# Preliminary financial information for third quarter 2022


Q3

BW Epic Kosan

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**OSLO / SINGAPORE, 29 November 2022** – BW Epic Kosan Ltd. (ticker 'BWEK', 'BW Epic Kosan' or the 'Company') today announced its unaudited financial and operating results for the third quarter ended September 30, 2022. All amounts reported in US Dollars unless otherwise stated.

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

## Q3 2022 highlights

| Financial highlights (US$) | Q3 2022 | Q3 2021 | Q3 22 vs Q3 21 | 9M 2022 | 9M 2021 | 9M 22 vs 9M 21 |
|---|---|---|---|---|---|---|
| Revenue | **$94.9m** | $92.2m | +2.9% | **$272.3m** | $236.0m | +15.4% |
| EBITDA | **$31.7m** | $28.8m | +10.1% | **$91.5m** | $82.3m | +11.2% |
| Net profit | **$9.0m** | $4.4m | +104.5% | **$21.2m** | $15.6m | +35.9% |
| EPS | **$0.06** | $0.03 | +84.2% | **$0.13** | $0.10 | +31.8% |
| **Key Indicators** | | | | | | |
| TCE / calendar day | **$11,619** | $11,346 | +2.4% | **$11,526** | $11,047 | +4.3% |
| Total OPEX / day | **$4,964** | $5,177 | -4.1% | **$5,120** | $4,817 | +6.3% |
| Total G&A / day | **$1,024** | $1,073 | -4.6% | **$1,028** | $1,119 | -8.1% |
| Calendar days (owned/chartered-in) | **6,039** | 6,215 | -2.8% | **18,195** | 17,022 | +6.9% |
| Fleet operational utilisation | **92.3%** | 91.1% | +1.3% | **92.2%** | 91.3% | +1.0% |
| LTIF (Lost Time Injury Frequency Rate) | **0.74** | 0.88 | | **0.46** | 0.96 | |
| A.E.R. / Carbon intensity | **24.75** | 22.83 | +8.4% | **24.16** | 22.73 | +6.3% |

- Q3 2022 Net profit of $9.0 million (YTD $21.2 million)
- EBITDA of $31.7 million (YTD 91.5 million)
- ROE 7.5% (YTD 6.0%) / ROCE 6.2% (YTD 5.2%)
- Cash of $58.5 million

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

"Our improving revenue and TCE are driven by a tighter market and, when combined with lower operating costs, we have delivered a third quarter net profit of $9 million, up 105% year on year.

In line with our strategy to focus on larger and younger tonnage and with the benefit of stronger markets for such assets, we have sold an additional older vessel during the quarter, whilst also taking delivery of a larger newbuild vessel under charter with purchase options. We ended the period with 72 vessels in our fleet. Our strategy remains to focus on the LPG, petrochemicals, and speciality gases sector, grow the average size of our fleet and maintain an attractive average age.

Our fleet mix, which includes pressurised, semi-refrigerated and ethylene capable vessels, combined with an improving underlying market, saw our time charter earnings (TCE) per calendar day for the third quarter increase by 2.4% year on year to $11,619 per day (+$273 per day).

Our underlying operational expenses (OPEX) costs decreased by 4.1%, to $4,964 (-$213 per day) reflecting both a reduction in Covid-19-related expenses and some combination synergies, albeit offset by global inflationary pressures. Our G&A reduced on account of economies of scale and positive exchange rates, with the third quarter down by 4.6% year on year.

Our year-to-date emissions have increased by 6.3% with an AER of 24.16g of $CO_2$/dwt-tm because of increased utilisation and consequential fuel consumption, partially offset by investments in carbon emission reduction, such as silicone paints and other energy saving initiatives.

