

# Preliminary financial information for second quarter 2022



## Preliminary financial information for second quarter 2022

OSLO / SINGAPORE, 23 August 2022 – 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, 2022. All amounts reported in US Dollars unless otherwise stated.

The Company started to prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') with effect from 1 January 2022. All prior period information is adjusted accordingly.

### Q2 2022 highlights

Financial highlights (US\$)	Q2 2022	Q2 2021	Q2 22 vs Q2 21	H1 2022	H1 2021	H1 22 vs H1 21
Revenue	<b>\$86.6m</b>	\$81.7m	+6.0%	<b>\$177.4m</b>	\$143.8m	+23.4%
EBITDA	<b>\$26.5m</b>	\$28.1m	-5.7%	<b>\$59.8m</b>	\$53.5m	+11.8%
Net profit	<b>\$3.0m</b>	\$3.8m	-21.1%	<b>\$12.1m</b>	\$11.2m	+8.0%
EPS	<b>\$0.019</b>	\$0.024	-19.8%	<b>\$0.08</b>	\$0.07	+8.8%
Key Indicators						
TCE / calendar day	<b>\$11,227</b>	\$10,848	+3.5%	<b>\$11,480</b>	\$10,875	+5.6%
Total OPEX / day	<b>\$5,446</b>	\$4,754	+14.6%	<b>\$5,196</b>	\$4,610	+12.7%
Total G&A / day	<b>\$1,007</b>	\$1,156	-12.9%	<b>\$1,030</b>	\$1,178	-12.6%
Calendar days (owned/chartered-in)	<b>5,986</b>	6,188	-3.3%	<b>12,156</b>	10,806	+12.5%
Fleet operational utilisation	<b>91.7%</b>	90.1%	+1.8%	<b>92.2%</b>	91.5%	+0.8%
LTIF (Lost Time Injury Frequency Rate)	<b>0.92</b>	1.75		<b>0.46</b>	0.99	
A.E.R. / Carbon intensity	<b>24.13</b>	22.89	+5.4%	<b>23.89</b>	22.67	+5.4%

- Q2 2022 Net profit of \$3.0 million (YTD 12.1 million)
- EBITDA of \$26.5 million (YTD 59.8 million)
- ROE 2.5% (YTD 5.2%) / ROCE 3.5% (YTD 4.8%)
- Cash of \$49.3 million

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

**“Our improving revenue and forward cover rates have been outweighed during the quarter by a seasonally weaker spot market and higher voyage and operating costs, leading to a second quarter net profit of \$3.0 million, -21% year on year.**

In line with our strategy to focus on larger and younger tonnage, with the benefit of stronger markets for such assets, we have exited a further four vessels during the quarter. We ended the period with 72 vessels in our fleet. 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.

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 3.5% year on year to \$11,227 per day (+\$379 per day).

Our underlying operational expenses (OPEX) costs increased by 14.6% to \$5,446 per day (+\$692 per day), on account of Covid-19 and global inflationary pressures, and one-off costs related to exiting vessels. Our voyage expenses increased by \$4.8m year on year, largely due to increased bunker fuel-related expenses. Our G&A continues to reduce as we deliver economies of scale following our merger, with the second quarter down by 13% year on year.

We are focused on customer service and operational integration of our business to increase our earnings potential, reduce our costs, enhance our efficiency including through digitalisation, and work towards the IMO emissions targets for 2030 and 2050. We are working alongside industry partners not only to reduce emissions, but also on projects that support wider decarbonisation, such as shipping related to carbon capture and storage. Many of our vessels are capable of carrying future clean fuels including ammonia, and with modest investment, other speciality gases such as CO<sub>2</sub>.

Our year-on-year emissions have increased by 5.4% with an AER of 24.13g of CO<sub>2</sub>/dwt-tm because of increased utilisation and consequential fuel consumption, partially offset by investments in carbon emission reduction, such as silicone paints and other energy saving initiatives.

