

Avance Gas Holding Ltd Reports Unaudited Results for the First Quarter of 2021

BERMUDA, 27 May 2021 – Avance Gas Holding Ltd (OSE: AGAS) today reported unaudited results for the first quarter 2021.

HIGHLIGHTS

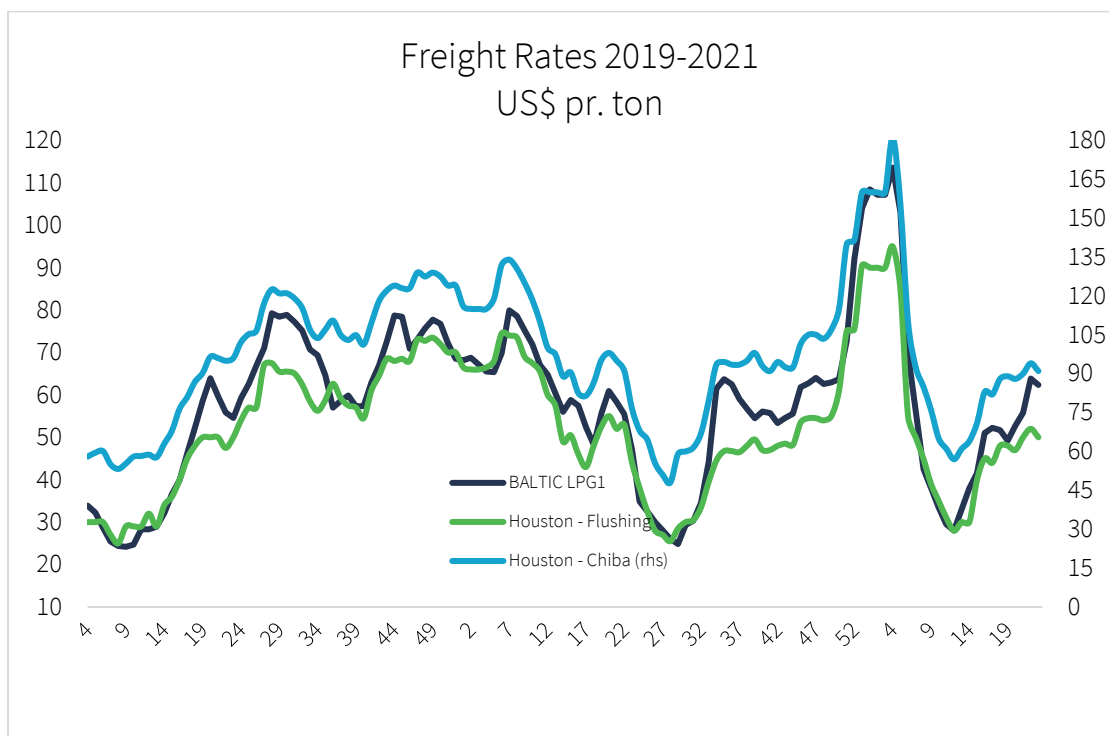
- The average time charter equivalent (TCE) rate was \$42,552/day on a load-to-discharge (IFRS 15 accounting principles) and \$36,754 on a discharge-to-discharge basis and, compared to \$36,130/day and \$40,759/day in Q4 2020 respectively.
- Daily operating expenses (OPEX) were \$9,440/day, compared to \$9,419/day in Q4 2020. OPEX was impacted by Covid-19 crew and freight cost of \$800/day, seasonal up storing of spares and maintenance totaling approx. \$800/day. A&G expenses were \$1,191/day, up from \$701/day in Q4 2020.
- In April 2021, the Company increased its dual fuel VLGC newbuilding program from four to six 91,000 CBM vessels highlighting the company's commitments towards de-carbonisation of the LPG industries.
- In April 2021, the company successfully completed a private placement raising \$65 million in new equity securing fully funding of the newbuilding program assuming a normalised financing structure at delivery.
- In May 2021, the company received credit approval for the financing of the two first dual fuel newbuildings for delivery Q4 and Q1 2022 in a \$104 million facility with commercial banks, subject to normal documentation and closing procedures.
- The board declared a dividend of \$0.14 per share for Q1 2021 corresponding to 57% of net profit or \$10.7 million which includes issued shares following the private placement in April 2021.
- For the second quarter of 2021, we estimate TCE rate on a discharge-to discharge basis of approx. \$28,000/day contracted for 95% of vessel days.