Positive earnings momentum should continue as we head into winter seasonality, driven by increasing supply of LPG, domestic demand in Europe and a tighter market for larger vessels. We anticipate 3.5% growth in LPG seaborne trade over 2022, whilst smaller gas vessel fleet growth forecasts are 2.2% before any scrapping. We note the ongoing higher global commodity prices and energy cost, alongside inflationary pressures, have a negative impact on developing economies, and petrochemical producers in some markets. However, the underlying positive fundamentals, and flexibility of our vessels provide potential for improved fleet utilisation and earnings."

## Conference call and slide presentation

A live Zoom meeting to discuss these results is scheduled for 29 November 2022 at 08:00 AM (New York) / 02:00PM (Oslo) / 09:00PM (Singapore).

A slide presentation will be shared during the Zoom meeting and will be accessible on the Investor Relation page of the Company's website.

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

https://us06web.zoom.us/webinar/register/WN_4LXnmpZJSWKs9yoiHYzYKg

After registering, you will receive a confirmation email containing information about joining the webinar.

A replay will be available shortly after the conclusion of the live event on the Investor Relations page of the Company's website.

## About BW Epic Kosan

BW Epic Kosan Ltd. owns and operates the world's largest fleet of gas carriers providing seaborne services for the transportation of liquefied petroleum gas, petrochemicals, and other speciality gases. The Company controls a fleet of 70[1] vessels which serve the international supply chains of leading oil majors and commodity traders throughout Asia, Europe, Africa, and the Americas. The Company has significant commercial and technical capability across pressurised, semi-refrigerated, refrigerated gas and petrochemical transportation, and aims to deliver customers the best solution for their transportation needs, along with leading service and operational standards. The Company is headquartered in Singapore, with Copenhagen as a regional office alongside teams in Manila and Tokyo. The Company's shares are listed and tradable on Euronext Growth Oslo under the symbol 'BWEK'.

## For more information please contact:

**BW Epic Kosan Ltd.**

| | |
|---|---|
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| Chief Financial Officer | Chief Executive Officer |

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For regular updates on BW Epic Kosan please follow:

## Forward-looking statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including

[1] Excluding two vessels which have been sold or re-delivered subsequent to the quarter-end.

this cautionary statement in connection with this safe harbor legislation. The words 'believe', 'anticipate', 'intends', 'estimate', 'forecast', 'feel', 'project', 'plan', 'potential', 'may', 'should', 'expect', 'pending' and similar expressions identify forward-looking statements.

## Gas market overview

The global LPG trade has remained positive amidst significant geopolitical issues and economic challenges. There is sufficient LPG supply, but demand uncertainty remains a concern. Drewry's latest research has estimated that seaborne LPG trade in 2022 will increase by 3.5% year-on-year (yoy) to 116.4 million tonnes, and with a related 4.0% growth in tonne-mile demand. On the other hand, the global economic slowdown has impacted the seaborne olefins (ethylene, propylene, butadiene, VCM) trade, which is estimated to decline by 0.6% yoy, equivalent to 16.0 million tonnes shipped this year.

LPG seaborne exports from the United States of America (US) fell by 7.3% quarter-on-quarter (qoq) to around 13 million tonnes as volumes to Asia and Europe declined. LPG demand recovery in China was slower than expected whilst Europe's demand waned on account of seasonality following a record second quarter of LPG volumes from the US. On the other hand, LPG exports from the Middle East increased by 12.3% qoq, equivalent to over 12 million tonnes, due to OPEC+ production cut reversals.

China, India, Japan, and South Korea continued as the main demand drivers and together imported over 16 million tonnes of LPG in the third quarter, up by 6.9% qoq and 2.3% yoy. China's LPG demand is driven by its petrochemical sector where ongoing Covid-19-related lockdowns and weak petrochemical margins impeded market activity and a prompt recovery. India's imports are buoyed by domestic and retail demand with a qoq gain of 17.6%.