Positive earnings momentum should follow as we exit negative summer seasonality, driven by increasing supply of LPG, we anticipate 3.9% growth in LPG seaborne trade over 2022, whilst smaller gas vessel fleet growth forecasts are 2.8% before any scrapping. We observe the increase in global commodity prices and energy cost and are concerned about the impact of energy costs, including LPG, upon developing economies which can be seen clearly, for example, in the case of Sri Lanka, however the underlying positive fundamentals alongside the diversity and flexibility we hold in geography and commodity for our vessels, provides options for the source of our fleet earnings.

## Conference call and slide presentation

A live Zoom meeting to discuss these results is scheduled for 23 August 2022 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\\_RODfofb6Ry6fFbtjPMj4qg](https://us06web.zoom.us/webinar/register/WN_RODfofb6Ry6fFbtjPMj4qg)

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 73<sup>1</sup> 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 Manila, and Tokyo. The Company's shares are listed and tradable on Euronext Growth Oslo under the symbol 'BWEK'.

### For more information please contact:

#### **BW Epic Kosan Ltd.**

Uta Urbaniak-Sage  
Chief Financial Officer

Charles Maltby  
Chief Executive Officer

Tel. +65 6230 7801  
[ir@bwek.com](mailto:ir@bwek.com)  
[www.bwek.com](http://www.bwek.com)

For regular updates on BW Epic Kosan please follow:



---

<sup>1</sup> Including BWEK Bornholm which has been delivered subsequent to the quarter-end

## 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

The overall global LPG trade has remained strong and is showing resilience to inflation, recession, and the ongoing Russia-Ukraine war. Drewry's latest research has estimated that seaborne LPG trade in 2022 will increase by 3.9% compared to 2021 to 116.9 million tonnes, and with a related 4.1% growth in tonne-mile demand. The global seaborne olefins (ethylene, propylene, butadiene, VCM) trade is estimated to increase to 16.4 million tonnes in 2022, equivalent to a year-on-year (yoy) gain of 1.4%.

LPG seaborne exports from the United States of America (US) exceeded 14 million tonnes in the second quarter, a 15% quarter-on-quarter (qoq) and 5.9% yoy gain. There was a dip in US cargoes bound for Asia compared to the previous quarter from 50% to 47% of total volumes. On the other hand, Europe-bound cargoes from the US increased by over 40% qoq as the region sought to replace Russian gas.

The Middle East exported over 10.6 million tonnes of LPG during the quarter, up by almost 19% yoy, and 8.3% higher than the previous quarter, as oil production picked up driven by higher oil prices.

China, India, Japan, and South Korea remain the main demand drivers and together imported over 15 million tonnes of LPG in the second quarter of 2022, down by 8% qoq but up by 1.5% yoy. China's LPG demand is driven by its petrochemical sector with producers favouring LPG over naphtha in a high oil-price environment. High energy prices have impacted domestic and retail demand. For example, imports into India dropped by 11.3% qoq.

In the petrochemical trade, ethylene exports out of the US have improved, gaining 10% qoq and up by 125% yoy. There were more cargoes heading to Asia this quarter compared to the first quarter but favourable pricing in Europe attracted most of the product from the US. Further, buying interest in Asia was low due to weak derivative markets and plant maintenance. Similarly,



the propylene market in Asia was impacted by weaker margins and lower downstream demand, which forced petrochemical producers to reduce operating rates. Despite reduced supply, prices dipped due to weak demand, but long-haul spot deals ex Asia could not be concluded, which increased shipping availability in the region.

## Smaller gas carrier market

After a strong start, activity in the European market declined in the second half of the quarter. Market players were mostly involved in moving contract cargoes which supported utilisation of the smaller-sized semi-refrigerated fleet. But by the end of May, the tightness in the shipping market began to unwind, especially in the larger sized regional vessels. The benchmark 1,800 tonnes Butane Tees-ARA freight rate was \$72/tonne at the end of June, 10% lower than in May, and trending downwards as the summer lull impacted demand. The seasonal downturn is expected to continue into the third quarter due to lower domestic demand and, with more US-origin product arriving in the region on larger ships, there will be increased competition in the small ship market and further pressure on freight rates.

