

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

BERMUDA, 19 August 2021 – Avance Gas Holding Ltd (OSE: AGAS) today reported unaudited results for the second quarter 2021.

### HIGHLIGHTS

- The average time charter equivalent (TCE) rate was \$28,774 on a discharge-to-discharge basis and \$27,730/day on a load-to-discharge (IFRS 15 accounting principles), compared to \$36,754/day and \$42,552/day in Q1 2021 respectively.
- Daily operating expenses (OPEX) were \$9,311/day, compared to \$9,440/day in Q1 2021. OPEX was impacted by Covid-19 crew and freight cost of \$800/day, repair, and maintenance of approximately \$360/day. A&G expenses were \$1,357/day, up from \$1,191/day in Q1 2021.
- In July, the Company signed a \$104 million sustainability-linked financing agreement for the two first dual fuel newbuildings. The transaction will secure financing of the two first dual fuel newbuildings, Avance Polaris and Avance Capella, scheduled for delivery in Q4 2021 and Q1 2022.
- The board declared a dividend of \$0.02 per share for Q2 2021 corresponding to 100% of net profit or \$1.5 million.
- For the third quarter of 2021, we estimate TCE rate on a discharge-to discharge basis of approximately \$28,000/day contracted for 77% of vessel days.

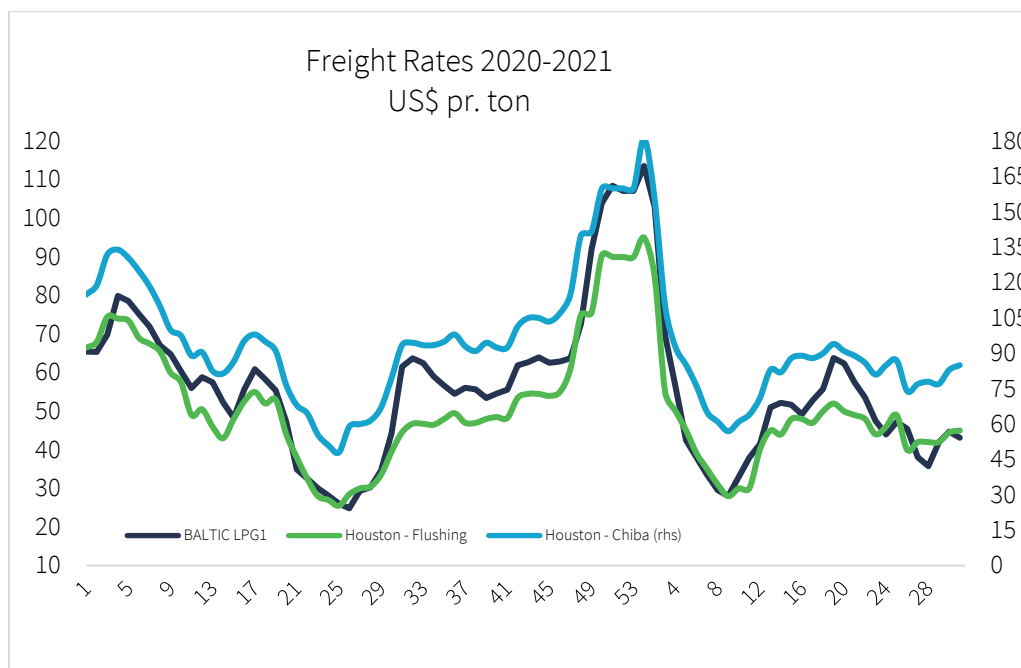
In US\$ thousands (unless stated otherwise)	Three months ended	Three months ended
Income statement:	30 June 2021	31 March 2021
TCE per day (\$)	27,730	42,552
TCE earnings	30,697	47,786
Operating profit before depreciation expense	18,077	35,348
Net profit	1,473	18,924
Earnings per share (diluted) (\$) <sup>*)</sup>	0.02	0.30
Balance sheet:	30 June 2021	31 March 2021
Total assets	948,024	901,698
Total liabilities	421,302	429,243
Cash and cash equivalents	107,928	95,711
Total shareholders' equity	526,722	472,455
Cash flows:	30 June 2021	31 March 2021
Net cash from operating activities	3,460	38,229
Net cash used in investing activities	(33,631)	(360)
Net cash from (used in) financing activities	42,381	(18,039)
Net increase in cash and cash equivalents	12,217	19,830

