AVANCE GAS HOLDING LTD

UNAUDITED CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

For the three and six months ended 30 June 2024

BERMUDA, August 28, 2024 – Avance Gas Holding Ltd (OSE: AGAS) ("Avance Gas" or the "Company") today reports unaudited results for the second quarter 2024.

HIGHLIGHTS

- The average Time Charter Equivalent (TCE) rate on a discharge-to-discharge basis was $50,100/day, compared to $60,900/day in the first quarter of 2024. For reference our guidance was 83% of days booked at $48,000/day.
- TCE/day on a load-to-discharge basis was $46,700/day, compared to $78,800/day in the first quarter of 2024. The adjustment related to load-to-discharge was negative $3.7 million, or $3,400/day in TCE/day for the second quarter, compared to a positive adjustment of $20.9 million, or $17,900/day, in the first quarter.
- For the second quarter, we had Time Charter (TC) coverage of ~25% at an average TCE rate of $50,100/day and spot voyages covering ~75% at $49,100/day, resulting in an average fleet TCE of $49,300/day, excluding Forward freight Agreements (FFA) gains of $1 million or $800/day.
- Daily operating expenses (OPEX) were $8,100/day, compared to $8,200/day in the first quarter of 2024.
- Net profit for the second quarter was $60.6 million or earnings per share of $0.79.
- Net profit for the first half of 2024 was $207 million or earnings per share of $2.70, our highest ever half year results.
- During the second quarter, the Company distributed $2.15 per share in cash, totalling $165 million. This distribution consisted of $0.99 in return of capital and $1.16 in dividends for the first quarter of 2024.
- The Company successfully completed the sale of Avance Pollux (2024) during the second quarter for a cash consideration of $120 million, less broker commission. This sale resulted in a gain of $36 million and net cash proceeds of $62.0 million after debt repayment and transaction costs. This was the fourth vessel sale completed in 2024, bringing the total gain from vessel sales to $120.9 million and net cash proceeds to $188.6 million for the first half of 2024.
- On August 15, 2024, the Company announced the sale of its Very Large Gas Carrier (VLGC) fleet to BW LPG Ltd for $1,050 million. Total gain on sale is expected to be approximately $315 million of which $305 million will be recorded as gain on sale and ~$10 million lower depreciation expense. According to the accounting standard, the VLGC fleet will be reclassified from long term assets to current assets presented as assets held for sale with effect from the announcement date. The deal will be settled with approximately $585 million in cash, the novation of about $132 million in debt obligations under two sale and leaseback agreements, and the remaining amount through 19.282 million shares in BW LPG, valued at $17.25 per share, totalling $333 million. The transaction and delivery of the ships are scheduled to occur between September 15 and December 31, 2024. Following the completion of this transaction, Avance Gas will own four dual fuel medium-sized gas carriers (MGC) capable of transporting full ammonia cargoes, hold a 12.77% shareholding in BW LPG, and a substantial cash holding.
- The Board declared a dividend of $1.35 per share or $103 million for the second quarter 2024.
- For the third quarter of 2024, we have booked 79% of capacity at an average TCE/day of approximately $41,000 on a discharge-to-discharge basis. The load-to-discharge adjustment is expected to be +/- $1,000.

Øystein Kalleklev, Chief Executive Officer of Avance Gas Holding Ltd., commented:

"2024 has been a transformative year for Avance Gas with several key events. In the first half of the year, we sold four VLGCs with a combined profit of $121 million, which, together with strong trading results, contributed to our highest ever half-year results of $207 million. Due to the strong results, we paid out $165 million or $2.15 per share for the first quarter alone. That amount matched the dividend paid out for the entire 2023. With only 12 VLGCs left in the fleet, we concluded that it was in the best interest of our shareholders to pursue a sale of the remaining ships. This decision was mostly driven by a somewhat subscale operation; it's difficult to compete with a smaller fleet, while at the same time, second-hand prices for VLGCs are at a historical high level, making it attractive to sell our ships.

On August 15, we concluded the sale of the remaining 12 VLGCs for $1.050 billion to BW LPG, where the 12 ships are sold under separate MoAs for delivery to the buyer by year-end. As part of the transaction, Avance Gas will receive 19.282 million shares in BW LPG and thus become their second-largest shareholder. We will also receive

$585 million in cash and novate two sale-and-leaseback debt obligations, which were $132 million at the end of Q2. We think a combination of the VLGC fleet of BW LPG and Avance Gas makes perfect sense both from a strategic and industrial point of view. With the transaction, BW LPG adds scale while at the same time renewing their fleet. For Avance Gas, we benefit financially by selling our ships at a very attractive price, which will allow us to return significant capital to our shareholders.

Expected profit from the transaction is about $315 million, $305 million in book gains, and a $10 million effect from the fact that we stop depreciating our ships from August 15 until delivery of the ships to BW LPG, which will boost our earnings in H2-24. Following the transaction, we will have sold 16 VLGCs this year with a profit of approximately $436 million. In addition, we have also generated healthy earnings from normal operations, resulting in a pro-forma result of $522 million for the first half of 2024 when taking into account the profit from the BW LPG transaction subsequent to quarter-end.