In the petrochemical trade, weaker margins and lower downstream demand in Europe and Asia limited regional trade and long-haul cargoes. Europe's ethylene and propylene markets remained oversupplied complicated further by storage and logistics constraints. Derivative demand was weak, and regional producers focused on reducing stock levels. US ethylene exports declined by 32% qoq but rebounded towards the end of the quarter with an increasing number of favourably priced cargoes destined for Asia despite a weak market in the Far East. It is expected that petrochemical production capacity, especially in China, will increase during 2022-24. However, high feedstock costs impact operating rates at cracker units and may also delay the start-up of propane dehydrogenation (PDH) projects. Limited recovery in global demand remains a concern.

## Smaller gas carrier market

| | Q3 2022 12M TC market rates by cbm ship size | | | | |
|---|---|---|---|---|---|
| | PR 3,500 | PR 5,000 | PR 7,500 | PR 11,000 | ETH 8,250 |
| Average day rate | $ 7,890 | $ 9,699 | $ 11,863 | $ 13,824 | $ 15,945 |
| Change vs Q3 2021 | ↑ 7% | ↑ 8% | ↑ 9% | ↑ 5% | ↑ 7% |

The quarter started on a quiet note in Europe dampened by the summer lull and associated lower demand. Low water levels in the Rhine hampered supply chain logistics but offered opportunity for floating storage as shipping length built up and freight levels came under pressure. Propylene inventory constraints and lower demand in Europe resulted in several stems exported mainly to the Caribbean and Mexico. As the quarter progressed, high LNG prices tightened up the availability of LPG that was used as a substitute fuel or pushed back into the gas stream and renewed the market's interest in cheaper product from the US. So, despite lower activity in Europe further impacted by strike action at France's refineries, shipping length began to unfold with increasing tonne-mile opportunity across the Atlantic. At the end of September, the benchmark butane 1,800 tonnes Tees-ARA and 4,000 tonnes East Coast UK-Morocco freight indices were 32% and 8% respectively lower than in June but showing signs of bottoming-out.

In the East, lower economic activity and negative margins prompted Asian petrochemical producers to minimise output at their facilities, or pre-pone/extend scheduled maintenance. China's ongoing zero-Covid policy measures have continued to impact demand and market activity. As a result, the regional ethylene and propylene markets were quiet. However, on the back of declining US ethylene prices due to weak domestic demand and lower feedstock prices, comparatively higher prices in Asia attracted exports from Houston which tightened shipping length. China's ethylene and propylene imports in the third quarter were higher by 17% and 64% qoq and by 9% and 17% yoy, respectively. Propylene imports for September were 310,254 tonnes, the highest since December 2019 because of reduced domestic supplies following plant shutdowns and start-ups of new downstream units. In South Asia, a new facility in Malaysia was active with various LPG and petrochemical export cargoes. In the Indian Ocean region, LPG imports into Bangladesh rebounded 10% qoq and 8% yoy indicating firm domestic demand. Sri Lanka has seen LPG imports pick up during the quarter but remain 30% below last year's level due to domestic economic challenges.

There are a total of 349 pressure vessels (non-Chinese flagged over 3,000 cbm) on the water, including two newbuilds that were delivered during the quarter. The international pressure vessel order book has three more newbuilds scheduled to be delivered in the fourth quarter of 2022, six in 2023 and three in 2024, a total of 91,000 cbm. This represents a 5.0% increase in the existing 1.83 million cbm fleet capacity. If we consider the existing older tonnage, there are 17 ships totalling approximately 60,000 cbm that are aged 30 years and older which are potential scrapping candidates, representing 3.3% of existing fleet capacity.

The smaller-sized semi-refrigerated fleet has a total order book of three vessels which are scheduled for delivery in 2023. This newbuild capacity of 15,000 cbm equates to a 3.0% increase in existing semi-refrigerated fleet capacity. There are three 7,200 cbm LNG dual-fuel ethylene vessels under order for delivery in 2024, which represents a 2.3% increase in existing fleet capacity. Amongst the older units in the fleet, there are six non-ethylene vessels and two ethylene vessels that are aged 30 years and older which may be scrapped, equivalent to 3.3% of existing fleet capacity. So far, only two dedicated 7,500 cbm $CO_2$ carrier newbuilds have been ordered, for delivery in 2024.