In the East, LPG imports into Bangladesh fell by 13% compared to a strong first quarter but gained 22% yoy indicating firm domestic demand. However, Sri Lanka's economic crisis severely impacted the country's LPG imports with a drop of 57% qoq and 60% yoy, upsetting the shipping trade dynamics in the region. The Asian ethylene and propylene markets remained subdued on account of weaker margins and lower downstream demand. The easing of Covid-19 restrictions in China has not yet had the expected positive impact. China's ethylene and propylene imports in the second quarter were lower by 11% and 29% qoq and by 11% and 32% yoy, respectively.

	Q2 2022 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	\$ 7,890	\$ 9,699	\$ 11,890	\$ 13,991	\$ 15,835
Change vs Q2 2021	↑ 10%	↑ 14%	↑ 10%	↑ 7%	↑ 6%

There are a total of 349 pressure vessels (non-Chinese flagged over 3,000 cbm) on the water, including three newbuilds that were delivered during the quarter. The international pressure vessel order book has six more newbuilds scheduled to be delivered in the second half of 2022, five in 2023 and three in 2024, a total of 103,500 cbm. This represents a 5.7% increase in the existing 1.83 million cbm fleet capacity. If we consider the existing older tonnage, there are 17 ships totalling approximately 60,000 cbm that are aged 30 years and older which are potential scrapping candidates, representing 3.3% of existing fleet capacity.

The smaller-sized semi-refrigerated fleet has a total order book of three vessels which are scheduled for delivery in 2023. This newbuild capacity of 15,000 cbm equates to a 3.0% increase in existing semi-refrigerated fleet capacity. There are three 7,200 cbm dual-fuel ethylene vessels under order for delivery in 2024, which represents a 2.3% increase in existing fleet capacity. Amongst the older units in the fleet, there are six non-ethylene vessels and three ethylene vessels that are aged 30 years and older which may be scrapped, equivalent to 3.2% of existing fleet capacity.

We note growth in adjacent tonnage, with two 7,500 cbm CO<sub>2</sub> carrier newbuilds scheduled for delivery in 2024 for a Carbon Capture Utilisation and Storage (CCUS) project in Northwest Europe.

The present combined small gas carrier fleet has a forecast total expected net fleet growth, before any further scrapping, of 2.8% for 2022 and 1.4% for 2023. In the adjacent handy-sized sector, there are three ethylene capable and four non-ethylene newbuilds that will be delivered in 2022-2024, representing a 6.2% increase in existing fleet capacity.

## Our business

In Q2 2022 the company loaded almost 1.4 million tonnes, marginally lower compared to a year ago. We engaged in 988 cargo operations in 204 different ports. Petrochemical cargoes made up 52% of the cargoes lifted with the balance of 48% being LPG. During the quarter, one of our vessels entered the intra-Asia ammonia trade.

We ended the quarter with a core fleet of 65 vessels with a total capacity of 473,941 cbm and an average size and age of 7,291 cbm and 12.6 years, respectively. We also have seven additional vessels with a total capacity of 57,688 cbm under our commercial management.

At quarter-end we had nine vessels operating in the Americas, 42 in the Europe/Middle East/Africa (EMEA) belt and 21 in Asia. During the quarter, our vessels performed a total of 81 ship-to-ship (STS) operations, approximately 9% lower than the previous quarter. The number of STS operations off Male in the Indian Ocean decreased.

During the second quarter, the fleet experienced 221 technical off-hire days, which included the impact of four planned dry dockings, and nine days due to Covid-19-related delays and associated crew transfers. This resulted in fleet availability of 96.3% and an operational utilisation of 91.7%.

## Revenue

The Company reported revenue of \$86.6 million, up 6.0% year on year for the second quarter 2022. Time Charter Equivalent earnings per calendar day of \$11,227 were 3.5% higher than the \$10,848 earned in the corresponding period of 2021.

As of 30 June 2022, the Company was approximately 49% covered for 2022, with 6,426 voyage days covered at an average daily Time Charter Equivalent rate of \$11,843, leaving 6,818 calendar days open for the rest of the year.

## Operating expenses

Vessel operating expenses increased 2.4%, from \$28.6 million in Q2 2021 to \$29.3 million in Q2 2022, and include one-off cost related to exiting vessels, pandemic, and inflationary expenses. Covid-19-related OPEX amounted to \$1.4 million in Q2 2022 (\$0.8m in Q2 2021). On a per calendar day basis, operating expenses increased by 14.6%, from \$4,754 in Q2 2021 to \$5,446 in the second quarter of 2022.