As we have a cash balance of $268 million at the end of Q2 and will receive $585 million in cash settlement for the sale of the 12 VLGCs prior to year-end, the Board has decided to declare a dividend per share of $1.35 or a total of $103 million. The combined dividend for H1-24 is thus $3.50 or $269 million, which represents about 30 percent of the current market cap. Once we have closed the transaction with BW LPG, we will distribute the remaining capital to our shareholders in a timely manner. The exception is the required equity capital for the four MGC newbuilds we contracted last year. As we have already paid $43 million in yard instalments for these ships as of the end of Q2-24, we expect the remaining equity contribution to be around $50 to $75 million if we finance the remaining capex commitments with traditional bank financing.

We are also pleased to deliver second-quarter results in line with guidance. On a discharge-to-discharge basis, we delivered TCE of $50,125/day vs. guidance of 83% booked at $48,000/day. We guided $3-5,000/day lower load-to-discharge numbers due to increasing rates during Q2 and delivered $46,700 on such measure, i.e., also in line with guidance. As we also sold DF VLGC newbuild #6 for $120 million in May, we booked $36 million in gain from that sale and thus ended up with a net profit of $61 million or $0.79 per share for Q2-24.

Improvements in slot availability in the Panama Canal during the summer have resulted in shorter sailing distances and more vessel availability, which has negatively impacted freight rates during Q3 despite elevated product arbitrage levels. Freight rates hit cash break-even levels of around $20,000/day by end July/early August before rebounding by the middle of August, where rates are now in the low $40,000s/day for AG-Japan and ~$45,000/day for USGC-Japan with ballast Cape of Good Hope and laden leg through Panama. Hence, due to a softer market, we have booked 79% of Q3 at $41,000/day and expect actual TCE for Q3 to be at this level on a discharge-to-discharge basis. As we will be able to trade our ships until year-end, we are well-positioned to improve our trading results in Q4 as the freight forward rates for this quarter are hovering at around mid $50,000s. This is significantly below the record rates seen last year but should in any case provide a satisfactory trading profit, if realized.

With the sale of all our VLGCs, we are left with four MGC newbuilds for delivery in Q4-25 to Q4-26. The Company is now in the process of evaluating the best way forward for maximizing the value of these assets. Since we contracted the ships last summer, the newbuilding price for such vessels has increased by approximately 15 percent while delivery slots have moved from 2025/2026 to 2027. Hence, we are confident that we will also generate attractive returns from these assets either by 1) contracting them on TCs, 2) selling the ships, or 3) developing Avance Gas into an MGC/ammonia company by actively engaging with other owners with similar assets with the aim of developing a company with sufficient scale."

In US$ thousands (unless stated otherwise)	Three months ended	Three months ended
Income statement:	**June 30, 2024**	**March 31, 2024**
TCE per day ($) discharge-to-discharge	50,125	60,862
TCE per day ($) load-to-discharge	46,700	78,811
TCE earnings	50,903	91,972
Gross operating profit	36,081	80,761
Gain on sale	36,011	84,929
Net profit	60,596	146,489
Net profit excluding gain on sale	24,585	61,560
Earnings per share (basic) ($)	0.79	1.91
Earnings per share (basic) ($) excluding gain on sale	0.32	0.80
Balance sheet:	**June 30, 2024**	**March 31, 2024**
Total assets	1,120,475	1,227,317
Total liabilities	517,153	515,824
Cash and cash equivalents	268,287	360,245
Total shareholders' equity	603,322	711,493
Cash flows:	**June 30, 2024**	**March 31, 2024**
Net cash from operating activities	25,161	116,450
Net cash from investing activities	55,980	186,583
Net cash (used in) financing activities	(173,190)	(73,979)
Net (decrease) increase in cash and cash equivalents	(92,049)	229,054

MARKET UPDATE

The second quarter was another strong period for the VLGC market. The average Time Charter Equivalent (TCE) rate, based on the US/AG average, was $56,400/day, significantly above the Company's cash break-even point in the low $20,000/day range. Rates were driven by increasing US LPG export volumes, continued disruptions in the Panama Canal, and strong LPG price arbitrage between the US and the East. Rates were somewhat soft in April but saw an uptick in May and early June. The increased rates were driven by increased price arbitrage and inefficiencies in the Panama Canal. However, the market softened somewhat from mid-June, partly due to a normalisation of transits in the Panama Canal.

The price arbitrage between the US and the East remained strong during the second quarter. This was driven by increased export volumes from the US and US inventories well above the five-year average.

The inefficiencies in the Panama Canal, which began in October 2023 due to stringent restrictions on ship passages, started to normalize during the quarter. Water levels began rising in mid-May and returned to around the five-year average by the end of the quarter. Consequently, Panama gradually eased passage restrictions, and daily transits through the canal returned to pre-restriction levels. VLGC owners are increasingly using the Panama Canal for their fronthaul runs from the US to Asia, while most of the fleet continues to use the Cape of Good Hope (CoGH) for ballast legs. The number of monthly transits for VLGCs through the Panama Canal was up 25% compared to the first quarter of 2024, which negatively impacted the spot freight market.