<sup>\*)</sup> EPS for Q2 calculated based on the weighted average of shares for the quarter, considering the share capital increase of 12,899,00 shares in April 2021.

The VLGC freight market rebounded from the extreme cold in the US in Q1 supported by increased US LPG production and lower domestic demand allowing export volumes to flow to the Far East. During Q2 the number of US liftings have been on historical high levels driven by terminal expansions. Despite a record high number of liftings out of the US, the VLGC freight market has been impacted by low US inventories and a narrow US-Asia price arbitrage. Middle East export continued to follow the OPEC+ production cuts remaining at same levels as previous quarter further increasing the US market share of global LPG exports.

US Gulf and USEC VLGC exports increased to 78 cargoes on monthly average for the second quarter compared to 67 cargoes in Q1. The increase reflects the terminal expansions in Targa, Nederland and Markus Hook. In

Q2, Middle East VLGC exports were slightly down recording 48 cargoes (excluding Iran) on a monthly average, compared to 50 cargoes per month in Q1 2021.



(Source: Clarksons, Poten, Fearnleys)

## FINANCIAL AND OPERATIONAL REVIEW

Avance Gas reported TCE earnings of \$30.7 million, down from \$47.8 million in Q1, impacted by the extreme cold in the US leading in to the first part of the quarter. Adjustment related to the IFRS 15 accounting standard resulted in a decrease in TCE earnings of \$1.2 million for Q2 2021 compared to an increase of \$6.5 million in Q1 2021.

Operating expenses were \$11.0 million, equaling a daily average of \$9,311/day. This compares to \$9,440/day in Q1. OPEX was impacted by Covid-19 crew change expenses and increased freight cost of approximately \$800/day in total, and maintenance of approximately \$360/day.

Administrative and general (A&G) expenses for the quarter were \$1.6 million, compared to 1.4 million in Q1, representing an average per ship of \$1,357/day in Q1 and \$1,191/day in Q1.

Non-operating expenses, consisting mainly of financial expenses, were stable at \$4.3 million in both Q2 and Q1.

Avance Gas reported a net profit of \$1.5 million in Q2 2021, or \$0.02 per share, compared with a net profit of \$18.9 million, or \$0.3 per share, in Q1 2021. EPS for Q2 calculated based on the weighted average of shares for the quarter, considering the share capital increase of 12,899,00 shares in April 2021.

Avance Gas' total assets amounted to \$948.0 million at 30 June 2021, compared with \$901.7 million at 31 March 2021. Total shareholders' equity was \$526.7 million at quarter-end, corresponding to an equity ratio of 55.6%. This compared with total shareholders' equity of \$472.5 million and an equity ratio of 52.4% at the end of Q1 2021.

Cash and cash equivalents were \$107.9 million at 31 March 2021, compared to \$95.7 million at 31 March 2021. Cash flow from operating activities was positive \$3.2 million, compared with positive \$38.2 million in Q1 2021. Net cash flow used in investing activities was \$33.6 million compared with net cash flow used in investing activities of \$0.4 million in Q1 2021. Investing activities for the quarter includes installments paid in the

newbuilding program of \$31.3 million, and scrubber installation of \$2.3 million. Net cash flow from financing activities was \$42.6 million, including issue of share capital of \$64.4 million, offset by scheduled repayments of debt of \$11.0 million, and payment of dividend for the first quarter of \$10.7 million. The available liquidity at the date of this report is approximately \$110.0 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 second 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 1,107 operating days in Q2 2021, compared to 1,123 operating days in Q1 2021. Operating days is calendar days less offhire days. The fleet recorded 76 offhire days, most of which related to scrubber installation of the VLGC *Breeze* commencing in late March 2021.

