



## THIRD QUARTER 2021

### HIGHLIGHTS <sup>1)</sup>

- Awilco LNG achieved a net result of USD 5.1 million and earnings per share of USD 0.04 for third quarter, up from net result of USD 3.3 million and earnings per share of USD 0.02 in second quarter 2021.
- Net freight income was USD 14.3 million in third quarter 2021, up from USD 12.1 million in second quarter 2021.
- EBITDA for third quarter ended at USD 10.8 million, up from USD 9.0 million in second quarter 2021.
- Average net TCE for both vessels in third quarter was USD 78,000 per day.
- Vessel utilization in third quarter 2021 of 99%, compared to 100% in second quarter 2021.
- Both vessels are at fixed term contracts until the start of second quarter 2022 at rates that secure significant positive cash generation over the period.

### KEY FINANCIAL FIGURES <sup>1)</sup>

<i>In USD millions, unless stated otherwise</i>	Q3 2021	Q2 2021	Q1 2021	2020
Freight income	14.7	12.7	17.6	35.6
Voyage related expenses	0.3	0.6	1.4	5.0
EBITDA	10.8	9.0	12.7	18.1
Net profit/(loss)	5.1	3.3	6.9	(7.9)
Total assets	355.3	354.4	352.7	352.6
Total equity	114.8	109.7	106.4	99.5
Gross interest-bearing debt	234.6	239.3	244.0	248.7
Cash and cash equivalents	23.1	17.1	13.3	12.6
Book equity ratio (in %)	32.3%	30.9%	30.2%	28.2%

Jon Skule Storheill, Chief Executive Officer, commented:

“We are pleased to continue to deliver strong results on the back of our fixed rate contracts for both vessels, bringing the result for the first nine months of 2021 to USD 15.3 million and an average net TCE for the same period to USD 78,000 per day. With both vessels chartered out until the start of second quarter 2022 earnings can be expected to remain at this level for the next quarters and we are focused on capitalizing on the strong LNG freight market.”

<sup>1</sup> Please refer to definitions in Appendix A for descriptions of alternative performance measures

## FINANCIAL REVIEW

### *Income statement third quarter 2021*

Both WilForce and WilPride have traded on fixed rate time charter contracts during the entire quarter and fleet utilisation for the period was 99%, compared to 100% in first half of the year. TCE earnings for third quarter 2021 was USD 78,000 per day compared to USD 66,500 per day in second quarter 2021.

Freight income for the quarter totaled USD 14.7 million, up from USD 12.7 million in second quarter 2021. Obtained rates have been stable since the vessels entered into the current charter contracts while they were slightly weaker at the start of second quarter. Voyage related expenses amounted to USD 0.3 million, down from USD 0.6 million in second quarter 2021, giving a net freight income for the quarter of USD 14.3 million compared to USD 12.1 million in second quarter 2021.

Operating expenses in third quarter were USD 2.7 million, up from USD 2.4 million in second quarter 2021 mainly due to intermediate differences during the year. Administration expenses were USD 0.8 million in third quarter 2021, up from USD 0.7 million in second quarter 2021. This gave an EBITDA for the quarter of USD 10.8 million, up from USD 9.0 million in second quarter 2021. Depreciation charges for the quarter were USD 3.2 million, up from USD 3.1 million in second quarter 2021 as we have capitalized and started depreciation of cost related to scheduled overhauls.

Net financial expenses were USD 2.5 million in third quarter 2021, compared to USD 2.6 million in second quarter 2021. The interest expense on the vessels' leases in third quarter 2021 amounted to USD 2.4 million, down from USD 2.5 million in the previous quarter.

Profit ended at USD 5.1 million with an earnings per share of USD 0.04 for third quarter, up from a net result of USD 3.3 million and earnings per share of USD 0.02 in second quarter 2021.

### *Liquidity and financial position*

Cash and cash equivalents totaled USD 23.1 million on September 30, 2021, up from USD 17.1 million on June 30, 2021 and the Company is in compliance with all financial covenants on its lease obligations.

Interest-bearing debt net of capitalized and amortizing transaction costs was reduced by USD 4.5 million in the quarter to USD 230.3 million on September 30, 2021 in accordance with the repayment profile of the leases. The current portion of the interest-bearing debt constituted USD 18.9 million at quarter-end and represents the scheduled amortization for the 12 months subsequent to September 30, 2021.

Total book value of WilForce and WilPride was on September 30, 2021 USD 330.0 million after depreciation for the period of USD 3.2 million.

Book equity on September 30, 2021 was USD 114.8 million and total assets was USD 355.3 million, giving an equity ratio of 32.3% at quarter-end, up from 30.9% as of June 30, 2021.

