impact on the interim financial information, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related party transactions.

18 August 2023

Andreas Sohmen-Pao

Nicholas Lykiardopulo

Esben Poulsson

Tommy Thomsen

Kristian Verner Mørch

Rita Granlund

Condensed consolidated statement of comprehensive income

All amounts in US\$'000	Note	Q2 2023	Q2 2022	H1 2023	H1 2022
Charter revenue	3	86,988	86,388	172,995	176,948
Voyage expenses		(16,061)	(19,179)	(30,026)	(37,394)
TCE Income		70,927	67,209	142,968	139,554
Other operating income		203	177	330	459
Brokerage commissions		(1,637)	(1,784)	(3,261)	(3,424)
Charter-in costs		(3,042)	(3,077)	(6,539)	(5,704)
Vessel operating expenses		(24,456)	(29,286)	(50,660)	(57,077)
General and administrative expenses		(7,367)	(6,759)	(14,840)	(14,014)
Operating profit before depreciation, amortisation and impairment (EBITDA)		34,628	26,480	67,999	59,793
Depreciation and amortization		(17,577)	(18,337)	(34,566)	(37,359)
Gain/(loss) on sale of vessels/assets held for sale		108	0	221	(72)
Operating profit (EBIT)		17,158	8,143	33,654	22,362
Interest and finance costs		(5,669)	(4,787)	(10,190)	(9,600)
Foreign exchange loss		(37)	(202)	(39)	(167)
Finance expense - net		(5,706)	(4,989)	(10,229)	(9,767)
Profit and loss before income taxes		11,452	3,154	23,425	12,596
Income tax expense		(15)	(135)	(22)	(459)
Net Profit after tax		11,437	3,019	23,404	12,137
Other comprehensive income/(loss), net of tax:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		(21)	(52)	(6)	(71)
Cash flow hedges					
-fair value gains/(loss) ¹		2,767	2,970	(400)	13,506
Other comprehensive income		2,746	2,919	(405)	13,434
Total comprehensive income		14,184	5,938	22,998	25,571

Earnings per share attributable to the equity holders of the company:
(expressed in US\$ per share)

Basic/diluted earnings per share	0.07	0.02	0.15	0.08
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- (1) From time to time, the Company enters into derivative contracts in the form of interest rate swaps to mitigate the risk of interest rate exposure arising from the Company's borrowings. These derivatives are used as hedges against the Company's borrowings, the interest of which is payable at floating rate. The unrealised mark to market gains or losses on these instruments are recognised under "Other comprehensive income/(loss)."

Condensed consolidated statement of financial position

All amounts in US\$'000	Note	30 June 2023	31 December 2022
Current assets			
Cash and cash equivalents		70,697	62,804
Trade and other receivables, net		38,304	43,748
Inventories		7,716	7,217
Assets held for sale		8,300	41,695
Derivative financial instruments	5	5,091	7,864
Total current assets		130,108	163,328
Non-current assets			
Trade and other receivables, net		176	103
Restricted cash		14,650	15,677
Property, plant and equipment, net	6	789,661	798,322
Derivative financial instruments	5	12,438	9,878
Total non-current assets		816,925	823,980
TOTAL ASSETS		947,033	987,308
Current liabilities			
Trade and other payables		28,111	39,095
Contract liabilities		18,000	21,640
Current income tax liabilities		223	305
Borrowings	7	58,946	70,228
Derivative financial instruments	5	254	67
Lease liabilities	7	9,522	12,499
Total current liabilities		115,056	143,835
Non-current liabilities			
Borrowings	7	298,799	328,245
Lease liabilities	7	27,737	26,850
Total non-current liabilities		326,536	355,095
TOTAL LIABILITIES		441,592	498,930
Shareholders' equity			
Share capital		568,080	567,989
Share option reserve	8	5,038	4,885
Currency translation reserve		(311)	(305)
Hedging reserve		17,275	17,675
Accumulated losses		(84,641)	(101,866)
Total shareholders' equity		505,441	488,378
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		947,033	987,308