Voyage expenses were \$19.2 million, up from \$14.4 million in Q2 2021. The increase is a result of increased bunker fuel-related expenses. The Company's voyage charter activity year over year decreased slightly, down from 2,108 spot market days in Q2 2021 to 2,032 days in Q2 2022. As a percentage of total voyage days, spot market days accounted for 35% in Q2 2022, down from 36% in Q2 2021.

Charter-in costs increased from \$1.1 million in Q2 2021 to \$3.1 million in Q2 2022 due to the conversion of bareboat charter contracts of four vessels into time charter contracts and one additional chartered-in vessel on a time charter basis, offset by the redelivery of four vessels in H1 2022 that were chartered in on a bareboat basis. As of 30 June 2022, the Company had eight ships on inward charter arrangements, one on a bareboat basis and seven on time charter basis.

General and Administrative (G&A) expenses decreased 10.9% year over year, from \$1,130 to \$1,007 per calendar day, for the second quarter of 2022. On a lumpsum basis they decreased from \$7.8 million in Q2 2021 to \$6.8 million in Q2 2022 due to cost synergies following the business combination to form the larger BW Epic Kosan in March 2021.

G&A 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 decreased from \$5.1 million to \$4.8 million year over year due to lower outstanding debt and finance leases of \$438 million as of 30 June 2022, down from \$467 million as of 30 June 2021.

## Subsequent events

In July 2022, the Company took delivery of BWEK Bornholm, a 7,500 cbm pressure vessel newbuild, on a time charter-in contract for a firm period of five years with purchase options.

## Dry dockings

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 2022, we completed three special survey dry dockings and one intermediate survey dry docking. For the remainder of 2022 we are planning four special survey dry dockings and one intermediate survey dry docking with a total expected off-hire time of 128 calendar days.



## Outlook

Weaker second quarter results, irrespective of improving revenue and forward cover levels, were driven by higher costs in a seasonally weaker market. There is uncertainty in the market on account of high energy prices, inflationary pressure, and negative margins in the petrochemical industry.

The newbuild vessel supply remains balanced with a small gas carrier fleet growth forecast of 2.8% before scrapping in 2022. However, the orderbook for the larger LPG segments is more substantial, and whilst commodity and technology costs are driving yard prices higher, we note that 29% of newbuild orders now placed for LPG vessels are for dual fuel LPG or LNG.

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 CO<sub>2</sub> shipping. The fine-tuning of our fleet with asset transactions highlights the Company's ability to evolve its fleet positively and deliver profitable growth.

As we exit the weaker summer seasonality, we expect to see increased levels of profitability in part because of operational focus and capital discipline, along with support from the firmer ongoing market environment.

## Balance sheet (unaudited)

All amounts in US\$ millions	IFRS 30 June 2022	IFRS 31 December 2021
<b>Current assets</b>		
Cash and cash equivalents	33.4	41.8
Trade and other receivables, net	39.1	42.5
Inventories	15.0	5.4
Assets held for sale	8.0	18.2
Derivative financial instruments	13.8	2.3
<b>Total current assets</b>	<b>109.2</b>	<b>110.1</b>
<b>Non-current assets</b>		
Trade and other receivables, net	0.4	0.2
Restricted cash	15.9	16.2
Property, plant, and equipment	837.8	846.1
Right-of-use assets	14.2	22.0
Deferred tax assets	0.0	0.1
<b>Total non-current assets</b>	<b>868.3</b>	<b>884.6</b>
<b>TOTAL ASSETS</b>	<b>977.5</b>	<b>994.7</b>
<b>Current liabilities</b>		
Trade and other payables	31.1	34.9
Contract liabilities	17.0	21.7
Current income tax liabilities	0.7	0.9
Borrowings	58.5	58.6
Derivative financial instruments	0.0	2.0
Lease liabilities	13.5	15.2
<b>Total current liabilities</b>	<b>121.0</b>	<b>133.3</b>
<b>Non-current liabilities</b>		
Lease liabilities	6.6	13.7
Borrowings	373.0	405.5
Deferred income tax liabilities	0.0	0.1
<b>Total non-current liabilities</b>	<b>379.6</b>	<b>419.4</b>
<b>Total liabilities</b>	<b>500.6</b>	<b>552.7</b>
<b>NET ASSETS</b>	<b>476.9</b>	<b>442.0</b>
<b>Equity</b>		
Share capital	568.0	568.0
Share option reserves	4.8	4.9
Accumulated other comprehensive loss	14.2	0.1
Retained earnings	(110.1)	(130.9)
<b>Total equity</b>	<b>476.9</b>	<b>442.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>977.5</b>	<b>994.7</b>