US propane and butane production increased by approximately 6% in the first half of 2024 compared to the same period in 2023, while US consumption remained flat. Consequently, US export volumes rose by 11% according to Kpler export figures. However, the share of VLGCs in total export volume growth is decreasing, with significant increases in volumes for smaller vessel types, especially MGCs. Despite double-digit export volume growth from the US, the average number of VLGC liftings per month increased by only four in the second quarter compared to the same quarter last year, corresponding to a rise of ~4.4%.

Growth in the Middle East Gulf is constrained due to OPEC cuts, which have limited any significant volume increases from the region. The number of monthly VLGC liftings in the second quarter from the Middle East averaged 79 per month, a slight increase from 78 in the second quarter of 2023.

Import volumes to China continued to increase, up 12% in the first half of 2024 compared to the first half of 2023, supporting tonne-mile growth in 2024. Despite China's standalone Propane Dehydrogenation (PDH) margins remaining under pressure, petrochemical demand has been stronger than anticipated. India's import growth was up approximately 11% in H1 2024 compared to the same period last year, as more households turn to bottled gas to replace kerosene for cooking, supported by government subsidies for poor households.

FINANCIAL AND OPERATIONAL REVIEW

Avance Gas reported Time Charter Equivalent (TCE) earnings of $50.9 million, compared to $92.0 million for the first quarter. Adjustment related to the IFRS 15 accounting standard resulted in a decrease in TCE earnings of $3.7 million or $3,400/day compared to an increase in TCE earnings of $20.9 million or $17,900/day for the first quarter 2024. The TCE increased by $0.9 million in Forward freight Agreements (FFA) and bunker hedges gains during the quarter compared to a gain of $1.1 million for the first quarter which translates to an effect for the whole fleet of $790/day and $970/day respectively.

Operating expenses (OPEX) were $8.9 million, equalling a daily average of $8,100/day. This compares to $9.6 million or $8,200/day for the first quarter. Operating expenses per day decreased due to timing effects from planned maintenance and storing up during the first quarter. Total operating expenses decreased due to less operating days.

Administrative and general (A&G) expenses for the quarter were $5.9 million, compared to $1.6 million in the first quarter, representing an average per ship of $5,400/day and $1,400/day respectively. The increase in A&G relates to settlement of lapsing employee share options during the second quarter. Excluding this non-recurring effect, the A&G/day was $1,105 for the second quarter.

Gain on disposal of assets was $36 million in the second quarter of 2024 following the sale of VLGC Avance Pollux (2024), and $84.9 million in the first quarter 2024 following the sale of the VLGCs Iris Glory (2008), Venus Glory (2008) and Avance Castor (2024), bringing total gain on sale for the year to $120.9 million.

Non-operating expenses, consisting of finance expenses, finance income and foreign exchange gain, were $1.5 million, compared to $9.1 million in the first quarter. The first quarter had non-recurring expenses of $4.6 million related to repayment of loan following vessels sales and refinancing of three vessels. Finance income increased by $1.5 million from the first quarter due to higher cash deposits over the quarter. Foreign currency exchange result improved by $0.4 million compared to the first quarter as the USD weakened.

Avance Gas reported a net profit of $60.6 million for the first quarter 2024, or $0.79 per share, compared with a net profit of $146.5 million, or $1.91 per share for the first quarter. The net profit excluding gain on vessel sales was $24.6 million, or $0.32 per share for the second quarter, compared to $61.6 million, or $0.80 per share for the first quarter.

Avance Gas' total assets amounted to $1,120.5 million on 30 June 2024, compared with $1,227.3 million on 31 March 2024. Total shareholders' equity was $603.3 million at quarter-end, corresponding to an equity ratio of 53.8%. Shareholder equity decreased by $108.2 million during the first quarter mainly due to dividend payment of $88.8 million and return of capital of $75.8 million for the first quarter of 2024, other comprehensive loss of $3.8 million and compensation expense for share options of $0.2 million, being offset by net profit of $60.6 million.

Cash and cash equivalents were $268.3 million on 30 June 2024, compared to $360.2 million on 31 March 2024. Cash flow from operating activities was $25.2 million, compared with $116.4 million for the first quarter. Net cash flow from investing activities was $56 million and consist of cash proceeds from sale of assets of $120.0 million and capital expenditures of $64 million related to final pre-delivery instalments for VLGC Avance Pollux and pre-delivery instalment for one MGC. This compares with a net cash flow used in investing activities of $186.6 million for the first quarter which consist of net cash proceeds from sale of assets of $243.6 million and capital expenditures of $57.0 million related to the final pre-delivery instalments for VLGC Avance Castor. Net cash flow used in financing activities was $173.2 million, consisting of repayments of debt of $9.9 million, payment of dividend of $88.8 million and return of capital of $75.8 million for the first quarter, offset by $1.3 million in proceeds from settlement of derivatives.

SALE OF THE VLGC FLEET TO BW LPG Ltd

On August 15, 2024, we announced an agreement with BW LPG Ltd to sell our fleet of twelve VLGCs for $1,050 million. The transaction is governed by ten individual Memoranda of Agreement (MoA) for the ten owned VLGCs, while the remaining two VLGCs, under sale-leaseback agreements (SLB), will be novated with the existing debt obligations.