## MARKET UPDATE

2021 started out on a strong note after a relatively cold and long winter before the spot market for LNG freight went into the seasonally weaker period at the start of the year which turned into a short lull before activity, gas prices and rates again started to increase late in the first quarter. Rates softened again to around 55-60,000 \$/d throughout the third quarter before activity picked up in the beginning of October when buyers started to panic with very low inventories ahead of the upcoming winter. Later the political turmoil between Russia and EU/Germany on when to start up the Nord Stream 2 has caused further insecurity and thereby pushed gas prices to all-time high which again has led to increased rates to the current level of around 225,000 \$/d for TFDE type of vessels. While the spot market had relatively low activity in the second quarter the short-medium TC market started to increase reaching a level of around 90,000 \$/d for 1-year TC's and stayed there throughout third quarter. With hardly any vessels available short-medium TC rate levels have not really responded to the high spot rates. Broker assessments are currently well above 100,000 \$/d for TFDE vessels for 1-year TC with delivery well into 2022.

The strengthening of the market comes as a consequence of high gas prices with a massive arbitrage between US and European/Asian gas prices, where the US Henry Hub ("HH") gas prices has been trading around USD 5 per mmbtu while the Asian Japan/Korea Marker ("JKM") has increased to around USD 35 mmbtu and even higher for shorter periods. Lately European gas prices (Dutch European Title Transfer Facility ("TTF")) has increased due to the delay of Nord Stream 2 coming online and Russia otherwise limiting pipeline gas exports to EU and by that further increasing JKM prices leading to increased demand for freight measured in tonne-miles.

Looking at year-over-year numbers global LNG export has been growing by approximately 7%, representing 17 million tonnes ("MT"). Market sources expect the annual export growth for 2021 to be around 20 MT. The US is the main source for this growth as we see a slight decline from the rest of the world in total. Increased US export volumes are supportive for LNG freight as the tonne-mile effect is larger than indicated by the volume itself. The positive tonne-mile effect is driven by rising demand in Asia, mainly from China and Korea, with longer sailing distances compared to export from other regions, in particular Australia. China has now surpassed Japan as the largest LNG importer in the world, according to market sources.

There are more than 50 newbuildings delivering and having been absorbed by the market in 2021. Over the next two years the pace of delivery will be drastically reduced to 32 and 37 in 2022 and 2023 respectively. On the back of the recovery of the LNG market we have seen an increase in ordering activity the last few months. These orders are for delivery in late 2024 and 2025 and does not impact our optimistic market view for the next two years. According to Poten & Partners the total order book for LNGC's (excluding built ARC-7 vessels) stands at 122 vessels, of which 26 are unemployed. Newbuilding prices have increased significantly during the year and currently well above USD 210 million, up from around USD 180 million at the start of the year.

## ORGANISATION

The principal activity of Awilco LNG ASA and its subsidiaries is to invest in and operate LNG transportation vessels. Technical and commercial management of the fleet is performed from the Group's office in Oslo, Norway. The Group has seven employees and Awilco LNG purchases certain administrative and sub-management technical services from companies in the Awilhelmsen Group, see note 5 for further details.

## VESSEL CONTRACT STATUS

Both WilForce and WilPride trade on fixed term charterparties until the start of second quarter 2022.

## OUTLOOK

The ongoing recovery from Covid-19 and the cold winter last year resulting in record low inventories lead to all-time high gas prices, particularly in Asia, with very high tonne-mile demand and high rates in the LNG market as a result. The development of the upcoming winter weather will play a significant role in demand for LNG in the short term, but with limited export of Russian pipeline gas to Europe and continued congestion in the Panama Canal will lead to higher tonne-mile demand which both should be supportive for the LNG freight market looking into 2022. Currently we focus on delivering excellent operational performance and to maximize earnings on our vessels coming open in second quarter 2022. On the back of the current charter contracts, cash position expected strong market for the vessels next open position, the Board will consider returning capital to our shareholders during next year by way of dividend or other appropriate measures.