## Income statement (unaudited)

All amounts in US\$ millions	IFRS Q2 2022	IFRS Q2 2021	IFRS YTD June 2022	IFRS YTD June 2021
Charter revenue	86.4	81.5	176.9	141.2
Voyage expenses	(19.2)	(14.4)	(37.4)	(23.7)
<b>TCE Income</b>	<b>67.2</b>	<b>67.1</b>	<b>139.6</b>	<b>117.5</b>
Other income/(expenses)	0.2	0.2	0.5	2.6
Brokerage commissions	(1.8)	(1.8)	(3.4)	(2.8)
Charter-in costs	(3.1)	(1.1)	(5.7)	(1.8)
Vessel operating expenses	(29.3)	(28.6)	(57.1)	(48.4)
General and administrative expenses	(6.8)	(7.8)	(14.0)	(13.5)
<b>Operating profit/ (loss) before depreciation, amortisation, and impairment (EBITDA)</b>	<b>26.5</b>	<b>28.1</b>	<b>59.8</b>	<b>53.5</b>
Depreciation and amortization	(18.3)	(18.8)	(37.4)	(32.5)
Impairment loss, gain/(loss) on sale of vessels	0.0	0.0	(0.1)	0.0
<b>Operating profit/(loss) (EBIT)</b>	<b>8.1</b>	<b>9.3</b>	<b>22.4</b>	<b>21.1</b>
Interest and finance costs	(4.8)	(5.1)	(9.6)	(9.3)
Foreign exchange gain/(loss)	(0.2)	(0.1)	(0.2)	(0.2)
Finance Expense - Net	(5.0)	(5.2)	(9.8)	(9.5)
Profit and loss before income taxes	3.2	4.1	12.6	11.6
Income tax expense	(0.1)	(0.3)	(0.5)	(0.3)
<b>Net Profit/(loss) after tax</b>	<b>3.0</b>	<b>3.8</b>	<b>12.1</b>	<b>11.2</b>
Other comprehensive income/(loss) 1)	2.9	(0.2)	14.1	3.3
<b>Total comprehensive income/(loss)</b>	<b>5.9</b>	<b>3.5</b>	<b>26.3</b>	<b>14.5</b>

- 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 recognised under 'Other comprehensive income / (loss)'.

## Statement of cash flows (unaudited)

All amounts in US\$ millions	YTD June 2022	YTD June 2021
Cash from operating activities	34.8	32.2
Cash from investing activities	(4.1)	(147.1)
Cash from financing activities	(39.1)	109.4
Net Increase in cash and cash equivalents	(8.4)	(5.6)
Cash and cash equivalents at the beginning of the year	41.8	46.9
Cash and cash equivalents at the end of the period (excl. restricted cash)	33.4	41.4

## Statement of equity (unaudited)

All amounts in US\$ millions	Common stock at \$0.01 par value	Additional paid-in capital	Retained earnings	Currency translation reserve	Hedging reserve	Share option reserve	Total
<b>Balance at 1 January 2022</b>	<b>1.6</b>	<b>566.4</b>	<b>-130.9</b>	<b>-0.2</b>	<b>0.3</b>	<b>4.9</b>	<b>442.0</b>
Issuance of shares	-	-	-	-	-	-	-
Net profit/(loss) for the period	-	-	12.1	-	-	-	12.1
Total comprehensive income/(loss) for the period	-	-	-	-	13.5	-	13.5
Reclassification to PPE	-	-	13.2	-	0.7	-	13.9
Currency translation differences	-	-	-	-0.1	-	-	-0.1
Share option reserve	-	-	-	-	-	-0.1	-0.1
Dividends paid	-	-	-4.5	-	-	-	-4.5
<b>Balance at 30 June 2022</b>	<b>1.6</b>	<b>566.4</b>	<b>-110.1</b>	<b>-0.3</b>	<b>14.5</b>	<b>4.8</b>	<b>476.9</b>