The company recorded 42 waiting days for the fleet in Q2 2021, giving Avance Gas a fleet utilisation during the quarter of 96%, compared to 97% in Q2 2021.

## OUTLOOK

The VLGC freight market continues its volatile trend into Q3 driven by low US inventories and a narrow US-Asia price arbitrage. Despite the unfavorable LPG price differential having a dampening effect on the freight market, the VLGC market has improved over the past weeks with rates currently at \$33,000/day in the US Gulf trading with a strong premium to freight rates out of the Arabian Gulf at \$25,000/day.

We expect a continued growth of US production and increased OPEC+ output the next 13-14 months, suggesting a continued recovery in second half this year and 2022. Chinese demand is set to grow significantly with PDH plants expected to start up in 2021 along with new flexible steam crackers accounting for approximately 4-5 million metric tons of incremental demand growth. Additionally, Indian demand is looking to surprise on the positive side with a year-on-year growth of 7% first half 2021. The Panama Canal transit congestion continues, currently recording 5-14 days waiting, and combined with the hurricane season ahead this creates a potential of longer routing and increases inefficiencies in the fleet.

The orderbook currently stands at 73 ships of a global VLGC fleet of 313 ships and there is moderate fleet growth until 2023 supporting a positive outlook for the second half of this year and next year. 150 VLGCs of the global fleet are 2013-built or older and with the introduction of Energy Efficiency Design Index for existing ships (EEXI) entering into force at 1st of January 2023, we expect to see speed reduction and increased inefficiencies in the global VLGC fleet towards 2025.

In July, the Company announced the successful signing of its first sustainability-linked term facility securing the financing of the two first dual fuel newbuildings, Avance Polaris and Avance Capella, scheduled for delivery in Q4 2021 and Q1 2022. The \$104 million sustainability-linked term facility is secured with a bank syndicate with a maturity at the earlier of five years from delivery of the second newbuilding and June 2027 and has an annual sustainability margin adjustment mechanism linked to the Company's ambition to reduce and outperform the carbon intensity targets set in the Poseidon Principles.

## PRESENTATION AND WEBCAST

Avance Gas will host an audio webcast and conference call to discuss the company's results for the period ended 30 June 2021 on Thursday, 19 August 2021, at 15:00 CET. There will be a Q&A session following the presentation.

The presentation and webcast will be hosted by:

- Mr. Kristian Sørensen - CEO
- 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](http://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: 9893329. 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)

	Note	For the three months ended		For the six months ended	
		June 30, 2021 <i>(in USD thousands)</i>	June 30, 2020 <i>(in USD thousands)</i>	June 30, 2021 <i>(in USD thousands)</i>	June 30, 2020 <i>(in USD thousands)</i>
<b>Operating revenue</b>	10	<b>48,650</b>	50,228	<b>111,161</b>	118,363
Voyage expenses	10	(17,953)	(15,943)	(32,678)	(40,019)
Operating expenses		(11,015)	(10,925)	(22,061)	(21,945)
Administrative and general expenses		(1,605)	(775)	(2,998)	(2,102)
<b>Operating profit before depreciation expense</b>		<b>18,077</b>	22,585	<b>53,424</b>	54,297
Depreciation and amortisation expense		(12,325)	(10,354)	(24,457)	(20,707)
<b>Operating profit</b>		<b>5,752</b>	12,231	<b>28,967</b>	33,590
<b>Non-operating (expenses) income:</b>					
Finance expense		(4,436)	(5,697)	(8,706)	(11,854)
Finance income		-	23	-	25
Foreign currency exchange losses		157	154	135	47
<b>Income before tax</b>		<b>1,473</b>	6,711	<b>20,396</b>	21,808
Income tax expense		0	0	0	0
<b>Net profit</b>		<b>1,473</b>	6,711	<b>20,396</b>	21,808
<b>Earnings per share</b>					
Basic		0.02	0.11	0.29	0.34
Diluted		0.02	0.11	0.29	0.34