The sale will be settled with $585 million in cash, the novation of $132 million in debt obligations under the SLB agreements, and 19.282 million shares in BW LPG valued at $333 million. The BW LPG share consideration price of $17.25 reflects the fair value of the shares on a Net Asset Value basis, as assessed by Avance Gas as part of the agreement. After the settlement, Avance Gas will become the second-largest shareholder in BW LPG with a 12.77% stake.

Total gain on sale is expected to be approximately $315 million of which $305 million will be recorded as gain on sale and ~$10 million lower depreciation expense. According to the accounting standard, the VLGC fleet will be reclassified from long term assets to current assets presented as assets held for sale and consequently stops the deprecation with effect from the announcement date August 15, 2024. In the first half of 2024, we sold four VLGCs to other buyers, realizing a gain of $121 million. Consequently, the total net profit effect from sale of the VLGC fleet is expected to be approximately $436 million for the full year 2024.

The transaction and delivery of ships to BW LPG Ltd are scheduled to take place between September 15 and December 31, 2024, allowing us to trade the ships for a further period in the typical seasonal strong autumn market. After closing this transaction, we will own four medium-sized gas carriers (MGC) capable of carrying full ammonia cargoes with delivery in 2025 and 2026, hold a 12.77% shareholding in BW LPG, and a substantial cash. Cash proceeds from the sale of 12 VLGCs will be distributed to shareholders in a timely manner once the transaction is completed.

FLEET AND EMPLOYMENT OVERVIEW

For the second quarter, we had a TC coverage of ~25% at an average TCE rate of $50,100/day and spot voyages of 75% at an average rate of $49,100/day equalling an average fleet TCE rate of $49,300/day on a discharge-to-discharge basis excluding FFA gains. FFA and bunker hedge gains amounted to $0.9 million or $790/day of total fleet operating days. Furthermore, adjustment related to the IFRS 15 accounting standard resulted in a decrease in TCE earnings of $3.7 million or $3,400/day of total fleet operating days. Thereby, the Company reported a TCE/day of $46,700 load-to-discharge.

Avance Gas recorded 1,090 operating days for the second quarter 2024, compared to 1,167 operating days for the first quarter. The number of operating days is lower than in the previous quarter primarily due to the sale of Iris Glory and Venus Glory. The Company recorded two off hire days in the second quarter compared to three off hire days in the first quarter. Operating days are calendar days less off-hire days. The company recorded no waiting days (for loading) for the fleet in the second quarter, giving Avance Gas a fleet commercial utilization during the quarter of 100%, compared to 99.4% in the first quarter.

OUTLOOK

The demand outlook for VLGCs remains moderately positive, driven by anticipated growth in LPG volumes from the US, which will boost tonne-mile demand. Confidence in further US production growth is bolstered by midstream companies expanding export capacity. In July, Enterprise Product Partners L.P. announced a major expansion project at its export terminal in Houston, Texas, while Targa Resources unveiled a new capital project at its Galena Park Marine Terminal near Houston in May. These initiatives, along with Energy Transfer's expansion projects in Texas announced in 2023, will collectively increase LPG export capacity by more than 550,000 barrels per day by the end of 2026, representing over 20% growth compared to the current US LPG export capacity.

Chinese demand is expected to increase further in the second half of the year, driven by restocking and PDH feedstock demand. The outlook for 2025 also appears promising, with new capacity coming online and a potentially improved economic environment for PDH plants. Currently operating at low utilization levels, i.e. below 70%, these plants could see a rise in activity if margins improve.

The price arbitrage between the US and East Asia is currently high in a historical context. With expected production growth in the US and propane stock levels well above the five-year average, the price arbitrage is likely to remain favourable for the foreseeable future. However, export volumes from the US were relatively weak in July due to Hurricane Beryl, which disrupted LPG terminal capacity. Additionally, there was a surge in VLGC arrivals at the US Gulf Coast in late July, with simultaneous arrivals from both the CoGH and the Panama Canal. As a result, there has been a significant increase in Free on Board (FOB) premiums in the beginning of the third quarter, with traders and terminal owners capturing a larger share of the US-China price arbitrage.

The Panama Canal is operating close to normal levels, but sailing patterns have not yet returned to pre-pandemic norms, with the majority of vessels opting for the CoGH route for ballast legs. If sailing patterns revert to pre-restriction norms, this could negatively impact market balance going forward. On the other hand, there is still reduced demand for Canal transits from LNG carriers (LNGCs) and container vessels, as shipping owners have sought alternative routes. The return of LNGCs and containerships to the Panama Canal could increase competition and result in higher winning bids at auctions, potentially leading more VLGCs bound for Asia to opt for the CoGH route. Additionally, there is a significant orderbook for both LNGCs and Neo-Panamax container vessels scheduled for delivery in the upcoming years, which could further increase demand for Canal transits. However, auction costs, waiting times, and how these factors will affect trading routes remain to be seen and will depend on competition from other shipping segments as well as water levels in the Canal.