## Total indebtedness

All amounts in US\$ millions	30 June 2022	31 December 2021
Finance lease liabilities	6.0	7.5
CTL – 2023	14.1	14.7
Japanese owners - 2027/2028/2029	59.9	62.7
Norwegian owner – 2023/2024	10.2	13.3
ABN/CA/SEB/SC/Iyo – 2024	138.2	150.0
BNP/DSF – 2026	49.3	51.8
SEB/DSF/Nordea/Danske/CA - 2026	128.8	138.2
Nordea – 2026	31.1	33.5
	<b>437.5</b>	<b>471.6</b>

## Operating metrics

	Three-month period ended June 30		Six-month period ended June 30	
	2022	2021	2022	2021
Average number of vessels in period 1)	65.8	68.0	67.2	59.7
Number of vessels as of period end 2)	65	68	65	68
Average vessel age (years)	12.6	11.4	12.6	11.4
Fleet capacity at period end (cbm)	473,941	479,833	473,941	479,833
Fleet calendar days	5,986	6,188	12,156	10,806
Time charter days	3,733	3,740	7,622	6,577
Spot market days	1,428	1,216	2,926	2,507
COA days (relets excluded)	604	892	1,090	1,194
Voyage days 3)	5,765	5,848	11,638	10,278
Fleet utilisation 4)	96.3%	94.5%	95.7%	95.1%
Fleet operational utilisation 5)	91.7%	90.1%	92.2%	91.5%
Time charter equivalent earnings				
Per calendar day	\$11,227	\$10,848	\$11,480	\$10,875
Per voyage day	\$11,658	\$11,478	\$11,992	\$11,434
Operating expenses per calendar day 6)	\$5,446	\$4,754	\$5,196	\$4,610

- 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 the average daily TCE rate because we believe that it provides additional meaningful information in conjunction with net operating revenues and because it assists our management both in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance.

All amounts in US\$ millions except per day amounts	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Charter Revenue	86.4	81.5	176.9	141.2
Voyage Expenses	(19.2)	(14.4)	(37.4)	(23.7)
TCE Income	67.2	67.1	139.6	117.5
Calendar days	5,986	6,188	12,156	10,806
Average daily TCE rate	11,227	10,848	11,480	10,875

## Transition to IFRS

In the current financial year, the Company transitioned from United States Generally Accepted Accounting principles ('USGAAP') and adopted International Financial Reporting Standards ('IFRS'). In adopting the IFRS, the Company applied the specific transition requirements in IFRS 1, First-time adoption of International Financial Reporting Standards.

In preparing the IFRS balance sheet, the Company has adjusted amounts reported previously in its financial statements prepared in accordance with USGAAP.

The following reconciliations summarise the significant impacts of adoption of IFRS on the Company's balance sheet as of 30th June 2022 and the Company's statement of comprehensive income for the period ended YTD 30th June 2022. There were no material adjustments to the Company's statement of cashflows for the period ending YTD 30th June 2022 arising from the transition to IFRS.