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)

	Note	For the three months ended		For the six months ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		<i>(in USD thousands)</i>		<i>(in USD thousands)</i>	
<b>Net profit</b>		<b>1,473</b>	6,711	<b>20,396</b>	21,808
<b>Other comprehensive income:</b>	9				
<i>Items that may be reclassified subsequently to profit and loss:</i>					
Fair value adjustment of interest rate swaps designated for hedge accounting		(1,019)	(1,417)	6,931	(14,988)
Exchange differences arising on translation of foreign operations		(1)	4	(7)	-
Other comprehensive income (loss)		(1,020)	(1,413)	6,924	(14,988)
<b>Total comprehensive income</b>		<b>453</b>	5,298	<b>27,320</b>	6,820

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)

	Note	As of	
		June 30, 2021	December 31, 2020
		<i>(in USD thousands)</i>	
<b>ASSETS</b>			
Cash and cash equivalents		107,928	75,882
Trade and other receivables		20,635	16,456
Inventory		5,298	4,358
Prepaid expenses and other current assets		8,334	7,558
<b>Total current assets</b>		<b>142,195</b>	<b>104,254</b>
Property, plant and equipment	5	739,292	761,159
Newbuildings	5	64,714	31,825
Derivative financial instruments	7	1,823	-
<b>Total non-current assets</b>		<b>805,829</b>	<b>792,984</b>
<b>Total assets</b>		<b>948,024</b>	<b>897,238</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current portion of interest-bearing debt	6	42,976	43,001
Trade and other payables		3,735	2,977
Derivative financial instruments	7	6,246	6,223
Accrued voyage expenses and other current liabilities		6,298	3,699
<b>Total current liabilities</b>		<b>59,255</b>	<b>55,900</b>
Long-term debt	6	351,955	373,544
Derivative financial instruments	7	10,092	15,224
<b>Total non-current liabilities</b>		<b>362,047</b>	<b>388,768</b>
<b>Shareholders' equity</b>			
Share capital	4	77,427	64,528
Paid-in capital	4	431,366	379,851
Contributed capital		94,915	94,780
Retained loss		(51,177)	(53,856)
Treasury shares		(11,351)	(11,351)
Accumulated other comprehensive loss		(14,458)	(21,382)
<b>Total shareholders' equity</b>		<b>526,722</b>	<b>452,570</b>
<b>Total liabilities and shareholders' equity</b>		<b>948,024</b>	<b>897,238</b>