The current orderbook includes 95 VLGCs, representing 24% of the 395 VLGCs currently on the water. During the second quarter, 7 vessels were delivered, and 7 new vessels were ordered. The delivery schedule for the next eight quarters is relatively muted, with 73% of the orderbook slated for delivery after the second half of 2026.

The LPG forward freight agreements support a solid rate until delivery of the vessels to BW LPG, with the market currently quoting $55,000/day for the fourth quarter of 2024.

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 2024 on Wednesday, 28 August 2024, at 14:00 CEST. There will be a Q&A session following the presentation.

The presentation and webcast will be hosted by:

- Mr. Øystein Kalleklev - 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 or using the link: https://edge.media-server.com/mmc/p/tgju86bc

Guests can log into the conference call using the following link:
https://register.vevent.com/register/BI1592112ff29a4499a8a88cfd9f9d8d0a

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FORWARD-LOOKING STATEMENTS

Matters discussed in this announcement may constitute forward-looking statements. All statements other than statements of historical facts included in this announcement, including those regarding Avance Gas' plans, strategies, business prospects, changes and trends in its business and the markets which it operates are forward-looking statements. These forward-looking statements may, but not necessarily, be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intends", "may", "should", "will", "would", "can", "could" or, in each case, their negative, or other variations or comparable terminology and similar expressions. The forward-looking statements in this release are based upon various assumptions and may not be guaranteed, 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. Avance Gas undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for Avance Gas to predict all of these factors. Further, Avance Gas cannot assess the impact of each such factors on its business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statements.

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, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
		(in USD thousands)		*(in USD thousands)*	
Operating revenue	10	**67,691**	84,575	**183,818**	161,618
Voyage expenses	10	**(16,788)**	(22,006)	**(40,943)**	(36,699)
Operating expenses		**(8,876)**	(9,724)	**(18,505)**	(19,480)
Administrative and general expenses		**(5,946)**	(1,296)	**(7,529)**	(2,621)
Operating profit before depreciation expense		**36,081**	51,549	**116,841**	102,818
Depreciation and amortisation expense		**(10,037)**	(11,525)	**(20,099)**	(22,073)
Gain on disposal of asset	5	**36,011**	-	**120,940**	-
Operating profit		**62,055**	40,024	**217,682**	80,745
Non-operating (expenses) income:					
Finance expense		**(5,054)**	(5,864)	**(15,818)**	(11,201)
Finance income		**3,478**	1,692	**5,495**	2,916
Foreign currency exchange gain (loss)		**119**	(95)	**(210)**	(332)
Income before tax		**60,598**	35,757	**207,149**	72,128
Income tax expense		**(2)**	(50)	**(65)**	(100)
Net profit		**60,596**	35,707	**207,084**	72,028
Earnings per share					
Basic		**0.79**	0.47	**2.70**	0.94
Diluted		**0.79**	0.46	**2.69**	0.93

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, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		(in USD thousands)		*(in USD thousands)*	
Net profit		**60,596**	35,707	**207,084**	72,028
Other comprehensive income:	9				
Items that may be reclassified subsequently to profit and loss:					
Fair value adjustment of derivative financial instruments designated for hedge accounting		**(3,412)**	(7,419)	**7,946**	(8,526)
Amortisation of gain on discontinued hedges		**(436)**	(400)	**(869)**	(782)
Exchange differences arising on translation of foreign operations		**1**	(1)	**(7)**	2
Other comprehensive income		**(3,847)**	(7,820)	**7,071**	(9,306)
Total comprehensive income		**56,749**	27,887	**214,155**	62,722

See accompanying note 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, 2024	As of December 31, 2023
		(in USD thousands)	
ASSETS			
Cash and cash equivalents		**268,287**	131,515
Trade and other receivables		**25,089**	42,962
Inventory		**6,535**	9,776
Prepaid expenses and other current assets		**17,525**	26,519
Derivative financial instruments	7	**6,893**	4,953
Asset held for sale		**-**	38,047
Total current assets		**324,329**	253,772
Property, plant and equipment	5	**750,190**	808,818
Newbuildings	5	**43,667**	87,346
Derivative financial instruments	7	**2,289**	3,649
Total non-current assets		**796,146**	899,813
Total assets		**1,120,475**	1,153,585
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	6	**37,875**	38,380
Debt for asset held for sale		**-**	31,476
Trade and other payables		**4,183**	5,513
Accrued voyage expenses and other current liabilities		**17,952**	13,226
Derivative financial instruments	7	**-**	6,762
Total current liabilities		**60,010**	95,357
Long-term debt	6	**457,143**	454,434
Total non-current liabilities		**457,143**	454,434
Shareholders' equity			
Share capital	4	**774**	77,427
Paid-in capital	4	**432,191**	431,366
Contributed capital		**94,817**	94,983
Retained income		**73,221**	4,771
Treasury shares		**(11,351)**	(11,351)
Accumulated other comprehensive income		**13,670**	6,598
Total shareholders' equity		**603,322**	603,794
Total liabilities and shareholders' equity		**1,120,475**	1,153,585

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)