In US\$ thousands (unless stated otherwise)	Three months ended	Three months ended
	31 March 2021	31 December 2021
Income statement:		
TCE per day (\$)	42,552	36,130
TCE earnings	47,786	41,260
Gross operating profit	35,348	29,156
Net profit	18,924	46,839
Net profit adjusted for impairment reversal	18,924	13,106
Earnings per share (diluted) (\$)	0.30	0.73
Earnings per share adjusted for impairment reversal (diluted) (\$)	0.30	0.21
Balance sheet:		
Total assets	901,698	897,238
Total liabilities	429,243	444,666
Cash and cash equivalents	95,711	75,882
Total shareholders' equity	472,455	452,571
Cash flows:		
Net cash from operating activities	38,229	17,370
Net cash used in investing activities	(360)	(18,521)
Net cash used in financing activities	(18,039)	(688)
Net increase (decrease) in cash and cash equivalents	19,830	(1,839)

Q1 LPG production was severely impacted by the extreme cold weather in the US. This black swan event, coupled with a higher than usual US domestic demand narrowed the product price arbitrage and curtailed shipments. Coming in to Q1, the VLGC spot freight rates were around \$100,000/day early January but subsequently crashed to OPEX levels by March as US

Gulf exports slowed down due to the big freeze. US production rebounded quickly in early April with US terminals reporting a record high 89 liftings. By mid Q2, the freight market had gained new momentum and has now returned to a more normal trajectory in line with our market view reflecting a healthy balance on supply and demand.

US Gulf and USEC VLGC exports were 67 cargoes on monthly average for the first quarter compared to 74 cargoes in Q4. Preliminary numbers show high activity into Q2, with Targa, Nederland and Markus Hook expansions starting to materialize. Middle East export activity follows the OPEC+ production cuts but we expect increasing output from May onwards and further growth in the second half of the year and in 2022. In Q1, Middle East VLGC exports were 54 cargoes on a monthly average, compared to 50 cargoes per month in Q4 2020.



(Source: Clarksons, Poten, Fearnleys)

FINANCIAL AND OPERATIONAL REVIEW

Avance Gas reported TCE earnings of \$47.8 million, up from \$41.3 million in Q4, reflecting a strong market at the beginning of the first quarter. Adjustment related to the IFRS 15 accounting standard resulted in an increase in TCE earnings of \$6.5 million for Q1 2021 compared to a decrease of \$5 million in Q4 2020.

Operating expenses were \$11.0 million, equaling a daily average of \$9,440/day. This compares to \$9,419/day in Q4. OPEX was impacted by Covid-19 crew and freight cost of \$800/day, seasonal up storing of spares and maintenance totaling approx. \$800/day.

Administrative and general (A&G) expenses for the quarter were \$1.4 million, compared to 0.8 million in Q4, representing an average per ship of \$1,191/day in Q1 and \$701/day in Q4.

Non-operating expenses, consisting mainly of financial expenses, were \$4.3 million, compared with \$5.1 million in Q4, reflecting lower LIBOR rate and lower average debt.

Avance Gas reported a net profit of \$18.9 million in Q1 2021, or \$0.30 per share, compared with a net profit of \$13.1 million adjusted for impairment reversal, or \$0.21 per share, in Q4 2020.

Avance Gas' total assets amounted to \$901.7 million at 31 March 2021, compared with \$897.2 million at 31 December 2020. Total shareholders' equity was \$472.5 million at quarter-end, corresponding to an equity ratio of 52.4%. This compared with total shareholders' equity of \$452.6 million and an equity ratio of 50.4% at the end of Q4 2020.

Cash and cash equivalents were \$95.7 million at 31 March 2021, compared to \$75.9 million at 31 December 2020. Cash flow from operating activities was positive \$38.2 million, compared with \$17.4 million in Q4 2020, the increase reflects a stronger freight market and higher TCE rates for the quarter. Net cash flow used in investing activities was \$0.4 million compared with net cash flow used in investing activities of \$18.5 million in Q4 2020. Net cash flow used in financing activities was \$18.0 million related to scheduled repayments of debt of \$11.0 million, and payment of dividend for Q4 of \$7.0 million. The available liquidity at the date of this report is approx. \$146 million.