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>	<u>Share capital</u>	<u>Paid-in capital</u>	<u>Contributed capital</u>	<u>Retained (loss) income</u>	<u>Accumulated other comprehensive (loss) income</u>	<u>Treasury shares</u>	<u>Total</u>
<b>As of December 31, 2019</b>	64,528	379,851	94,945	(105,654)	(11,208)	(11,351)	411,111
<b>Comprehensive loss:</b>							
Net profit	-	-	-	21,808	-	-	21,808
<i>Other comprehensive (loss) income:</i>							
Fair value adjustment of interest rate swaps	-	-	-	-	(14,988)	-	(14,988)
Translation adjustments, net	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(14,988)	-	(14,988)
<b>Total comprehensive loss</b>	-	-	-	21,808	(14,988)	-	6,820
<b>Transactions with shareholders:</b>							
Dividend	-	-	-	(19,108)	-	-	(19,108)
Compensation expense for share options	-	-	3	-	-	-	3
<b>Total transactions with shareholders</b>	-	-	3	(19,108)	-	-	(19,105)
<b>As of June 30, 2020</b>	<u>64,528</u>	<u>379,851</u>	<u>94,948</u>	<u>(102,954)</u>	<u>(26,196)</u>	<u>(11,351)</u>	<u>398,826</u>
<b>As of December 31, 2020</b>	64,528	379,851	94,780	(53,856)	(21,382)	(11,351)	452,570
<b>Comprehensive loss:</b>							
Net profit	-	-	-	20,396	-	-	20,396
<i>Other comprehensive (loss) income:</i>							
Fair value adjustment of interest rate swaps	-	-	-	-	6,931	-	6,931
Translation adjustments, net	-	-	-	-	(7)	-	(7)
Total other comprehensive loss	-	-	-	-	6,924	-	6,924
<b>Total comprehensive loss</b>	-	-	-	20,396	6,924	-	27,320
<b>Transactions with shareholders:</b>							
Share capital increase (Note 4)	12,899	51,515					64,414
Dividend (Note 4)	-	-	-	(17,717)	-	-	(17,717)
Compensation expense for share options (Note 11)	-	-	135	-	-	-	135
<b>Total transactions with shareholders</b>	12,899	51,515	135	(17,717)	-	-	46,832
<b>As of June 30, 2021</b>	<u>77,427</u>	<u>431,366</u>	<u>94,915</u>	<u>(51,177)</u>	<u>(14,458)</u>	<u>(11,351)</u>	<u>526,722</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)

	Note	For the six months ended	
		June 30, 2021	June 30, 2020
<i>(in USD thousands)</i>			
<b>Cash flows from operating activities</b>			
Cash generated from operations	3	50,646	69,177
Interest paid		(8,957)	(11,401)
<b>Net cash flows from operating activities</b>		<b>41,689</b>	<b>57,776</b>
<b>Cash flows used in investing activities:</b>			
Capital expenditures	5	(33,991)	(32,146)
<b>Net cash flows used in investing activities</b>		<b>(33,991)</b>	<b>(32,146)</b>
<b>Cash flows (used in) from financing activities:</b>			
Dividend	4	(17,717)	(19,108)
Proceeds from issue of share capital	4	64,414	-
Repayment of long-term debt	6	(22,090)	(22,882)
Drawdown of long-term debt		-	15,000
Payment of cash settled share options		(265)	-
<b>Net cash flows from (used in) in financing activities</b>		<b>24,342</b>	<b>(26,990)</b>
<b>Net increase in cash and cash equivalents</b>		<b>32,040</b>	<b>(1,360)</b>
Cash and cash equivalents at beginning of period		75,882	85,909
Effect of exchange rate changes on cash		6	(3)
<b>Cash and cash equivalents at end of period</b>		<b>107,928</b>	<b>84,546</b>

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

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

3. Reconciliation of net profit to cash generated from operations

	For the six months ended	
	June 30, 2021	June 30, 2020
	<i>(in USD thousands)</i>	
	<u>                    </u>	<u>                    </u>
<b>Net profit</b>	<b>20,396</b>	21,808
<b>Adjustments to reconcile net profit to net cash from operating activities:</b>		
Depreciation and amortisation of property, plant and equipment	24,457	20,707
Net finance expense	8,571	11,854
Other finance income	-	72
Compensation expense	400	4
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in trade and other receivables	(4,152)	10,688
(Increase) decrease in inventory and prepaid expenses and other current assets	(1,716)	12,935
Decrease in trade and other payables	246	(3,051)
Increase (decrease) in accrued voyage expenses and other current liabilities	2,459	(5,840)
Other	(15)	-
	<u>                    </u>	<u>                    </u>
<b>Cash flows from operating activities</b>	<b><u>50,646</u></b>	<b><u>69,177</u></b>

4. Capital and reserves

**Shareholder's equity**

The Company's authorised share capital consists of 200.0 million common shares at par value of \$1.0 per share as of June 30, 2021 and December 31, 2020. In April 2021, the Company issued 12.9 million shares at a price of \$ 5.1 (NOK 43) per share. All ordinary shares were issued with a par value of \$1.0. Accordingly, of the authorised share capital, 77.4 million and 64.5 million shares were issued and outstanding as of June 30, 2021 and December 31, 2020, respectively, 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 consist of conversion of shareholders' loans in 2013.

