

PRELIMINARY FINANCIAL INFORMATION FOR SECOND QUARTER 2021

OSLO / SINGAPORE, 17 August 2021 – BW Epic Kosan Ltd. (ticker “BWEK“, “BW Epic Kosan“ or the “Company“) today announced its unaudited financial and operating results for the second quarter ended June 30, 2021. All amounts reported in US Dollars unless otherwise stated.

Q2 2021 Highlights

Financial Highlights (US\$)	Q2 2021	Q2 2020	Q2 21 vs Q2 20 (%)	H1 2021	H1 2020	H1 21 vs H1 20 (%)
Revenue	\$81.7m	\$46.1m	+77.2%	\$143.8m	\$94.5m	+52.2%
EBITDA	\$22.6m	\$16.6m	+36.1%	\$43.7m	\$31.5m	+38.7%
Net Profit	\$3.3m	\$4.6m	-28.3%	\$10.3m	\$6.8m	+51.5%
EPS	\$0.02	\$0.04	-50.0%	\$0.07	\$0.06	+16.7%
Key Indicators						
TCE/Calendar Day	\$10,848	\$10,319	+5.1%	\$10,875	\$10,282	+5.8%
Total Opex/day	\$4,754	\$4,051	+17.4%	\$4,610	\$4,247	+8.5%
Total G&A/day	\$1,156	\$1,021	+13.2%	\$1,178	\$1,049	+12.3%
Calendar Days (owned/chartered-in)	6,188	4,004	+54.5%	10,806	8,007	+35.0%
Fleet operational utilisation	90.1%	95.7%	-5.9%	91.5%	94.3%	-3.0%
LTIF (Lost-Time Injury Frequency Rate)	1.75	0.00	-	0.99	0.32	-
A.E.R. / Carbon Intensity	22.89	22.72	+0.7%	22.67	22.76	-0.4%

- Net Profit of \$3.3 million (YTD Net Profit of \$10.3 million).
- EBITDA of \$22.6 million (YTD EBITDA of \$43.7 million).
- ROE 3% (YTD 5.6%), ROCE 3.7% (YTD 5.0%).
- Cash of \$56.2 million.
- Signed transaction agreement to acquire two secondhand 9,000 cbm ethylene carriers.

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

“The transaction to form BW Epic Kosan completed in March, increasing the Company’s fleet on the water to 76 vessels. The second quarter has been our first full quarter as a combined business, with the first half reflecting two months on a standalone basis and four months of consolidated operations. For the second quarter we achieved a net profit of \$3.3m, and for the first half \$10.3m, equivalent to an annualised ROE of 5.6%.

Our fleet mix, which includes pressurised, semi-refrigerated and ethylene capable vessels, combined with a blended stable underlying market, saw our time charter earnings (TCE) per calendar day for the quarter increase by 5% year on year to \$10,848 per day, whilst our underlying OPEX costs increased by 17.4% to \$4,754 per day, impacted both by the change in our fleet mix to include the more expensive to operate semi-refrigerated and ethylene vessels, and by Covid 19 costs. Our SG&A has increased due to costs incurred during our combination and can be expected to reduce as we work towards operational efficiency.

Covid-19 continues to impact our business to a greater extent than the same quarter last year, including increased overall operational expenses (OPEX) primarily related to crew change expenses and freight forwarding costs for spares, and increased offhire for our fleet as we position vessels to facilitate crew changes and meet quarantine requirements. We fully endorse the work of international organisations and industry bodies to facilitate safe crew transfers and vaccination and are grateful to those nations now willing to assist in crew vaccination.

Our strategy is focused on customer service and operational integration of our business to increase our earnings potential, reduce our costs, enhance our efficiency including through investment in digitalisation, and work towards the IMO emissions targets for 2030 and 2050. We are working alongside industry partners not only to reduce emissions (first half 2021, by 0.4% AER), but also including projects that support wider decarbonisation, such as shipping related to carbon capture and storage. Many of our vessels are capable of carriage of future clean fuels including ammonia, and with modest investment, other speciality gases such as CO₂.

We continue to deliver on our growth & asset strategy and have signed a transaction agreement to acquire two second hand 9,000 LPG / ammonia / ethylene capable carriers built 2008 as we continue to focus our investments on the LPG and speciality gases sector, grow the average size of our fleet and maintain a low average age.