FLEET AND EMPLOYMENT OVERVIEW

Avance Gas fleet has a balance portfolio trading in the spot market and with Time charter contracts. We had a TC coverage at an average ~30% in the first quarter 2021 at an average TCE rate of \$30,000/day. Our spot market exposure is following the LPG trading activity, mainly in the US Gulf/USEC and the Middle East.

Avance Gas recorded 1,123 operating days in Q1 2021, compared to 1,142 operating days in Q4 2020. Operating days is calendar days less offhire days. The fleet recorded 47 offhire days, most of which related to dry-docking of the VLGC *Pampero* commencing in December 2020.

The company recorded 41 waiting days for the fleet in Q1 2020, giving Avance Gas a fleet utilisation during the quarter of 97%, compared to 99% in Q4 2020.

OUTLOOK

The US LPG exports demonstrated both resilience and strength after the cold snap with the number of April liftings ending close to 90, a record high for US exports. Since then, the arbitrage window between the US and Far East for May and June cargoes can best be described as unstable, partly due to US LPG inventories not being fully replenished after April's export rush but also due to high inventories in the Far East curbing buying activity. However, US exports showed its competitive dynamics when incremental cargoes found new homes in NWE Europe, the Mediterranean as well as Latin America. Consensus among market participants shows an increase in US LPG production for 2021 combined with additional export infrastructure capacity in the US Gulf (Nederland) as well as the US East Coast (Marcus Hook). For the balance of 2021 we anticipate solid US exports underpinned by a global economy which is returning to normality. We assume US consumption to stay flattish, hence higher volumes for export compared to last year.

In the Middle East the expected OPEC cut reversal should lead to increase in available LPG for exports and recent strengthening of rates in the Middle East Gulf is regarded as a reflection of this. It is still uncertain whether increased Middle East exports will outcompete some of the Atlantic cargo volumes bound for the Far Eastern import markets, but at the time of writing, the strong demand is absorbing the additional tons.

Looking at the demand side, we expect strong growth driven by Chinese demand with 5 PDH plants expected to start up in 2021 along with new flexible steam crackers accounting for around 4-5million metric tons of incremental demand growth. Indian demand growth could slow down on the back of the recent COVID-19 situation and reduced governmental subsidies while consumption in densely populated countries in SE Asia is likely to increase. Given the versatile nature of LPG as a commodity for residential consumption and the petrochemical industry, we expect to see LPG to continue to penetrate new markets and expand its footprint as a greener alternative fuel source. In March, Saudi Aramco & Hyundai Oilbank entered a cooperation to make hydrogen from LPG feedstock, a first for the LPG market.

Ordering activity has picked up for the VLGC segment with currently 66 ships on order out of a global sailing fleet of 310 vessels. In the near term, we expect the effect of the order book to be muted due to a busy drydocking schedule of around 55-70 vessels annually for both 2021 and 2022. Further, rising seaborne LPG trading volumes and the ongoing general fleet inefficiencies specifically around the Panama Canal and Asian discharge ports which all point towards a positive outlook for the coming years.

In December the company will take delivery of the first of six dual-fuel newbuildings capable of burning LPG. The vessels will have an improved performance with lower consumption, larger cargo intake, reduced bunkering time and significantly lower CO2 emissions. Further, the vessels are intended to be prepared for ammonia as fuel as we are positioning ourselves for a zero-carbon fuel solution as soon as the technology is ready. The newbuilding program will be fully funded through the \$65 million private placement assuming a normalised financing structure at delivery. Together with a positive market outlook we expect a strong cash flow and maintain ability to return value to shareholders while maintaining a strong balance sheet and commitment towards de-carbonisation of the LPG sector.

PRESENTATION AND WEBCAST

Avance Gas will host an audio webcast and conference call to discuss the company's results for the period ended 31 March 2021 on Thursday, 27 May 2021, at 14:00 CET. There will be a Q&A session following the presentation.

The presentation and webcast will be hosted by:

- Mr. Kristian Sørensen - CEO
- Mr. Ben Martin – CCO
- Mrs. Randi Navdal Bekkelund - CFO

The presentation will also be available via audio webcast, which can be accessed at Avance Gas' website www.avancegas.com. Dial in details are +44 (0)2071 928 338 (UK and International), +1 646-741-3167 (US) or +47 21 56 30 15 (Norway). Please quote the passcode: 9475682. Phone lines will open 10 minutes before the conference call.