The present combined small gas carrier fleet has a forecast total expected net fleet growth, before any further scrapping, of 2.2% for 2022, 1.6% for 2023, and 1.5% for 2024. In the adjacent handy-sized sector, there are two ethylene capable and three non-ethylene newbuilds that will be delivered in 2022-2024, representing a 4.4% increase in existing fleet capacity.

## Our business

In Q3 2022 the company loaded over 1.3 million tonnes, about the same as the previous quarter but lower than the 1.5 million tonnes a year ago. We engaged in 938 cargo operations in 221 different ports. Petrochemical cargoes made up 54% of the cargoes lifted with the balance of 46% being LPG.

We ended the quarter with a core fleet of 67 vessels with a total capacity of 502,171 cbm and an average size and age of 7,495 cbm and 12.0 years, respectively. We also have five additional vessels with a total capacity of 33,650 cbm under our commercial management.

At quarter-end we had 12 vessels operating in the Americas, 34 in the Europe/Middle East/Africa (EMEA) belt and 26 in Asia. During the quarter, our vessels performed a total of 57 ship-to-ship (STS) operations, approximately 35% lower than the previous quarter. The number of STS operations off the East Coast of India and in the Caribbean have decreased.

During the third quarter, the fleet experienced 134 technical off-hire days, which included the impact of two planned dry dockings, and 23 days due to Covid-19-related delays and associated crew transfers. This resulted in fleet availability of 97.8% and an operational utilisation of 92.3%.

## Revenue

The Company reported revenue of $94.9 million, up 2.7% year on year for the third quarter 2022. Time Charter Equivalent earnings per calendar day of $11,619 were 2.4% higher than the $11,346 earned in the corresponding period of 2021.

As of 30 September 2022, the Company was approximately 62% covered for 2022, with 4,003 voyage days covered at an average daily Time Charter Equivalent rate of $11,804, leaving 2,462 calendar days open for the rest of the year.

## Operating expenses

Vessel operating expenses decreased 15%, from $31.2 million in Q3 2021 to $26.5 million in Q3 2022, reflecting the reduction in fleet calendar days by 3% and the reducing impact of pandemic expenses. On a per calendar day basis, operating expenses decreased by 4.1%, from $5,177 in Q3 2021 to $4,964 in the third quarter of 2022.

Voyage expenses were $24.5 million, up from $21.8 million in Q3 2021. The increase is a result of increased bunker fuel-related expenses. The Company's voyage charter activity decreased slightly, down from 2,153 spot market days in Q3 2021 to 2,117 days in Q3 2022. As a percentage of total voyage days, spot market days accounted for 36% in Q3 2022, similar to Q3 2021.

Charter-in costs increased from $1.1 million in Q3 2021 to $3.4 million in Q3 2022 due to the conversion of bareboat charter contracts of four vessels into time charter contracts and additional chartered-in vessels on a time charter basis, offset by the redelivery of four vessels in H1 2022 that were chartered in on a bareboat basis. As of 30 September 2022, the Company had ten ships on inward charter arrangements, one on a bareboat basis and nine on a time charter basis.

General and Administrative (G&A) expenses decreased 5% year on year, from $1,073 to $1,024 per calendar day, for the third quarter of 2022. On a lumpsum basis they decreased from $7.5 million in Q3 2021 to $6.9 million in Q3 2022 due to cost synergies following the business combination to form the larger BW Epic Kosan in March 2021 and favourable foreign exchange rates for some of the G&A expenses.

G&A expenses, in our integrated model, include the cost of commercial and technical management of our fleet as well as all ownership and corporate-level general and administrative expenses.

## Finance and other expenses

Finance expenses decreased from $5.0 million to $4.9 million year on year due to lower outstanding debt and finance leases of $422 million as of 30 September 2022, down from $462 million as of 30 September 2021.