For the balance of 2021 we expect the challenges of 2020 to remain with us. However, there are strong pockets of residential LPG demand and increased activity in European refining and petrochemical plants, with LPG seaborne trade growth forecast to rebound to 3.9%, whilst smaller gas vessel fleet growth forecasts for the year are 1.4% before scrapping.”

Conference Call and Slide Presentation

A live Zoom meeting to discuss these results is scheduled for 17 August 2021 at 08:00 AM (New York) / 01:00PM (London) / 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.

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

https://us06web.zoom.us/webinar/register/WN_WYW8RahMQXeTL2Ke76W5ew

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 and petrochemicals. The Company controls a fleet of 76 vessels which 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 London, 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: A row of five social media icons: Facebook, Twitter, LinkedIn, Instagram, and YouTube.

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.

Gas Market Overview

Recovery was uneven in the second quarter as many regions were impacted by the resurgence of Covid-19. Nonetheless, expectations of growth remain buoyant. Drewry's latest research has estimated that sea-borne LPG trade in 2021 will increase by 3% from last year to 109.9 million tonnes, and a related 3.9% growth in tonne-mile demand. Similarly, the global seaborne olefins trade is expected to increase to approximately 15.3 million tonnes this year, equivalent to a year-on-year (yoy) gain of 2.5%.

Facts Global Energy (FGE) reported that Asian LPG demand is expected to grow by 8.4% yoy to 155 million tonnes this year. China, India, Japan, and South Korea are the main demand drivers and together imported 14.8 million tonnes in the second quarter, up by 5% yoy. China's LPG demand is driven by its petrochemical sector; imports reached a record high of almost 6.5 million tonnes in the second quarter, 19% higher than the 5.4 million tonnes imported in the first quarter. India's LPG demand, which is mostly in the residential and retail sectors, was weighed-down by a second wave of Covid-19, and quarterly imports dropped by 12% quarter-on-quarter (qoq) to around 4.0 million tonnes. The USA continues to be the dominant LPG exporter with LPG exports reaching a record 13.3 million tonnes in for the quarter, with Asia continuing to draw over 50% of these volumes. The Middle East is expected to increase LPG supplies in the second half of the year as production cuts are eased.

In the petrochemical trade, rising prices of propylene and butadiene in the West on account of tight supply and firm demand provided a market for Asian tonnes. Ethylene exports out of the USA picked-up in the second half of the quarter with most of the product headed to Europe on account of attractive pricing. Olefin production losses in SE Asia will likely peak in the third quarter this year, with planned cracker turnarounds at major producers potentially leading to tight supplies in the region.

Smaller Gas Carrier Market

The market in Europe was challenging but freight levels remained healthy. The benchmark 1,800 tonnes Butane Tees-ARA freight rate at the end of the second quarter was \$47/tonne, more than double the rate at the start of the year. Whilst rising bunker fuel prices was part of the reason, improved refinery runs supported activity. Refinery utilisation rates in North-West Europe increased during the quarter with average monthly LPG production loss at 134,000 tonnes, 42% better than the previous quarter. The larger-sized pressure vessels were generally well employed with a steady stream of LPG cargoes moving transatlantic from the USA. Moroccan butane imports on small gas carriers increased by 10% quarter-on-quarter, with imports from Sweden contributing to higher tonne-miles and fleet utilisation.

In the East, LPG imports into Bangladesh and Vietnam saw an increase of 8% and 5% qoq respectively. China's propylene and ethylene imports in the second quarter averaged 205,000 tonnes and 164,000 tonnes per month, a decline of 2.4% and 10.9% respectively compared to the previous quarter. Weaker margins and slower demand from China subdued downstream sentiment in Asia. The small-sized semi-ref vessels benefited from the movement of propylene and butadiene cargoes ex-Asia to the West. This tightened the shipping market which compensated for the lower intra-Asia trade. The inter-regional arbitrage is expected to remain open as European prices remain supported in the short term, prompting more interest to move Asian-origin cargoes to Europe.