**Shared-based payments**

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. In April and May 2021, a total of total 1,549,999 options were granted to senior management and employees under the option plan.

AVANCE GAS HOLDING LTD  
NOTES TO THE CONSOLIDATED INTERIM STATEMENTS  
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The fair value at grant date is estimated using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the options were granted. The options vest over a three-year period, with a set exercise price for each of the three years, the first year being based on the market price at the time the options were granted. The contractual life of each option granted is four years. The fair value of options granted during the six months ended 30 June 2021 was estimated on the date of grant using the following assumptions:

	April-2021 program	May-2021 program
Fair value at grant date (\$ thousand)	780	1,249
Share price at grant date (\$)	4.21	5.43
Dividend yield (%)	0%	0%
Expected volatility (%)	49%	49%
Risk-free rate (%)	0.90%	0.87%
Expected life of share options (years)	3.5	3.5
Exercise price (\$)	1 year: 4.85	1 year: 5.25
	2 years: 6.02	2 years: 6.42
	3 years: 7.19	3 years: 7.59

Expected volatility is estimated taking into account historical average share price volatility.

Following the award, declared, forfeited and cancellation of share options since 2013, a total of 1,941,249 share options remained outstanding under the Company's share option scheme as of June 30, 2021.

#### Cash dividends to the equity holders of the parent

	As of	
	June 30, 2021	June 30, 2020
	<i>(in USD thousands)</i>	
<b>Dividends on ordinary shares declared and paid:</b>		
Final dividend for 2020: \$0.11/share (2020: \$0.3/share)	6,994	19,108
First dividend for 2021: \$0.14/share (2020: nil)	10,723	-

#### 5. Property, plant and equipment

During the six months ended June 30, 2021 and June 30, 2020, the Group capitalised \$35.5 million and \$32.1 million, respectively, in property, plant and equipment. For the six months ended June 30, 2021, the capitalised expense consists of \$32.9 million in instalments and other costs related to the newbuilding program, including capitalised borrowing cost of \$1.0 million, and scheduled drydock and scrubber installation of \$2.6 million.

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

**6. Long-term debt**

Long-term debt consisted of debt collateralised by the Group's 13 VLGCs as of June 30, 2021 and December 31, 2020. Long-term debt repayments were \$22.0 million for the six months ended June 30, 2021.

	As of	
	June 30, 2021	December 31, 2020
	<i>(in USD thousands)</i>	
	<u>                    </u>	<u>                    </u>
<b>Non-current</b>		
Secured bank loans	222,880	243,318
Revolving credit facilities	88,110	88,110
Lease financing agreement	40,965	42,116
	<u>351,955</u>	<u>373,544</u>
<b>Current</b>		
Current portion of secured bank loans	40,751	40,751
Current portion of lease financing agreement	2,225	2,250
	<u>42,976</u>	<u>43,001</u>
<b>Total interest-bearing debt</b>	<u><u>394,931</u></u>	<u><u>416,545</u></u>

Face value of total outstanding interest-bearing debt is \$398.6 million as of June 30, 2021 and \$420.7 million as of December 31, 2020.

**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 June 30, 2021		As of December 31, 2020	
		<i>(in USD thousands)</i>			
		<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<b>Financial liabilities</b>					
Secured bank loans	6	263,631	263,631	284,069	284,069
Revolving credit facilities	6	88,110	88,110	88,110	88,110
Lease financing agreement	6	43,190	43,190	44,366	44,366
<b>Derivative financial instruments</b>					
Net interest rate swap liabilities		14,515	14,515	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 June 30, 2021 and December 31, 2020 as it is variable-rated.