Condensed consolidated interim statement of changes in equity

	Share capital	Share option reserve	Currency translation reserve	Hedging reserve	Accumulated losses	Total equity
All amounts in US\$ '000						
Balance at 1 January 2023	567,989	4,885	(305)	17,675	(101,866)	488,378
Net profit for the period	-	-	-	-	23,404	23,404
Other comprehensive loss for the period	-	-	(6)	(400)	-	(406)
Total comprehensive income/(loss) for the period	-	-	(6)	(400)	23,404	22,998
Transactions with owners						
Share-based compensation	-	153	-	-	-	153
Issuance of ordinary shares	91	-	-	-	-	91
Distribution to owners	-	-	-	-	-	-
Dividends paid	-	-	-	-	(6,179)	(6,179)
Total transactions with owners recognised directly in equity	91	153	-	-	(6,179)	(5,935)
Balance at 30 June 2023	568,080	5,038	(311)	17,275	(84,641)	505,441

	Share capital	Share option reserve	Currency translation reserve	Hedging reserve	Accumulated losses	Total equity
All amounts in US\$ '000						
Balance at 1 January 2022	567,989	4,928	(224)	289	(118,734)	454,248
Net profit for the period	-	-	-	-	12,137	12,137
Other comprehensive income/(loss) for the period	-	-	(71)	13,506	-	13,435
Total comprehensive income/(loss) for the period	-	-	(71)	13,506	12,137	25,572
Transactions with owners						
Share-based compensation	-	60	-	-	-	60
Share option cancelled during the year	-	(191)	-	-	-	(191)
Distribution to owners	-	-	-	-	-	-
Dividends paid	-	-	-	-	(4,500)	(4,500)
Total transactions with owners recognised directly in equity	-	(131)	-	-	(4,500)	(4,631)
Balance at 30 June 2022	567,989	4,797	(295)	13,795	(111,097)	475,189

Condensed consolidated statement of cash flows

All amounts in US\$'000	H1 2023	H1 2022
Cash flows from operating activities		
Profit for the period	23,404	12,137
Adjustments for non-cash items:		
- Income tax expense	22	459
- Employee share option expense	153	60
- Amortisation of deferred finance costs	1,402	627
- Depreciation	34,566	37,359
- (Gain)/loss on disposal of property, plant and equipment	(221)	72
- Interest expenses on leases and borrowings	9,757	8,995
- Interest income	(969)	(22)
	68,114	59,687
Change in operating assets and liabilities, net of acquisition:		
- Increase in inventories	(499)	(9,584)
- Decrease in trade and other receivables	5,371	4,188
- Decrease in trade and other payables	(10,990)	(3,804)
- Decrease in contract liabilities	(3,641)	(4,667)
Changes in working capital	58,355	45,820
Tax paid	(104)	(640)
Net cash provided by operating activities	58,251	45,180
Cash flows from investing activities		
Additions to property, plant and equipment	(17,896)	(7,872)
Proceeds from disposal of vessels	33,616	10,103
Interest received	969	22
Changes in restricted cash	1,027	250
Net cash provided by investing activities	17,716	2,503
Cash flows from financing activities		
Proceeds from borrowings	125,660	-
Repayment of long-term borrowings	(167,790)	(33,161)
Repayment of lease liabilities	(10,099)	(8,831)
Interest paid for leases and borrowings	(9,757)	(8,665)
Transaction costs	(1,682)	-
Proceeds from issuance of shares	91	-
Share options cancelled	-	(191)
Dividends paid	(6,179)	(4,500)
Net cash used in financing activities	(68,074)	(55,348)
Net increase/(decrease) in cash and cash equivalents	7,893	(7,665)
Cash and cash equivalents at the beginning of the period	62,804	41,803
Cash and cash equivalents at the end of the period	70,697	34,138

BW Epic Kosan Ltd

Interim financial report

Notes to the condensed consolidated interim financial information

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial information.

1. General information

BW Epic Kosan Ltd. is listed on the Euronext Growth Oslo Stock Exchange and incorporated in the British Virgin Islands (“BVI”) and re-domiciled to Singapore on 1 March 2021 and is now registered in Singapore as BW Epic Kosan Ltd. The address of its registered office is 10 Pasir Panjang Road #17-01 Mapletree Business City, Singapore 117438.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are to own and operate a fleet of fully pressurised, semi-refrigerated and ethylene gas carriers providing seaborne services for the transportation of liquefied petroleum gas, petrochemicals and other speciality gases.

The condensed consolidated interim financial information (“Interim Financial Information”) was authorised for issue by the Board of Directors of the Company on 18 August 2023.

2. Significant accounting policies

Basis of preparation

The Interim Financial Information for the three-month and six-month periods ended 30 June 2023 has been prepared in accordance with IAS 34 and SFRS (I) 1-34, ‘Interim Financial Reporting’. The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and Singapore Financial Reporting Standards (“SFRS (I)”). The Interim Financial Information does not include all the information required for a complete set of financial statements prepared in accordance with IFRS and SFRS (I) standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statement.