Q2 2021 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	\$7,148	\$8,515	\$10,849	\$13,121	\$14,959
Change vs Q2 2020	↓ 4%	0%	↑ 1%	↑ 2%	↓ 2%

There are a total of 341 pressure vessels (non-Chinese flagged over 3,000cbm) on the water including five newbuilds (two 3,500cbm's, two 5,000cbm's and one 7,500cbm) that delivered during the quarter. The international pressure vessel order book has five newbuilds scheduled to be delivered over the remainder of 2021, five in 2022, and three in 2023, a total of 69,000cbm. This represents a 3.9% increase in the existing 1.79 million cbm fleet capacity. Five pressure ships, average age 28.6 years and totalling 21,653cbm, have been sold for scrap since the beginning of the year. If we consider the existing older tonnage, there are 15 ships totalling 49,800cbm that are aged 30 years and older which are potential scrapping candidates, representing 2.8% of existing fleet capacity.

The smaller-sized semi-ref fleet that can compete with the pressure vessels has a total order book of four vessels, of which one is scheduled for delivery in 2021 and the other three in 2023. This newbuild capacity of 24,100cbm equates to a 4.9% increase in existing semi-ref fleet capacity. There are no small-sized ethylene vessels on order. There are five non-ethylene vessels and three ethylene vessels that are 30 years and older, which may be scrapped, equivalent to 3.0% of existing fleet capacity.

The combined smaller gas carrier fleet has a forecast total expected net fleet growth before scrapping of 1.4% for 2021.

Our Business

In Q2 2021 the company loaded 1,440,000 tonnes, a 67% increase from a year ago, reflecting our combination with Lauritzen Kosan, and increasing average vessel size. We were involved in 836 cargo operations in 202 different ports. LPG cargoes made up 52% of the cargoes lifted with the balance being petrochemicals.

We ended the quarter with a core fleet of 68 vessels with a total capacity of 479,833 cbm and an average size and age of 7,056cbm and 11.4 years, respectively. We also have 8 additional vessels with a total capacity of 66,157cbm under our commercial management.

We currently have 11 vessels operating in the Americas, 39 in the Europe/Middle East/Africa (EMEA) belt and 26 in Asia. During the quarter, our vessels performed a total of 84 ship-to-ship (STS) operations, 12% lower than the previous quarter. The number of STS operations have decreased off East India and, in the Caribbean, but have increased off Male in the Indian Ocean.

During the second quarter, the fleet experienced 340 technical off-hire days, which includes the impact of six routine dry docks, and 82 days due to Covid-19 related delays and associated crew transfers. This resulted in fleet availability of 94.5% and an operational utilisation of 90.1%.

Revenue

The Company reported revenue of \$81.7 million, up 77% year on year for the second quarter 2021. Time Charter Equivalent earnings per calendar day of \$10,848 were 5% higher than the \$10,319 earned in the corresponding period of 2020.

As of 30 June 2021, the Company was 50% covered for 2021, with 6,796 voyage days covered at an average daily Time Charter Equivalent rate of \$11,570 leaving 6,760 calendar days open for the rest of the year.

Operating Expenses

Vessel operating expenses increased 85% from \$15.5 million in Q2 2020 to \$28.6 million in Q2 2021 reflecting the Company's business combination with Lauritzen Kosan and the corresponding increase in fleet calendar days by 50%, alongside the addition of semi-refrigerated and ethylene capable vessels which are more expensive to operate. Covid-19 related opex amounted to at least \$0.8 million. On a per calendar day basis, operating expenses increased by 17% from (a lower than forecast) \$4,051 in Q2 2020 to \$4,754 in the second quarter of 2021.

Voyage expenses were \$14.4 million, up from \$4.5 million in Q2 2020. The increase is a result of the Company's increased voyage charter activity year over year from 856 spot market days in Q2 2020 to 2,108 spot market days in Q2 2021. As a percentage of total voyage days, spot market days accounted for 36% in Q2 2021, up from 22% in Q2 2020.

Charter-in costs increased from \$4.5 million in Q2 2020 to \$6.4 million in Q2 2021 due to additional chartered-in tonnage following the business combination with Lauritzen Kosan. As of 30 June 2021, the Company had 12 ships on inward charter arrangements, ten on a bareboat basis and two on time charter basis.

General and Administrative (G&A) expenses increased from \$4.1 million in Q2 2020 to \$8.0 million in Q2 2021 due to an increase in the number of employees and office lease in Copenhagen following the combination with Lauritzen Kosan as well as related integration cost. G&A expenses per calendar day increased 13% year over year from \$1,021 to \$1,156. General and Administrative expenses, in our integrated model, include the cost of commercial and technical management of our fleet as well as all ownership and corporate-level general and administrative expenses.