(in USD thousands)	**Share capital**	**Paid-in capital**	**Contributed capital**	**Retained (loss) income**	**Accumulated other comprehensive (loss) income**	**Treasury shares**	**Total**
As of December 31, 2022	77,427	431,366	94,772	(5,620)	17,331	(11,351)	603,925
Comprehensive income:							
Net profit	-	-	-	72,028	-	-	72,028
Other comprehensive (loss) income:							
Fair value adjustment of derivative financial instruments	-	-	-	-	(8,526)	-	(8,526)
Amortisation of gain on discontinued hedges	-	-	-	-	(782)	-	(782)
Translation adjustments, net	-	-	-	-	2	-	2
Total other comprehensive income	-	-	-	-	(9,306)	-	(9,306)
Total comprehensive income	-	-	-	72,028	(9,306)	-	62,722
Transactions with shareholders:							
Dividends	-	-	-	(76,593)	-	-	(76,593)
Compensation expense for share options	-	-	358	-	-	-	358
Total transactions with shareholders	-	-	358	(76,593)	-	-	(76,234)
As of June 30, 2023	77,427	431,366	95,130	(10,186)	8,025	(11,351)	590,412
As of December 31, 2023	**77,427**	**431,366**	**94,983**	**4,771**	**6,598**	**(11,351)**	**603,794**
Comprehensive income:							
Net profit	**-**	**-**	**-**	**207,084**	**-**	**-**	**207,084**
Other comprehensive (loss) income:							
Fair value adjustment of derivative financial instruments	**-**	**-**	**-**	**-**	**7,946**	**-**	**7,946**
Amortisation of gain on discontinued hedges	**-**	**-**	**-**	**-**	**(869)**	**-**	**(869)**
Translation adjustments, net	**-**	**-**	**-**	**-**	**(7)**	**-**	**(7)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**7,071**	**-**	**7,071**
Total comprehensive income	**-**	**-**	**-**	**207,084**	**7,071**	**-**	**214,155**
Transactions with shareholders:							
Share capital reduction	**(76,653)**	**76,653**	**-**	**-**	**-**	**-**	**-**
Return of capital	**-**	**(75,827)**	**-**	**-**	**-**	**-**	**(75,827)**
Dividends	**-**	**-**	**-**	**(138,633)**	**-**	**-**	**(138,633)**
Compensation expense for share options	**-**	**-**	**(166)**	**-**	**-**	**-**	**(166)**
Total transactions with shareholders	**(76,653)**	**825**	**(166)**	**(138,633)**	**-**	**-**	**(214,627)**
As of June 30, 2024	**774**	**432,191**	**94,817**	**73,221**	**13,670**	**(11,351)**	**603,322**

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

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

	Note	For the six months ended	
		June 30, 2024	**June 30, 2023**
		(in USD thousands)	
Cash flows from operating activities			
Cash generated from operations	3	**158,867**	88,937
Interest paid		**(13,072)**	(10,609)
Settlement of share options		**(4,185)**	-
Net cash flows from operating activities		**141,610**	78,328
Cash flows from (used in) investing activities:			
Net proceeds from sale of assets		**363,612**	-
Capital expenditures	5	**(121,048)**	(128,704)
Net cash flows from (used in) investing activities		**242,564**	(128,704)
Cash flows from (used in) financing activities:			
Dividends Paid	4	**(138,633)**	(76,593)
Return of capital	4	**(75,827)**	-
Repayment of long-term debt	6	**(210,471)**	(21,300)
Proceeds from loans and borrowings, net of transaction costs	6	**176,414**	114,905
Cash settlement on derivatives	7	**1,348**	1,073
Net cash flows (used in) from financing activities		**(247,169)**	18,084
Net increase (decrease) in cash and cash equivalents		**137,005**	(32,292)
Cash and cash equivalents at beginning of period		**131,515**	224,243
Effect of exchange rate changes on cash		**(233)**	(332)
Cash and cash equivalents at end of period		**268,287**	191,619

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

1. General Information

Corporate information

Avance Gas Holding Ltd (the "Company" or "Avance Gas") is an exempted company limited by shares incorporated under the laws of Bermuda on January 20, 2010. The Company and its subsidiaries (collectively "The Group") are engaged in the transportation of Liquefied Petroleum Gas ("LPG"). As of 30 June 2024, the Company owned and operated a fleet of twelve modern ships, and four dual fuel MGCs (Medium-Sized Gas Carriers) due for delivery in 2025 and 2026.

Basis of Preparation

The condensed consolidated interim financial statements of Avance Gas Holding Ltd and its subsidiaries, 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, 2023, which were prepared in accordance with IFRS® Accounting Standards as adopted by the European Union ("IFRS"), 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, 2023, 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 adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3. Reconciliation of net profit to cash generated from operations

	For the six months ended	
	June 30, 2024	**June 30, 2023**
	(in USD thousands)	
Net profit	**207,084**	72,028
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation and amortisation of property, plant and equipment	**20,099**	22,073
Net finance expense	**16,029**	11,533
Share-based compensation expense	**4,020**	358
Gain on sale of assets	**(120,940)**	-
Changes in assets and liabilities:		
Decrease (Increase) in trade and other receivables	**17,873**	(15,431)
Decrease (Increase) in inventory and prepaid expenses and other current assets	**12,235**	(6,883)
(Decrease) Increase in trade and other payables	**(973)**	2,064
Increase in accrued voyage expenses and other current liabilities	**3,216**	2,862
Other	**224**	334
Cash flows from operating activities	**158,867**	88,937

4. Capital and reserves

Shareholder's equity

The Company's authorised share capital consists of 200.0 million common shares at par value of $0.01 per share as of June 30, 2024 and $1.00 per share as of December 31, 2023. The par value of the shares was reduced by $0.99 in May 2024 following the resolution passed at the Annual General Meeting on April 29th, 2024, see separate section for further details below. Of the authorised share capital, 77.4 million shares were issued and outstanding as of June 30, 2024 and December 31, 2023, 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 consists mainly of conversion of shareholders' loans in 2013.