## Subsequent events

In line with its strategy to focus on modern tonnage, the Company exercised a purchase option under a bareboat charter contract to buy one older pressurised vessel and immediately on-sold the vessel at a premium to the book and fair value. The net cash proceeds from this transaction amount to $5.2 million.

The Company agreed the sale and received a 10% deposit for one of our smaller pressurised vessels with delivery scheduled within the calendar year.

Neither of these sales will have a material impact on the Company's future earnings.

## Dry dockings

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

During Q3 2022, we completed one special survey dry docking and one intermediate survey dry docking. For the remainder of 2022 we are planning three special survey dry dockings with a total expected off-hire time of 78 calendar days.

## Outlook

The macro-economic picture in respect of inflation, interest rates and energy costs are negatively impacting global growth. However, we expect demand for LPG to continue to firm over the winter months, providing positive seasonality in earnings through to the Spring, whilst intra-region favourable pricing for petrochemicals is presently providing incremental tonne-mile demand. As of today, we have 31% of our remaining fleet days for the year uncovered to take advantage of improving rates.

For 2023, the newbuild vessel supply remains balanced with a small gas carrier fleet growth forecast of 1.6% before scrapping. However, the orderbook for the larger LPG segments is more substantial, and whilst commodity and technology costs are driving yard prices higher, we note that 72% of newbuild orders now placed for LPG vessels are for dual fuel LPG, ethane, or LNG. We expect that the implementation of the IMO's EEXI and CII regulations in 2023 will result in a general reduction in the global fleet's steaming speed. On the demand side, the forecast increase in seaborne LPG trade for 2023 is 2.9%.

BW Epic Kosan has a strong foundation in scale and operational capability for future success and is working to optimise performance from its fleet both in economic and environmental terms, whilst working with partners on projects in areas such as ammonia and CO2 shipping. The fine-tuning of our fleet with asset transactions highlights the Company's ability to evolve its fleet positively and deliver profitable growth.

## Balance sheet (unaudited)

| All amounts in US$ millions | 30 September 2022 | 31 December 2021 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 42.6 | 41.8 |
| Trade and other receivables, net | 46.1 | 42.5 |
| Inventories | 11.1 | 5.4 |
| Assets held for sale | 8.0 | 18.2 |
| Derivative financial instruments | 18.4 | 2.3 |
| **Total current assets** | **126.2** | **110.1** |
| **Non-current assets** | | |
| Trade and other receivables, net | 0.4 | 0.2 |
| Restricted cash | 15.9 | 16.2 |
| Property, plant, and equipment | 827.2 | 846.1 |
| Right-of-use assets | 20.0 | 22.0 |
| Deferred tax assets | 0.0 | 0.1 |
| **Total non-current assets** | 863.5 | 884.6 |
| **TOTAL ASSETS** | **989.6** | **994.7** |
| **Current liabilities** | | |
| Trade and other payables | 36.3 | 34.9 |
| Contract liabilities | 20.3 | 21.7 |
| Current income tax liabilities | 0.8 | 0.9 |
| Borrowings | 58.7 | 58.6 |
| Derivative financial instruments | 0.0 | 2.0 |
| Lease liabilities | 12.7 | 15.2 |
| **Total current liabilities** | 128.8 | 133.3 |
| **Non-current liabilities** | | |
| Lease liabilities | 12.3 | 13.7 |
| Borrowings | 358.3 | 405.5 |
| Deferred income tax liabilities | 0.0 | 0.1 |
| **Total non-current liabilities** | 370.6 | 419.4 |
| **Total liabilities** | **499.4** | **552.7** |
| **NET ASSETS** | **490.2** | **442.0** |
| **Equity** | | |
| Share capital | 568.0 | 568.0 |
| Share option reserves | 4.8 | 4.9 |
| Accumulated other comprehensive gain/(loss) | 18.0 | 0.1 |
| Retained earnings | (100.6) | (130.9) |
| **Total equity** | **490.2** | **442.0** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **989.6** | **994.7** |