For further queries, please contact:

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FORWARD-LOOKING STATEMENTS

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intends”, “may”, “should”, “will” and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Avance Gas believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice. This information is subject to disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act.

AVANCE GAS HOLDING LTD
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
(UNAUDITED)

	For the three months ended	
	March 31, 2021	March 31, 2020
	<i>(in USD thousands)</i>	
Note	_____	_____
Operating revenue	10 62,511	68,135
Voyage expenses	10 (14,725)	(24,076)
Operating expenses	(11,045)	(11,020)
Administrative and general expenses	(1,393)	(1,327)
Gross operating profit	35,348	31,712
Depreciation and amortisation expense	(12,132)	(10,353)
Operating profit	23,216	21,359
Non-operating (expenses) income:		
Finance expense	(4,270)	(6,157)
Finance income	-	2
Foreign currency exchange losses	(22)	(107)
Net profit	18,924	15,097
Earnings per share		
Basic	0.30	0.24
Diluted	0.30	0.24

See accompanying notes that are an integral part of these condensed consolidated interim financial statements

AVANCE GAS HOLDING LTD
CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
(UNAUDITED)

		For the three months ended	
		March 31, 2021	March 31, 2020
		<i>(in USD thousands)</i>	
	Note	<u> </u>	<u> </u>
Net profit		18,924	15,097
Other comprehensive income:	9		
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Fair value adjustment of interest rate swaps designated for hedge accounting		7,950	(13,571)
Exchange differences arising on translation of foreign operations		(6)	(4)
Other comprehensive income (loss)		<u>7,944</u>	<u>(13,575)</u>
Total comprehensive income		<u>26,868</u>	<u>1,522</u>

See accompanying notes that are an integral part of these condensed consolidated interim financial statement

AVANCE GAS HOLDING LTD
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
(UNAUDITED)

		As of	
		March 31, 2021	December 31, 2020
		<i>(in USD thousands)</i>	
	Note	_____	_____
ASSETS			
Cash and cash equivalents		95,711	75,882
Trade and other receivables		7,444	16,456
Inventory		3,320	4,358
Prepaid expenses and other current assets		10,034	7,558
Total current assets		116,509	104,254
Property, plant and equipment		749,528	761,159
Newbuildings		32,493	31,825
Derivative financial instruments	7	3,168	-
Total non-current assets		785,189	792,984
Total assets		901,698	897,238
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	6	43,118	43,001
Trade and other payables		825	2,977
Derivative financial instruments	7	6,106	6,223
Accrued voyage expenses and other current liabilities		6,035	3,699
Total current liabilities		56,084	55,900
Long-term debt	6	362,600	373,544
Derivative financial instruments	7	10,559	15,224
Total non-current liabilities		373,159	388,768
Shareholders' equity			
Share capital		64,528	64,528
Paid-in capital		379,851	379,851
Contributed capital		94,791	94,780
Retained loss		(41,926)	(53,856)
Treasury shares		(11,351)	(11,351)
Accumulated other comprehensive loss		(13,438)	(21,382)
Total shareholders' equity		472,455	452,570
Total liabilities and shareholders' equity		901,698	897,238

See accompanying notes that are an integral part of these condensed consolidated interim financial statements.

AVANCE GAS HOLDING LTD
CONDENSED CONSOLIDATED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)