Finance and other expenses

Finance expenses year over year increased from \$3.8 million to \$4.9 million due to increased debt following the business combination with Lauritzen Kosan. The Company has outstanding bank indebtedness and finance leases of \$467 million (\$334 million as of 30 June 2020).

Dry Docks

We are required to dry dock each vessel once every five years until it reaches 15 years of age, after which we choose to dry dock the applicable vessel every two and a half to three years. In the interim, there are shorter-duration, less-costly intermediate surveys. We capitalize dry dock costs and amortize these costs on a straight-line basis over the period between the docks.

During Q2 2021, we performed five special survey dry docks and one intermediate dry dock, which resulted in a total off-hire time of 103 calendar days. For the remainder of 2021 we are planning 8 dry-dockings and 2 intermediate surveys with a total expected off-hire time of 216 calendar days.

Subsequent events

In August, the Company entered into a transaction agreement with Odfjell Gas Shipowning AS to acquire two 9,000 cbm ethylene capable carriers (each 2008 built). The consideration will be settled partly in cash (for which the Company has agreed equivalent debt financing) and partly by issuance of 6,889,611 shares in the Company. Completion of the transaction is scheduled prior to 31 October 2021. Post-

completion of the share issue, there will be 159,400,366 shares issued in the Company. BW Group Limited will remain the largest shareholder of the Company with 56% of the shares.

Pursuant to the transaction agreement, Odfjell Gas Shipowning AS is entitled to additional consideration in the form of up to 362,611 shares in the Company subject to certain conditions being fulfilled during an 18-month period from delivery of the vessels.

Outlook

Positive second quarter and first half results point to a modest strengthening in year-on-year market conditions, which should continue as we head into the second half. However, the first half has been patchy, with Covid-19 impacting regional demand, and causing material operational issues impacting cost and fleet availability. The recovery is still fragile, and highly dependent on the impact of Covid-19 on the global economy, and on our overall operating expenses.

The new build supply side remains balanced with the small gas carrier fleet growth forecast for the year of 1.4% before scrapping. However, ordering of new vessels has picked up in the larger LPG segments. Operational focus and capital discipline will remain an important factor in the company achieving increased levels of profitability, with current returns below expected levels.

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. The asset transactions highlight the Company's ability to evolve its fleet positively and deliver profitable growth.

BW EPIC KOSAN LTD.

BALANCE SHEET (UNAUDITED)		
<i>All amounts in \$ millions</i>	As of 30 Jun 2021	As of 31 Dec 2020
ASSETS		
Cash and cash equivalents	41.4	46.9
Trade and other receivables	27.2	17.1
Inventories	4.4	2.5
Assets held for sale	0.0	8.6
Derivative financial instruments	0.0	0.3
Current assets	<u>73.0</u>	<u>75.5</u>
Trade and other receivables – non-current	0.6	0.5
Restricted cash deposits	14.8	8.6
Property, plant, and equipment	858.5	567.0
Right-of-use Assets	24.3	25.8
Deferred tax assets	0.1	0.1
Non-current assets	<u>898.3</u>	<u>602.0</u>
TOTAL ASSETS	<u>971.3</u>	<u>677.5</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade and Other Payables	23.9	17.2
Deferred income	12.5	9.6
Current income tax liabilities	0.4	0.2
Capital lease liabilities	8.6	2.8
Borrowings	49.1	31.3
Lease liabilities	13.9	13.6
Current liabilities	<u>108.3</u>	<u>74.6</u>
Derivative financial instruments	2.6	6.3
Trade and Other Payables	0.0	0.1
Deferred income tax liabilities	0.1	0.1
Capital lease liabilities	16.7	7.5
Borrowings	392.5	282.0
Lease liabilities	9.6	11.4
Non-current liabilities	<u>421.5</u>	<u>307.3</u>
Total Liabilities	<u>529.8</u>	<u>381.9</u>
Share capital	547.2	399.9
Share option reserves	4.9	4.9
Accumulated losses	(107.8)	(103.1)
Accumulated other comprehensive income/(loss)	(2.8)	(6.2)
Total Equity	<u>441.4</u>	<u>295.5</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>971.3</u>	<u>677.5</u>

INCOME STATEMENT (UNAUDITED)