## Income statement (unaudited)

| All amounts in US$ millions | **Q3 2022** | Q3 2021 | **YTD Sep 2022** | YTD Sep 2021 |
|---|---|---|---|---|
| Charter revenue | **94.7** | 92.3 | **271.6** | 233.6 |
| Voyage expenses | **(24.5)** | (21.8) | **(61.9)** | (45.5) |
| **TCE Income** | **70.2** | 70.5 | **209.7** | 188.0 |
| Other income/(expenses) | **0.2** | 0.1 | **0.7** | 2.4 |
| Brokerage commissions | **(1.9)** | (1.8) | **(5.4)** | (4.6) |
| Charter-in costs | **(3.4)** | (1.1) | **(9.1)** | (2.9) |
| Vessel operating expenses | **(26.5)** | (31.2) | **(83.6)** | (79.6) |
| General and administrative expenses | **(6.9)** | (7.5) | **(20.9)** | (21.0) |
| **Operating profit/ (loss) before depreciation, amortisation, and impairment (EBITDA)** | **31.7** | 28.8 | **91.5** | 82.3 |
| Depreciation and amortization | **(17.5)** | (19.3) | **(54.9)** | (51.8) |
| Impairment loss, gain/(loss) on sale of vessels | **0.2** | 0.0 | **0.1** | 0.0 |
| **Operating profit/(loss) (EBIT)** | **14.4** | 9.5 | **36.8** | 30.6 |
| Interest and finance costs | **(4.9)** | (5.0) | **(14.5)** | (14.3) |
| Foreign exchange gain/(loss) | **(0.3)** | 0.1 | **(0.4)** | (0.1) |
| Finance Expense - Net | **(5.2)** | (4.9) | **(14.9)** | (14.4) |
| Profit and loss before income taxes | **9.2** | 4.6 | **21.8** | 16.2 |
| Income tax expense | **(0.2)** | (0.2) | **(0.7)** | (0.6) |
| **Net Profit/(loss) after tax** | **9.0** | 4.4 | **21.2** | 15.6 |
| Other comprehensive income/(loss) (1) | **3.8** | 0.3 | **17.9** | 3.7 |
| Total comprehensive income/(loss) | **12.8** | 4.7 | **39.1** | 19.3 |

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

## Statement of cash flows (unaudited)

| All amounts in US$ millions | **YTD Sep 2022** | YTD Sep 2021 |
|---|---|---|
| Cash from operating activities | **66.8** | 50.8 |
| Cash (used in)/from investing activities | **(11.3)** | (154.0) |
| Cash (used in)/from financing activities | **(54.7)** | 104.5 |
| Net Increase in cash and cash equivalents | **0.8** | 1.4 |
| Cash and cash equivalents at the beginning of the year | **41.8** | 46.9 |
| Cash and cash equivalents at the end of the period (excl. restricted cash) | **42.6** | 48.3 |

## Statement of equity (unaudited)

| All amounts in US$ millions | Common stock at $0.01 par value | Additional paid-in capital | Retained earnings | Currency translation reserve | Hedging reserve | Share option reserve | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | **1.6** | **566.4** | **-130.9** | **-0.2** | **0.3** | **4.9** | **442.0** |
| Issuance of shares | - | - | - | - | - | - | - |
| Net profit/(loss) for the period | - | - | 21.2 | - | - | - | 21.2 |
| Total comprehensive income/ (loss) for the period | - | - | - | - | 18.1 | - | 18.1 |
| Reclassification to PPE | - | - | 13.7 | - | - | - | 13.7 |
| Currency translation differences | - | - | - | -0.1 | - | - | -0.1 |
| Share option reserve | - | - | - | - | - | -0.1 | -0.1 |
| Dividends paid | - | - | -4.5 | - | - | - | -4.5 |
| **Balance at 30 September 2022** | **1.6** | **566.4** | **-100.6** | **-0.3** | **18.4** | **4.8** | **490.2** |