<i>(in USD thousands)</i>	Share capital	Paid-in capital	Contributed capital	Retained (loss) income	Accumulated other comprehensive (loss) income	Treasury shares	Total
As of December 31, 2019	64,528	379,851	94,945	(105,654)	(11,208)	(11,351)	411,111
Comprehensive loss:							
Net profit	-	-	-	15,097	-	-	15,097
<i>Other comprehensive (loss) income:</i>							
Fair value adjustment of interest rate swaps	-	-	-	-	(13,571)	-	(13,571)
Translation adjustments, net	-	-	-	-	(4)	-	(4)
Total other comprehensive loss	-	-	-	-	(13,575)	-	(13,575)
Total comprehensive loss	-	-	-	15,097	(13,575)	-	1,522
Transactions with shareholders:							
Dividend	-	-	-	(19,108)	-	-	(19,108)
Compensation expense for share options	-	-	94	-	-	-	94
Total transactions with shareholders	-	-	94	(19,108)	-	-	(19,014)
As of March 31, 2020	<u>64,528</u>	<u>379,851</u>	<u>95,039</u>	<u>(109,665)</u>	<u>(24,783)</u>	<u>(11,351)</u>	<u>393,619</u>
As of December 31, 2020	64,528	379,851	94,780	(53,856)	(21,382)	(11,351)	452,570
Comprehensive loss:							
Net profit	-	-	-	18,924	-	-	18,924
<i>Other comprehensive (loss) income:</i>							
Fair value adjustment of interest rate swaps	-	-	-	-	7,950	-	7,950
Translation adjustments, net	-	-	-	-	(6)	-	(6)
Total other comprehensive loss	-	-	-	-	7,944	-	7,944
Total comprehensive loss	-	-	-	18,924	7,944	-	26,868
Transactions with shareholders:							
Dividend	-	-	-	(6,994)	-	-	(6,994)
Compensation expense for share options	-	-	11	-	-	-	11
Total transactions with shareholders	-	-	11	(6,994)	-	-	(6,983)
As of March 31, 2021	<u>64,528</u>	<u>379,851</u>	<u>94,791</u>	<u>(41,926)</u>	<u>(13,438)</u>	<u>(11,351)</u>	<u>472,455</u>

See accompanying notes that are an integral part of these condensed consolidated interim financial statements.

AVANCE GAS HOLDING LTD
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
(UNAUDITED)

For the three months ended

		March 31, 2021	March 31, 2020
<i>(in USD thousands)</i>			
Note			
Cash flows from operating activities			
Cash generated from operations	3	42,714	42,092
Net interest paid		(4,485)	(5,837)
Net cash flows from operating activities		38,229	36,255
Cash flows used in investing activities:			
Capital expenditures	5	(360)	(21,121)
Net cash flows used in investing activities		(360)	(21,121)
Cash flows (used in) from financing activities:			
Dividend	4	(6,994)	(19,108)
Repayment of long-term debt	6	(11,045)	(11,000)
Drawdown of long-term debt		-	15,000
Net cash flows used in financing activities		(18,039)	(15,108)
Net increase in cash and cash equivalents		19,830	26
Cash and cash equivalents at beginning of period		75,882	85,909
Effect of exchange rate changes on cash		(1)	(68)
Cash and cash equivalents at end of period		95,711	85,867

See accompanying notes that are an integral part of these condensed consolidated interim financial statements

AVANCE GAS HOLDING LTD
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
(UNAUDITED)

1. Basis of preparation

The condensed consolidated interim financial statements of Avance Gas Holding Ltd (the “Company” or “Avance Gas”), a Bermuda-registered company and its subsidiaries (collectively, the “Group”), have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be reviewed in conjunction with the consolidated financial statements for the year ended December 31, 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, to fully understand the current financial position of the Group.

2. Significant accounting policies

The accounting policies applied are consistent with those described in note 2 of the annual consolidated financial statements for the year ended December 31, 2020, with the exception of income taxes, which, for the purpose of interim financial statements, are calculated based on the expected effective tax rate for the full year.

Operating revenue

Avance has categorised its revenue streams in the two following categories:

Freight revenue

The Group recognises revenues as it satisfies its performance obligation to deliver freight services to the customer. Revenue is recognised on a load-to-discharge basis in accordance with IFRS 15, with cost related to fulfil the contract incurred prior to loading capitalised as mobilisation costs and amortised over the related period for which revenue is recognised. Voyage expenses incurred as repositioning for non-committed freight contracts are expensed as incurred. Other revenue from services, such as demurrage, is recognised when earned and is included in freight revenue.

Time charter revenue

Time charter revenue is accounted for as an operating lease under IFRS 16 and is recognised on a straight-line basis over the term of the time charter arrangement.

New or amendments to standards

The following new or amendments to standards and interpretations have been issued and become effective in years beginning on or after January 1, 2021:

- Classification of liabilities as Current or Non-current (Amendments to IAS 1).
- COVID-19-related Rent Concessions (Amendments to IFRS 16).
- Property, plant and equipment: Proceeds before intended Use (Amendments to IAS 16).

The adoption of the amendments did not result in a material impact on the financial statement of the Group.