In the preparation of this set of Interim Financial Information, the same accounting policies have been applied as those used in the preparation of the annual financial statements for the year ended 31 December 2022.

Critical accounting estimates, assumptions and judgements

The preparation of the Interim Financial Information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

3. Charter revenue

All amounts in US\$'000	Q2 2023	Q2 2022	H1 2023	H1 2022
Revenue				
-Time charter	46,593	41,488	99,728	86,704
-Voyage charter	40,395	44,901	73,266	90,244
Total charter revenue	86,988	86,388	172,995	176,948

4. Assets held for sale

All amounts in US\$'000	30 June 2023	31 December 2022
Assets held for sale	8,300	41,695

For the period ending 30th June 2023, the Group had sold 4 out of the 5 vessels committed to sell as of 31st December 2022. Efforts to sell the remaining vessel are continuing, and the sale is expected to complete during the second half of 2023.

5. Derivative financial instruments

All amounts in US\$'000	30 June 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for hedging - cash flow hedges				
Interest rate swaps	17,529	-	17,742	-
Bunker swaps	-	254	-	67
Total	17,529	254	17,742	67
Less: current portion	(5,091)	(254)	(7,864)	(67)
Non-current portion	12,438	-	9,878	-

Interest rate swaps are transacted to hedge variable quarterly interest payments on borrowings. Hedge accounting was adopted for these contracts. Fair value gains and losses on the interest rate swaps recognised in the other comprehensive income are reclassified to profit or loss as part of interest expense over the period of the borrowings.

Bunker swaps are transacted to hedge the exposure of bunker prices due to variability of the prices. The Group did not adopt hedge accounting for these contracts.

6. Property, plant and equipment

All amounts in US\$'000	Vessels	Dry docking	Right-of-use assets - vessels	Other assets	Right-of-use assets - office	Total
At 30 June 2023						
Cost	888,070	58,905	48,596	4,478	1,099	1,001,148
Accumulated depreciation and impairment	(170,478)	(26,269)	(12,108)	(2,510)	(122)	(211,487)
Net book value	717,592	32,636	36,488	1,968	977	789,661

All amounts in US\$'000	Vessels	Dry docking	Right-of-use assets - vessels	Other assets	Right-of-use assets - office	Total
At 31 December 2022						
Cost	899,363	40,384	63,527	4,665	1,099	1,009,038
Accumulated depreciation and impairment	(161,805)	(16,639)	(29,366)	(2,906)	-	(210,716)
Net book value	737,558	23,745	34,161	1,759	1,099	798,322

- Vessels with carrying amount of US\$584.5 million as at 30 June 2023 (2022: US\$709.5 million) are secured on bank borrowings (Note 7).
- No impairment charge or write-back of impairment charge was recognised in Q2 2023 and Q2 2022.
- The Group have assessed for impairment indicators of its vessels as of 30 June 2023 and noted none.

7. Borrowings and lease liabilities

All amounts in US\$'000	30 June 2023	31 December 2022
Borrowings		
Current	58,946	70,228
Non-current	298,799	328,245
	357,745	398,473
Lease Liabilities		
Current	9,522	12,499
Non-current	27,737	26,850
	37,259	39,349

As at 30 June 2023, bank borrowings consist of the following facilities as listed in the table below. These facilities are secured by mortgages on a number of the Group's fleet of vessels. While facilities 1 to 3 are sale-and-lease-back transactions with fixed lease rates, the interest rate for facilities 4 to 7 is based on USD SOFR-compound plus a margin.

The carrying amounts of the Group's current borrowings approximate their fair value given the short-term maturity of these borrowings. For the non-current bank borrowings whereby the interest rates reprice on a regular basis, they approximate their fair values. For all other non-current borrowings, after considering the present value to the expected payments, discounted using a risk-adjusted discount rate, the carrying amounts approximate the fair values.