## Total indebtedness

| All amounts in US$ millions | **30 September 2022** | 31 December 2021 |
|---|---|---|
| Finance lease liabilities | **5.2** | 7.5 |
| CTL – 2023 | **13.8** | 14.7 |
| Japanese owners - 2027/2028/2029 | **58.4** | 62.7 |
| Norwegian owner – 2023/2024 | **8.6** | 13.3 |
| ABN/CA/SEB/SC/Iyo – 2024 | **133.8** | 150.0 |
| BNP/DSF – 2026 | **48.0** | 51.8 |
| SEB/DSF/Nordea/Danske/CA - 2026 | **124.2** | 138.2 |
| Nordea – 2026 | **30.1** | 33.5 |
| | **422.3** | 471.6 |

## Operating metrics

| | Three-month period ended September 30 | | Nine-month period ended September 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Average number of vessels in period 1) | **65.6** | 67.6 | **66.6** | 62.3 |
| Number of vessels as of period end 2) | **67** | 68 | **67** | 68 |
| Average vessel age (years) | **12.0** | 11.0 | **12.0** | 11.0 |
| Fleet capacity at period end (cbm) | **502,171** | 481,737 | **502,171** | 481,737 |
| Fleet calendar days | **6,039** | 6,215 | **18,195** | 17,022 |
| Time charter days | **3,788** | 3,808 | **11,410** | 10,385 |
| Spot market days | **1,641** | 1,431 | **4,567** | 3,938 |
| COA days (relets excluded) | **476** | 722 | **1,566** | 1,916 |
| Voyage days 3) | **5,905** | 5,961 | **17,543** | 16,239 |
| Fleet utilisation 4) | **97.8%** | 95.9% | **96.4%** | 95.4% |
| Fleet operational utilisation 5) | **92.3%** | 91.1% | **92.2%** | 91.3% |
| Time charter equivalent earnings | | | | |
| Per calendar day | **$11,619** | $11,346 | **$11,526** | $11,047 |
| Per voyage day | **$11,882** | $11,830 | **$11,955** | $11,580 |
| Operating expenses per calendar day 6) | **$4,964** | $5,177 | **$5,120** | $4,817 |

1) The number of days each vessel (excluding vessels under commercial management) was a part of our fleet during the period divided by the number of calendar days.
2) Excluding vessels under commercial management.
3) Calendar days net of off-hire days associated with major repairs, dry dockings or special or intermediate surveys.

4) Calculated by dividing voyage days by fleet calendar days.
5) Calculated by dividing voyage days, excluding commercially idle days, by fleet calendar days.
6) Time charter-in vessels excluded.

## Reconciliation of revenue to TCE rate

Time Charter Equivalent ('TCE') rate is a measure of the average daily revenue performance of a vessel. Our method of calculating TCE rate is to divide charter revenues net of voyage expenses by calendar days for the relevant time period, which may not be comparable to that reported by other companies. TCE rate is a shipping industry performance measure used primarily to compare period-to-period changes in a company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and contracts of affreightment) under which the vessels may be employed between the periods. We include the average daily TCE rate because we believe that it provides additional meaningful information in conjunction with net operating revenues and because it assists our management both in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance.

| All amounts in US$ millions except per day amounts | **Q3 2022** | Q3 2021 | **YTD 2022** | YTD 2021 |
|---|---|---|---|---|
| Charter revenue | **94.7** | 92.3 | **271.6** | 233.6 |
| Voyage expenses | **(24.5)** | (21.8) | **(61.9)** | (45.5) |
| TCE income | **70.2** | 70.5 | **209.7** | 188.0 |
| Calendar days | **6,039** | 6,215 | **18,195** | 17,022 |
| Average daily TCE rate | **11,619** | 11,346 | **11,526** | 11,047 |

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