AVANCE GAS HOLDING LTD
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
(UNAUDITED)

3. Reconciliation of net profit to cash generated from operations

	For the three months ended	
	March 31, 2021	March 31, 2020
	<i>(in USD thousands)</i>	
Note		
Net profit	18,924	15,097
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation and amortisation of property, plant and equipment	12,132	10,353
Net finance expense	4,292	6,264
Compensation expense	11	94
Other	(403)	-
Changes in working capital:		
Decrease in trade and other receivables	9,012	9,060
(Increase) decrease in inventory and prepaid expenses and other current assets	(1,438)	7,860
(Decrease) in trade and other payables	(2,152)	(5,002)
Increase (decrease) in accrued voyage expenses and other current liabilities	2,336	(1,634)
Cash flows from operating activities	42,714	42,092

4. Shareholder's equity

The Company's authorised share capital consists of 200.0 million common shares at par value of \$1 per share as of March 31, 2021 and December 31, 2020. Of the authorised share capital, 64.5 million shares were issued and outstanding as of March 31, 2021 and December 31, 2020, including 0.8 million treasury shares. All shares are fully paid.

Paid-in capital consists of paid in capital exceeding par value of the shares. Contributed capital consist mainly of conversion of shareholders' loans in 2013.

Since 2013, the Company set up a share option plan in order to encourage the Company's officers and other employees to hold shares in the Company. Following the award, declared, forfeited and cancellation of share options since 2013, a total of 471,250 share options remained outstanding under the Company's share option scheme as of March 31, 2021.

The Board of Avance Gas declared a dividend of \$0.11 per share on February 19, 2021, equalling \$7.0 million. The dividend was paid March 19, 2021.

AVANCE GAS HOLDING LTD
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
(UNAUDITED)

7. Fair value disclosures

Fair value of financial instruments

The following estimated fair value amounts of financial instruments have been determined by the Group, using appropriate market information and valuation method. Considerable judgement is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange.

	Note	As of March 31, 2021		As of December 31, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>(in USD thousands)</i>					
Financial liabilities					
Secured bank loans	6	273,853	273,853	284,068	284,068
Revolving credit facilities	6	88,110	88,110	88,110	88,110
Lease financing agreement	6	43,755	43,755	44,366	44,366
Derivative financial instruments					
Net interest rate swap liabilities		13,497	13,497	21,447	21,447

The carrying amount of cash and cash equivalents, trade and other receivables, and trade and other payables are a reasonable estimate of their fair value, due to their short maturity. The estimated value of the Company's long-term interest-bearing debt equals its carrying value as of March 31, 2021 and December 31, 2020 as it is variable-rated.

The fair value (level 2) of the Company's interest rate swap agreements is the estimated amount that the Company would receive or pay to terminate the agreements at the reporting date, considering, as applicable, fixed interest rate curves and the current credit worthiness of both the Company and the derivative counterparty. The estimated amount is the present value of future cash flows. Fair value adjustment of the interest swaps as of March 31, 2020 and December 31, 2020 is recognised in the statement of other comprehensive loss, refer to note 9.

The Group has no financial assets that would otherwise have been past due or impaired and renegotiated.

AVANCE GAS HOLDING LTD
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
(UNAUDITED)

Fair value estimation

The financial instruments analyses are carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

8. Related party transactions

The Group entered into a corporate secretarial services agreement in July 2018 and a technical supervision agreement in Q2 2019 with Frontline Management (Bermuda). Additionally, in Q2 2019 the Group entered into an office lease and shared service agreement with Seatankers Management Norway AS. In Q1 2021, the Group entered into a separate technical supervision agreement for the Group's newbuilding program with Frontline Management (Bermuda).

For the three months ended March 31, 2021, the fee for corporate secretarial services was \$29.0 thousand, fee for technical supervision was \$482.8 thousand and fee for office lease and shared services was \$106.7 thousand. In addition, Avance Gas received recharge of operational credits of \$473.0 thousand. For the three months ended March 31, 2020, the fee for corporate secretarial services was \$25.0 thousand, fee for technical supervision was \$112.0 thousand and fee for office lease and shared services was \$67.0 thousand. As of March 31, 2021, the Company has a total payable to Frontline of \$557.1 thousand, and a receivable of \$635.8 thousand. As of December 31, 2020, the Company had a total payable of \$124.3 thousand and a total receivable of \$162.9 thousand.