<i>All amounts in \$ millions</i>	Three Month Period Ended June 30,		Six Month Period Ended June 30,	
	2021	2020	2021	2020
Charter Revenue	81.5	45.9	141.2	93.6
Voyage Expenses	(14.4)	(4.5)	(23.7)	(11.3)
TCE Income	67.1	41.3	117.5	82.3
Management Revenue	0.0	0.0	0.0	0.2
Other Income/(expenses)	0.2	0.3	2.6	0.7
Address commissions	(1.8)	(0.9)	(2.8)	(1.9)
Charter-in costs	(6.4)	(4.5)	(11.2)	(9.0)
Vessel operating expenses	(28.6)	(15.5)	(48.4)	(32.5)
General and administrative expenses	(8.0)	(4.1)	(13.9)	(8.4)
EBITDA	22.6	16.6	43.7	31.5
Depreciation and amortisation	(14.1)	(8.0)	(24.1)	(16.3)
Impairment loss, Gain/(loss) on sale of vessels	0.0	0.0	(0.1)	0.0
Provision for bad debt & claims	(0.0)	(0.2)	0.0	(0.3)
Operating Profit/(loss) (EBIT)	8.6	8.4	19.6	14.9
Derivative P&L	0.0	0.0	0.0	0.0
Interest and finance costs	(4.9)	(3.8)	(8.8)	(8.0)
Foreign exchange gain/(loss)	(0.1)	0.0	(0.2)	(0.1)
Finance Expense – Net	(4.9)	(3.8)	(9.0)	(8.0)
Profit/(loss) before income tax	3.6	4.6	10.6	6.9
Income tax expense	(0.3)	(0.0)	(0.3)	(0.1)
Net Profit/(Loss) after tax	3.3	4.5	10.3	6.8
Other Comprehensive Income/(Loss) (1)	(0.2)	(0.7)	3.3	(7.6)
Total Comprehensive Income/(Loss)	3.0	3.8	13.6	(0.8)

(1) From time to time, the Company enters into derivative contracts in the form of interest rate swaps in order to mitigate the risk of interest rate fluctuations. These derivatives are used to hedge the Company's borrowings. The unrealised mark to market gains or losses on these instruments are recognized under "Other Comprehensive Income / (Loss)".

STATEMENT OF CASH FLOWS (UNAUDITED)

<i>All amounts in \$ millions</i>	Six Month Period Ended June 30,	
	2021	2020
Cash from operating activities	32.2	23.6
Cash from investing activities	(147.1)	(1.9)
Cash from financing activities	109.4	(17.0)
Net Increase in cash and cash equivalents	(5.6)	4.8
Cash and cash equivalents at the beginning of the year	46.9	41.4
Cash and cash equivalents at the end of the period (excl. restricted cash)	41.4	46.2

TOTAL INDEBTEDNESS	As of 30/06/21	As of 31/12/20
Finance leases	25.4	10.2
CTL – 2023	15.3	15.8
Japanese owners- 2027/2028/2029	65.5	68.1
ABN/CA/SEB/SC/Iyo – 2024	159.2	172.4
BNP/DSF – 2026	54.3	56.9
SEB/DSF/Nordea/Danske/CA - 2026	147.3	0.0
Total	466.9	323.5

OPERATING METRICS	Three Month Period Ended June 30,		Six Month Period Ended June 30,	
	2021	2020	2021	2020
Average number of vessels in period (1)	68.0	44.0	59.7	44.0
Number of vessels as of period end	68	44	68	44
Fleet capacity at period end (cbm)	479,833	320,900	479,833	320,900
Gas fleet average size as of period end	7,056	7,293	7,056	7,293
Fleet calendar days	6,188.0	4,004	10,806	8,007
Time charter days	3,740	3,106	6,577	5,908
Spot market days	1,216	760	2,507	1,755
COA days (relets excluded)	892	96	1,194	208
Voyage days (2)	5,848	3,962	10,278	7,871
Fleet utilisation (3)	94.5%	99.0%	95.1%	98.3%
Fleet operational utilisation (4)	90.1%	95.7%	91.5%	94.3%
Time charter equivalent earnings				
Per Calendar Day	\$10,848	\$10,319	\$10,875	\$10,282
Per Voyage Day	\$11,479	\$10,428	\$11,436	\$10,461
Operating expenses per Calendar Day (5)	\$4,754	\$4,051	\$4,610	\$4,247

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