Oslo, November 25, 2021

Synne Syrrist

*Chairman of the Board*

Jon-Aksel Torgersen

*Board member*

Steve Christy

*Board member*

Annette Malm Justad

*Board member*

Jens-Julius R. Nygaard

*Board member*

Jon Skule Storheill

*CEO*

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Q3	Q2	Q3	1.1 - 30.9	1.1 - 30.9
		2021	2021	2020	2021	2020
<i>In USD thousands, except per share figures</i>	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Freight income	2	14 664	12 672	3 731	44 915	22 815
Voyage related expenses	5	329	551	1 306	2 296	3 326
<b>Net freight income</b>		<b>14 335</b>	<b>12 121</b>	<b>2 425</b>	<b>42 620</b>	<b>19 489</b>
Operating expenses		2 708	2 423	2 187	7 550	6 457
Administration expenses	5	821	712	723	2 549	2 170
<b>Earnings before interest, taxes, depr. and amort. (EBITDA)</b>		<b>10 807</b>	<b>8 986</b>	<b>(485)</b>	<b>32 521</b>	<b>10 862</b>
Gain/(loss) on sale of assets				-	-	-
Depreciation and amortisation		3 162	3 120	3 121	9 402	9 386
<b>Earnings before interest and taxes (EBIT)</b>		<b>7 645</b>	<b>5 866</b>	<b>(3 606)</b>	<b>23 119</b>	<b>1 476</b>
Finance income		28	(63)	7	(29)	116
Finance expenses		2 532	2 546	2 853	7 752	10 661
<b>Net finance income/(expense)</b>		<b>(2 504)</b>	<b>(2 609)</b>	<b>(2 847)</b>	<b>(7 782)</b>	<b>(10 545)</b>
<b>Profit/(loss) before taxes</b>		<b>5 140</b>	<b>3 257</b>	<b>(6 453)</b>	<b>15 338</b>	<b>(9 069)</b>
Income tax expense		-	-	-	-	-
<b>Profit/(loss) for the period</b>		<b>5 140</b>	<b>3 257</b>	<b>(6 453)</b>	<b>15 338</b>	<b>(9 069)</b>
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		0,04	0.02	(0.05)	0,12	0.04
Diluted, profit/(loss) for the period		0,04	0.02	(0.05)	0,12	0.04

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit/(loss) for the period	5 140	3 257	(6 453)	15 338	(9 069)
<b>Other comprehensive income:</b>					
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>5 140</b>	<b>3 257</b>	<b>(6 453)</b>	<b>15 338</b>	<b>(9 069)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In USD thousands</i>	Note	30.9.2021 (unaudited)	30.6.2021 (unaudited)	31.12.2020 (audited)	30.9.2020 (unaudited)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Vessels		330 004	333 119	338 284	341 098
Pension assets		473	457	429	-
Other fixed assets incl right-of-use assets		198	230	295	327
<b>Total non-current assets</b>		<b>330 675</b>	<b>333 805</b>	<b>339 007</b>	<b>341 426</b>
<b>Current assets</b>					
Trade receivables		997	2 659	61	2 097
Inventory		78	130	354	1 822
Other short term assets		458	666	590	1 344
Cash and cash equivalents		23 060	17 105	12 637	7 953
<b>Total current assets</b>		<b>24 593</b>	<b>20 561</b>	<b>13 642</b>	<b>13 216</b>
<b>TOTAL ASSETS</b>		<b>355 268</b>	<b>354 366</b>	<b>352 649</b>	<b>354 642</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	3	1 976	1 976	1 976	49 407
Share premium	3	133 384	133 384	133 384	133 384
Other paid-in capital		65 588	65 588	65 588	18 157
Retained earnings		(86 139)	(91 280)	(101 477)	(102 694)
<b>Total equity</b>		<b>114 809</b>	<b>109 669</b>	<b>99 472</b>	<b>98 255</b>
<b>Non-current liabilities</b>					
Pension liabilities		533	528	494	427
Long-term interest bearing debt	4	211 437	215 963	225 004	197
<b>Total non-current liabilities</b>		<b>211 970</b>	<b>216 491</b>	<b>225 498</b>	<b>624</b>
<b>Current liabilities</b>					
Short-term interest bearing debt	4	18 889	18 891	18 843	248 186
Trade payables		634	464	348	833
Provisions and accruals	6	8 965	8 851	8 490	6 744
<b>Total current liabilities</b>		<b>28 488</b>	<b>28 206</b>	<b>27 680</b>	<b>255 763</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>355 268</b>	<b>354 366</b>	<b>352 649</b>	<b>354 642</b>

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Q3 2021	Q2 2021	1.1 - 30.9 2021	1.1 - 30.9 2020
<i>In USD thousands</i>	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Cash Flows from Operating Activities:</b>				
Profit/(loss) before taxes	5 140	3 257	15 338	(9 069)
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	2 502	2 559	7 713	10 465
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	3 162	3 120	9 402	9 386
<i>Changes in pension assets, operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	1 907	(383)	(572)	(1 470)
Trade payables, provisions and accruals	337	2 946	993	(4 363)
<b>i) Net cash provided by/(used in) operating activities</b>	<b>13 047</b>	<b>11 500</b>	<b>32 874</b>	<b>4 949</b>
<b>Cash Flows from Investing Activities:</b>				
Investment in vessels / sale of vessels	(15)	(601)	(1 025)	(409)
<b>ii) Net cash provided by/(used in) investing activities</b>	<b>(15)</b>	<b>(601)</b>	<b>(1 025)</b>	<b>(409)</b>
<b>Cash Flows from Financing Activities:</b>				
Proceeds from borrowings	-	-	-	262 500
Repayment of borrowings	(4 723)	(4 720)	(14 160)	(265 711)
Interest and borrowing costs paid	(2 355)	(2 402)	(7 266)	(16 923)
<b>iii) Net cash provided by/(used in) financing activities</b>	<b>(7 078)</b>	<b>(7 121)</b>	<b>(21 426)</b>	<b>(20 133)</b>
<b>Net change in cash and cash equivalents (i+ii+iii)</b>	<b>5 955</b>	<b>3 778</b>	<b>10 423</b>	<b>(15 594)</b>
Cash and cash equivalents at start of period	17 105	13 327	12 637	23 547
<b>Cash and cash equivalents at end of period</b>	<b>23 060</b>	<b>17 105</b>	<b>23 060</b>	<b>7 953</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the period ended September 30, 2021