## Balance sheet (unaudited)

All amounts in US\$ millions	Note	IFRS 30 June 2022	Transition adjustments	US GAAP 30 June 2022
<b>Current assets</b>				
Cash and cash equivalents		33.4	0.0	33.4
Trade and other receivables, net		39.1	(0.4)	38.8
Inventories		15.0	0.0	15.0
Assets held for sale		8.0	0.0	8.0
Derivative financial instruments		13.8	0.0	13.8
<b>Total current assets</b>		<b>109.2</b>	<b>(0.4)</b>	<b>108.9</b>
<b>Non-current assets</b>				
Trade and other receivables, net		0.4	0.0	0.4
Restricted cash		15.9	0.0	15.9
Property, plant, and equipment	1	837.8	(1.5)	836.3
Right-of-use assets		14.2	0.5	14.7
<b>Total non-current assets</b>		<b>868.3</b>	<b>(0.9)</b>	<b>867.3</b>
<b>TOTAL ASSETS</b>		<b>977.5</b>	<b>(1.3)</b>	<b>976.2</b>
<b>Current liabilities</b>				
Trade and other payables		31.1	0.0	31.1
Contract liabilities		17.0	0.0	17.0
Current income tax liabilities		0.7	0.0	0.7
Borrowings		58.5	0.0	58.5
Lease liabilities		13.5	0.0	13.5
<b>Total current liabilities</b>		<b>121.0</b>	<b>0.0</b>	<b>121.0</b>
<b>Non-current liabilities</b>				
Lease liabilities		6.6	0.0	6.6
Borrowings		373.0	0.0	373.0
<b>Total non-current liabilities</b>		<b>379.6</b>	<b>0.0</b>	<b>379.6</b>
<b>Total liabilities</b>		<b>500.6</b>	<b>0.0</b>	<b>500.6</b>
<b>NET ASSETS</b>		<b>476.9</b>	<b>(1.3)</b>	<b>475.6</b>
<b>Equity</b>				
Share capital		568.0	0.0	568.0
Share option reserves		4.8	0.0	4.8
Accumulated other comprehensive loss		14.2	0.0	14.2
Retained earnings		(110.1)	(1.3)	(111.4)
<b>Total equity</b>		<b>476.9</b>	<b>(1.3)</b>	<b>475.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>977.5</b>	<b>(1.3)</b>	<b>976.2</b>

## Income statement (unaudited)

All amounts in US\$ millions	Note	IFRS YTD June 2022	Transition adjustments	US GAAP YTD June 2022
Charter revenue		176.9	0.0	176.9
Voyage expenses		(37.4)	0.0	(37.4)
<b>TCE Income</b>		<b>139.6</b>	<b>0.0</b>	<b>139.6</b>
Other income/(expenses)		0.5	0.0	0.5
Brokerage commissions		(3.4)	0.0	(3.4)
Charter-in costs	2	(5.7)	(7.1)	(12.8)
Vessel operating expenses		(57.1)	0.0	(57.1)
General and administrative expenses	2	(14.0)	(0.6)	(14.6)
<b>Operating profit/ (loss) before depreciation, amortisation, and impairment (EBITDA)</b>		<b>59.8</b>	<b>(7.7)</b>	<b>52.1</b>
Depreciation and amortization	1, 2	(37.4)	6.8	(30.6)
Impairment loss, gain/(loss) on sale of vessels		(0.1)	0.0	(0.1)
<b>Operating profit/(loss) (EBIT)</b>		<b>22.4</b>	<b>(0.8)</b>	<b>21.5</b>
Interest and finance costs	2	(9.6)	0.3	(9.3)
Foreign exchange gain/(loss)		(0.2)	0.0	(0.2)
Finance Expense - Net		(9.8)	0.3	(9.5)
Profit and loss before income taxes		12.6	(0.6)	12.0
Income tax expense		(0.5)	0.0	(0.5)
<b>Net Profit/(loss) after tax</b>		<b>12.1</b>	<b>(0.6)</b>	<b>11.5</b>
Other comprehensive income/(loss)		14.1	0.0	14.1
<b>Total comprehensive income/(loss)</b>		<b>26.3</b>	<b>0.6</b>	<b>25.7</b>

- 1) As part of the transition to IFRS, the Company had applied deemed cost adjustments to the book values of the vessels resulting in transition adjustments to book values and resulting depreciation.
- 2) Under USGAAP, the Company's depreciation and interest expenses of right-of-use assets arising from lease arrangements were presented in charter-in costs and general and administrative expenses. Under IFRS, the Company presents its expenses based on the nature of these expenses, and consequently the Company presents depreciation and interest of right-of-use asset as part of the 'depreciation' and 'interest and finance costs' in the consolidated statement of comprehensive income.



**Headquarters Singapore**

10 Pasir Panjang Road #17-01  
Mapletree Business City Singapore 117438  
Tel: +65 6230 7801  
Email: [ir@bwek.com](mailto:ir@bwek.com)