9. Accumulated other comprehensive loss

Accumulated other comprehensive income represents the gain or loss arising from the change in fair value of interest rate swaps and translation adjustments. Accumulated other comprehensive loss is broken down between the two categories as follows:

<i>(in USD thousands)</i>	Foreign Currency reserve	Fair value reserve	Accumulated other comprehensive loss
Balance January 1, 2020	58	(11,266)	(11,208)
Effective portion of changes in fair value of interest rate swaps	-	(14,821)	(14,821)
Reclassified to profit or loss	-	4,640	4,640
Translation adjustment, net	7	-	7
Balance December 31, 2020	65	(21,447)	(21,382)
Effective portion of changes in fair value of interest rate swaps	-	6,391	6,391
Reclassified to profit or loss	-	1,559	1,559
Translation adjustment, net	(6)	-	(6)
Balance March 31, 2021	59	(13,497)	(13,438)

AVANCE GAS HOLDING LTD
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
(UNAUDITED)

10. Alternative performance measures

The Company uses time charter equivalent (TCE) as an alternative performance measure. TCE is operating revenue less voyage expense per operating day. Operating days are calendar days, less technical off-hire.

	For the three months ended	
	March 31, 2021	March 31, 2020
	<i>(in USD thousands)</i>	
	_____	_____
Operating revenue	62,511	68,135
Voyage expenses	(14,725)	(24,076)
Voyage result	47,786	44,059
Calendar days	1,170	1,274
Technical off-hire days	(47)	(294.7)
Operating days	1,123	979.3
TCE per day (\$)	42,552	44,990

Time charter revenue is included in operating revenue along with freight revenue. Time charter revenue for contracts exceeding 6 months amounted to \$10.9 million during the three months ended March 31, 2021.

11. Changes in classification

During 2021, the Company modified the classification of certain balance sheet items due to materiality and to more appropriately group together classes of financial assets and financial liabilities. Comparative figures as of December 31, 2020 have been restated for consistency as outlined in the tables below:

Comparative figures reclassification	December 31, 2020	Reclass	December 31, 2020 Restated
<u>Current assets</u>			
Receivables	16,293	(16,293)	-
Related party receivables	163	(163)	-
Trade and other receivables	-	16,456	16,456
Mobilisation cost	2,793	(2,793)	-
Prepaid expenses	45	(45)	-
Other current assets	4,720	(4,720)	-
Prepaid expenses and other current assets	-	7,558	7,558
<u>Current liabilities</u>			
Accounts payable	2,853	(2,853)	-
Related party payable balances	124	(124)	-
Trade and other payables	-	2,977	2,977
Accrued voyage expenses	3,150	(3,150)	-
Accrued expenses	493	(493)	-
Other current liabilities	56	(56)	-
Accrued expenses and other current liabilities	-	3,699	3,699

AVANCE GAS HOLDING LTD
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
(UNAUDITED)

12. Forward-Looking Statements

The Interim Financial Statements contain “forward-looking statements” based on information available to Avance Gas on the date hereof, and Avance Gas assumes no obligation to update any such forward-looking statement. These statements may be identified by the use of words like “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “will,” “should,” “seek,” and similar expressions. The forward-looking statements reflect Avance Gas’ current views and assumptions and are subject to risks and uncertainties. Avance Gas does not represent or warrant that actual future results, performance or achievements will be as discussed in those statements, and assumes no obligation to, and does not intend to, update any of those forward-looking statements other than as may be required by applicable law.

13. Seasonality

The export volumes coming out of the Middle East, which has historically been the primary region for seaborne exports, have traditionally been lower during the fourth and the first quarters than during the second and third quarter. This has mainly been a result of lower trading activity in combination with somewhat higher local demand. Due to US Gulf and US East Coast increasing its share in global exports, the historical seasonal patterns have become less clear.

14. Subsequent Events

On April 8, 2021 the Company completed a private placement raising gross proceeds of \$64.6 million (approx. NOK 555 million) through the allocation of 12,899,000 shares in the Company at a price of \$5 (NOK 43) per share. The net proceeds from the private placement will be used for general corporate purposes, which includes partly financing of the Company's newbuilding program.

On April 21, 2021 the Company entered into shipbuilding contracts for two 91,000 CBM, LPG Dual-Fuel VLGCs with Daewoo Shipbuilding and Marine Engineering (DSME) in South Korea, for delivery second half of 2023, increasing the Dual-Fuel VLGC newbuilding program from four to six vessels.