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

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 June 30, 2021 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.

*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 six months ended June 30, 2021, the fee for corporate secretarial services was \$59.3 thousand, fee for technical supervision for current fleet and newbuildings was \$1,013.7 thousand and fee for office lease and shared services was \$182.7 thousand. In addition, Avance Gas received recharge of operational credits of \$534.0 thousand. For the six months ended June 30, 2020, the fee for corporate secretarial services was \$43.0 thousand, fee for technical supervision was \$207.0 thousand and fee for office lease and shared services was \$140.0 thousand. As of June 30, 2021, the Company has a total payable to Frontline of \$815.8 thousand, and a receivable of \$696.9 thousand. As of December 31, 2020, the Company had a total payable of \$124.3 thousand and a total receivable of \$162.9 thousand.

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

**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
<b>Balance December 31, 2020</b>	<b>65</b>	<b>(21,447)</b>	<b>(21,382)</b>
Effective portion of changes in fair value of interest rate swaps	-	3,787	3,787
Reclassified to profit or loss	-	3,144	3,144
Translation adjustment, net	(7)	-	(7)
<b>Balance June 30, 2021</b>	<b>58</b>	<b>(14,516)</b>	<b>(14,458)</b>

**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		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	<i>(in USD thousands)</i>		<i>(in USD thousands)</i>	
Operating revenue	48,650	50,228	111,161	118,363
Voyage expenses	(17,953)	(15,943)	(32,678)	(40,019)
<b>Voyage result</b>	<b>30,697</b>	<b>34,285</b>	<b>78,483</b>	<b>78,344</b>
<b>Calendar days</b>	<b>1,183</b>	<b>1,274</b>	<b>2,353</b>	<b>2,548</b>
Technical off-hire days	(76)	(89)	(123)	(383)
Operating days	1,107	1,185	2,230	2,165
<b>TCE per day (\$)</b>	<b>27,730</b>	<b>28,932</b>	<b>35,195</b>	<b>36,193</b>

Time charter revenue is included in operating revenue along with freight revenue. Time charter revenue for contracts exceeding 6 months amounted to \$21.9 million during the six months ended June 30, 2021.

AVANCE GAS HOLDING LTD  
NOTES TO THE 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 July 7, 2021, the Company signed a \$104 million sustainability-linked term facility with a bank syndicate. The transaction will secure financing of the two first dual fuel newbuildings, Avance Polaris and Avance Capella, scheduled for delivery in Q4 2021 and Q1 2022. The facility has a maturity at the earlier of five years from delivery of the second newbuilding and June 2027. The financing is expected to be drawn upon delivery of the vessels from the shipyard.

On August 18, 2021, the Board approved to pay a dividend of \$0.02 per share for the second quarter, corresponding to \$1.5 million.

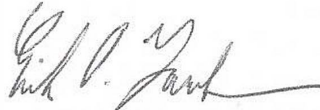


AVANCE GAS HOLDING LTD  
RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge that the condensed interim financial statements for the period 1 January 2021 to June 30, 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*, and gives a true and fair view of the assets, liabilities, financial position and profit or loss for Avance Gas Holding Ltd and its subsidiaries (the "Group") as a whole.

We also confirm that the Board of Director's Report includes a true and fair review of the development and performance of the business and the position of the Group, together with a description of the financial risks and uncertainties facing the Group.

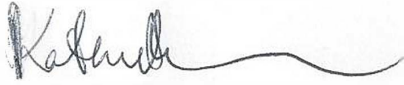
19 August 2021



Erik Jacobsen  
*Chairman of the board*



Francois Sunier  
*Director*



Kathrine Fredriksen  
*Director*



James O'Shaughnessy  
*Director*



Øystein Kalleklev  
*Director*



Kristian Sørensen  
*Chief Executive Officer*