All amounts in US\$'000	Maturity	30 June 2023	31 December 2022
Facility 1	2023	12,971	13,540
Facility 2	2027/2028/2029	54,237	57,197
Facility 3	2023/2024	3,605	7,635
Facility 4	2024	123,138	129,078
Facility 5	2026	44,195	46,730
Facility 6	2026	92,264	115,083
Facility 7	2026	27,335	29,210
		357,745	398,473

8. Share-based payment arrangement

The Company operates equity-settled, share-based long-term incentive plans ("LTIP") in which the entity receives services from employees as consideration for equity instruments (share options) in the Group. On 1 March 2023, pursuant to the BW Epic Kosan Share plan, the Company granted additional 797,325 share options (Grant 9) to key management personnel who are in service at the date of the grant. The details of the share options are as follows:

- The exercise price of the share options granted is at US\$1.91 (NOK 19.81)
- The validity of the share options is from 1 March 2023 to 28 February 2029
- The vesting of 100% of the share options is on 1 March 2026.

9. Financial risk management

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2022. There have been no major changes in any risk management policies or processes since the previous year end.

a) Financial instruments by category

The financial assets and liabilities shown in the consolidated condensed statement of financial positions are classified as follows:

All amounts in US\$'000	Financial assets at amortised cost	Other financial liabilities	Fair value- hedging instruments	Total carrying amount
At 30 June 2023				
Financial assets				
Trade and other receivables*	33,929	-	-	33,929
Cash and cash equivalents	70,697	-	-	70,697
Restricted cash	14,650	-	-	14,650
Derivative financial instruments	-	-	17,529	17,529
Financial liabilities				
Trade and other payables	-	(28,111)	-	(28,111)
Borrowings	-	(357,745)	-	(357,745)
Derivative financial instruments	-	-	(254)	(254)

All amounts in US\$'000 At 31 December 2022	Financial assets at amortised cost	Other financial liabilities	Fair value- hedging instruments	Total carrying amount
Financial assets				
Trade and other receivables*	40,873	-	-	40,873
Cash and cash equivalents	62,804	-	-	62,804
Restricted cash	15,677	-	-	15,677
Derivative financial instruments	-	-	17,742	17,742
Financial liabilities				
Trade and other payables	-	(39,095)	-	(39,095)
Borrowings	-	(398,472)	-	(398,472)
Derivative financial instruments	-	-	(67)	(67)

* Excludes prepayments and GST recoverable.

b) Estimation of fair value

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial assets and liabilities

The Group's financial derivative instruments primarily relate to interest rate swaps and bunker swaps measured at fair value and are within Level 2 of the fair value hierarchy. The fair value of financial derivative instruments that are not traded in an active market are determined by using valuation techniques. The fair value of interest rate swaps is calculated at the present value of estimated future cash flows based on observable yield curves. The fair values of bunker swaps are determined using quoted forward commodity indices at the balance sheet date.

10. Significant related party transactions

In addition to the information disclosed elsewhere in the consolidated Interim Financial Information, the following transactions took place between the Group and related parties during the financial period on commercial terms agreed by the parties:

All amounts in US\$'000	Q2 2023	Q2 2022	H1 2023	H1 2022
Services to related corporations				
Time charter	266	401	1,215	1,361
Support services	-	36	-	101
Expenses paid/payable to related corporations				
Insurance and risk management services	50	50	100	100
Bunker brokerage services	242	69	308	125
Office facilities	239	34	461	70
Corporate communication services	8	-	8	-
Corporate service fees	-	287	-	586

11. Segment information

The Group has a single reporting segment, which is primarily engaged in operation of fully pressurised gas carriers, semi-refrigerated and ethylene capable gas carriers providing seaborne services for the transportation of liquified petroleum gas, petrochemicals and other speciality gases.

Geographical information

Non-current assets comprise mainly vessels, operating on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision-making guideline and hence does not consider it meaningful to allocate vessels and revenues to specific geographical locations.

12. Dividend paid

No interim dividend was paid during Q2 2023. In the corresponding period last year an interim dividend of US\$4.5 million (US\$0.028219 per share) was paid on 13 June 2022.

13. Subsequent events

In July 2023, the Company exercised its purchase option under a bareboat charter contract to buy one 2016-built 11,000 cbm pressurised vessel. The option price was 50% of the fair market value of the vessel and fully financed with bank borrowings.

In July 2023, the Company purchased a 1998-built 6,000 cbm semi-refrigerated vessel under a put-option arrangement and on-sold the vessel above its book value.

In August 2023, the Board has declared a H1 2023 cash dividend of US\$0.073327 per share, amounting to US\$11.7 million. The shares will be traded ex-dividend from 28 August 2023. The dividend will be payable on or about 5 September 2023 to shareholders on record as at 29 August 2023.



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