Share capital adjustment and return of capital

At the Annual General Meeting on April 29th, 2024, a share capital adjustment was resolved by the shareholders of Avance Gas Holding Ltd. The purpose of the resolution was to increase the ability of the Company to make distributions to its shareholders. The capital adjustment involved a reduction of the par value of the Company's shares from $1.00 to $0.01. Thereby, the share capital was reduced from $77,427 thousand to $774 thousand and the reduction of $76,653 thousand was reclassified to paid-in capital.

In May 2024, the Company returned $75.8 million in capital to its shareholders along with dividend payment of $88.8 million.

Share-based payments

In 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 shares since 2013, a total of 468,750 share options remained outstanding under the Company's share option scheme as of June 30, 2024. The average strike price of the share options as at 30 June 2024 was 0.11 NOK, resulting in a dilutive effect of respectively $0.00 and $0.01 per share for the three and six months ended June 30, 2024.

Cash dividends paid to the equity holders of the parent

	As of	
	June 30, 2024	**June 30, 2023**
	(in USD thousands)	
Dividends on ordinary shares declared and paid:		
Final dividend for 2023: $0.65/share (2022: $0.50/share)	**49,786**	38,297
First dividend for 2024: $1.16/share (2023: $0.50/share)	**88,848**	38,297
Total dividends on ordinary shares	**138,633**	76,594

Total cash distribution to equity holders for the first quarter of 2024 was $2.15/share or $164.7 million, which consisted of dividends of $1.16/share and return of capital of $0.99/share.

5. Property, plant and equipment

During the six months ended June 30, 2024 and June 30, 2023, the Group capitalised $122.5 million and $124.2 million, respectively, in newbuildings. For the six months ended June 30, 2024, the amount capitalised consists of instalments prior to delivery of newbuildings and other costs related to the newbuilding program, including borrowing costs of $0.7 million. Of the $122.5 million capitalised, $115.9 million relates to the fifth and sixth of the 91,000 cbm VLGC newbuildings from Hanwha Ocean with intended names Avance Castor and Avance Pollux, which were sold after delivery from the yard.

During the first quarter of 2024, the Company completed the sale of three vessels: VLGC Iris Glory (2008), VLGC Venus Glory (2008) and VLGC Avance Castor (2024), for a total gain on sale of $84.9 million. In May 2024, the Company completed the sale of the VLGC Avance Pollux (2024), resulting in a gain on sale of $36.0 million, bringing the total gain on sale for the first half of the year to $120.9 million.

6. Long-term debt

Long-term debt consisted of debt collateralised by the Group's 12 VLGCs as of June 30, 2024.

Long-term debt repayments were $210.5 million for the six months ended June 30, 2024, where $19.5 million is scheduled repayment of debt. The remaining $191.0 million is repayment of debt in relation to the sale of the VLGCs Iris Glory and Venus Glory of $34.1 million and $25.7 million, respectively, and refinancings of the VLGCs Avance Polaris, Avance Capella and Avance Pampero of $46.2 million, $46.9 million and $38.1 million, respectively. During the first quarter of 2024, the Company drew in total $178 million in connection with the refinancings of Avance Polaris, Avance Capella and Avance Pampero.

Non-current and current debt in the table below includes debt issuance costs of respectively $3.6 million and $1.3 million as of June 30, 2024, and respectively $4.5 million and $1.8 million as of December 31, 2023.

	As of	
	June 30, 2024	**December 31, 2023**
	(in USD thousands)	
Non-current		
Secured bank loans	**230,979**	306,651
Revolving credit facilities	**102,028**	113,387
Lease financing agreement	**124,135**	34,396
	457,143	454,434
Current		
Current portion of secured bank loans	**32,192**	36,233
Current portion of lease financing agreement	**5,683**	2,147
Current portion of lease financing – asset held for sale	**-**	31,476
	37,875	69,856
Total interest-bearing debt	**495,018**	524,290

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 methods. 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.

		As of June 30, 2024		As of December 31, 2023	
		(in USD thousands)			
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities					
Secured bank loans	6	**263,171**	**263,171**	342,885	342,885
Revolving credit facilities	6	**102,028**	**102,028**	113,387	113,387
Lease financing agreement	6	**128,819**	**128,819**	68,019	68,019
Total financial liabilities		**495,018**	**495,018**	524,290	524,290
Derivative financial instruments					
Net interest rate swap assets		**8,047**	**8,047**	8,602	8,602
Net interest rate swap liabilities		**-**	**-**	-	-
Forward Freight Agreements and Bunker Hedges assets		**1,135**	**1,135**	-	-
Forward Freight Agreements and Bunker Hedges liabilities		**-**	**-**	6,762	6,762
Total financial instrument assets		**9,182**	**9,182**	8,602	8,602
Total financial instrument liabilities		**-**	**-**	6,762	6,762

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, 2024 and December 31, 2023 as it is variable-rated.

The fair value (level 2) of the Company's 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. The fair value (level 2) of the Company's Forward Freight Agreements and Bunker hedges are determined using forward commodity prices at the balance sheet date.

Fair value adjustment of interest rate swaps, forward freight agreements and bunker hedges as of June 30, 2024, and December 31, 2023, is recognised in the statement of other comprehensive income / loss, refer to note 9.

The forward freight agreements and bunker hedges of $1.1 million as of June 30, 2024, consist of 17,000 tons/month of LPG freight hedged for the third quarter of 2024 and 600 tons/month of bunker hedged for the second half of 2024. During the second quarter of 2024, the Company bought back 17,000 tons/month of LPG freight hedged for the fourth quarter of 2024, resulting in a gain of $0.3 million which will be amortised over the fourth quarter.

In May 2024, the Group terminated a notional amount of $57.8 million in interest rate swaps and thus recognised swap gain and cash proceeds of $1.3 million. The gains on termination of the interest rate swaps are being reclassified from other comprehensive income to the income statement and amortised on a straight-line basis until maturity of the underlying debt.

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

Fair value estimation

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) Ltd. 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) Ltd. Additionally, the group entered a shared services agreement with Front Ocean Management AS (Norway) in Q4 2021.

For the six months ended June 30, 2024, the fee for corporate secretarial services was $170.0 thousand, the fee for technical supervision for current fleet and newbuildings was $846.8 thousand and fee for office lease and shared services was $451.7 thousand. In addition, Avance Gas received a recharge of operational credits of $350.6 thousand.

For the six months ended June 30, 2023, the fee for corporate secretarial services was $149.5 thousand, the fee for technical supervision for current fleet and newbuildings was $539.1 thousand and fee for office lease and shared services was $250.1 thousand. In addition, Avance Gas received a recharge of operational credits of $348.3 thousand.

A summary of balances due to related parties on June 30, 2024, and December 31, 2023, as follows:

	As of	
	June 30, 2024	**December 31, 2023**
	(in USD thousands)	
Frontline Management (Cyprus) Ltd.	**236**	1,080
Seatankers Management Co. Ltd.	**20**	-
Flex LNG Management AS	**-**	178
Front Ocean Management Ltd.	**8**	-
Front Ocean Management AS	**18**	-
Net payable to related parties	**282**	1,258

9. Accumulated other comprehensive income / 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 income / loss is broken down between the two categories as follows:

(in USD thousands)	**Foreign Currency reserve**	**Fair value reserve**	**Accumulated other comprehensive income/ (loss)**
Balance January 1, 2023	53	17,278	17,331
Effective portion of changes in fair value of interest rate swaps	-	(2,165)	(2,165)
Reclassified to profit or loss	-	(8,577)	(8,577)
Translation adjustment, net	10	-	10
Balance December 31, 2023	63	6,536	6,598
Effective portion of changes in fair value of interest rate swaps	-	11,848	11,848
Reclassified to profit or loss	-	(4,770)	(4,770)
Translation adjustment, net	(7)	-	(7)
Balance June 30, 2024	56	13,613	13,670

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, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
	(in USD thousands)		*(in USD thousands)*	
Operating revenue	**67,691**	84,575	**183,818**	161,618
Voyage expenses	**(16,788)**	(22,006)	**(40,943)**	(36,699)
Voyage result	**50,903**	62,569	**142,875**	124,919
Calendar days	**1,092**	1,215	**2,262**	2,346
Technical off-hire days	**(2)**	(12)	**(5)**	(75)
Operating days	**1,090**	1,203	**2,257**	2,271
TCE per day ($)	**46,700**	52,015	**63,303**	55,006

11. 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 undertakes 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.

12. 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.

13. Subsequent Events

On August 15th, 2024, the Company entered into an agreement with BW LPG Ltd ("BW LPG" or "the Buyer") to sell its fleet of Very Large Gas Carriers (VLGC) for a consideration of $1,050 million. The transaction is regulated by 10 individual Memorandum of Agreement (MoA) for the 10 owned VLGCs while the remaining two VLGCs on sale-leaseback agreement (SLB) is agreed to be novated with the existing debt obligation. The transaction and delivery of ships to the Buyer is scheduled to take place in the window September 15 to December 31, 2024.

The sale of the ships is agreed to be settled with approximately $585 million of cash, novation of approximately $132 million of debt obligations under the SLB with the remainder being settled as with 19.282 million shares in BW LPG at a price of $17.25 per share representing a value of $333 million. As a result of the transaction, Avance Gas will thus become the second largest shareholder of BW LPG with a shareholding of approximately 12.77%.

For more information on the transaction, please refer to press release dated August 15th, 2024.