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2021	1 976	133 384	65 588	(101 477)	99 471
Profit/(loss) for the period	-	-	-	15 338	15 338
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	15 338	15 338
<b>Balance as at September 30, 2021 (unaudited)</b>	<b>1 976</b>	<b>133 384</b>	<b>65 588</b>	<b>(86 139)</b>	<b>114 810</b>

### For the period ended September 30, 2020

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2020	49 407	133 384	18 157	(93 624)	107 324
Profit/(loss) for the period	-	-	-	(9 069)	(9 069)
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	(9 069)	(9 069)
<b>Balance as at September 30, 2020 (unaudited)</b>	<b>49 407</b>	<b>133 384</b>	<b>18 157</b>	<b>(102 694)</b>	<b>98 255</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 – Corporate information, basis for preparation and accounting policies

#### *Corporate information*

Awilco LNG ASA (the Parent Company) is a public limited liability company incorporated and domiciled in Norway. The Parent Company's registered office is Beddingen 8, 0250 Oslo, Norway.

The interim consolidated financial statements (the Statements) comprise the Parent Company and its subsidiaries, together referred to as the Group. The principal activity of the Group is the investment in and operation of LNG transportation vessels. The Group owns and operates two modern TFDE LNG carriers.

#### *Basis of preparation*

The Statements for the three months period ended September 30, 2021 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The interim consolidated financial statements are unaudited. The consolidated financial statements are presented in US Dollars (USD) rounded off to the nearest thousands, except as otherwise indicated.

The accounting policies adopted in the preparation of the Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. The Statements do however not include all the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and the Statements should be read in conjunction with the Group's annual consolidated financial statements for the period ended December 31, 2020, which includes a detailed description of the applied accounting policies.

### Note 2 – Segment information

#### *Operating segments*

Awilco LNG owns and operates two LNG vessels. For internal reporting and management purposes the Group's business is organised into one operating segment, LNG transportation. Performance is not evaluated by geographical region as the vessels trade globally and revenue is not dependent on any specific country. Revenue from the Group's country of domicile, Norway, was NIL in third quarter 2021, same as in second quarter 2021.

#### *Information about major customers*

The Group had two customers contributing with more than 10 per cent of the Group's freight income in third quarter 2021, at 43 and 57% of total revenue, compared to three in second quarter at 38, 29 and 23% of total revenue.

### Note 3 – Share capital

There were no changes in the number of issued shares during third quarter 2021. The number of issued shares was 132,548,611 on September 30, 2021. The share capital is denominated in NOK and all issued shares are of equal rights.



## Note 4 – Financing and liquidity

Under the sale/leaseback arrangements with CCB Financial Leasing Co. Ltd. (CCBFL), commenced in January 2020, WilForce and WilPride are chartered back on bareboat basis to wholly owned subsidiaries of the Company for a period of up to 10 years. The bareboat hire is payable quarterly in arrears and has a 14-year straight line amortisation profile. The Group has rolling repurchase options starting after three years, repurchase obligations upon termination of the arrangements and same at maturity of the facilities at USD 37.5 million per vessel.

The sale/leaseback facilities provided by CCBFL contains a minimum value clause in addition to financial covenants that require the Group to maintain consolidated minimum cash and cash equivalents of USD 10.0 million and positive consolidated working capital. The positive working capital financial covenant excludes the short-term portion of long-term debt including lease liabilities. The Company is restricted from declaring or paying dividends if the consolidated cash position of the Group is lower than USD 20.0 million.

At September 30, 2021 the Group had cash and cash equivalents of USD 23.1 million, compared to USD 17.1 million in on June 30, 2021. The Group was in compliance with all financial covenants in the lease facilities.

## Note 5 – Related party transactions

### *Contracts with related parties*

Awilco LNG has service contracts and transactions with the following related parties:

- 1) Awilco Technical Services AS (ATS) - *Technical sub-management services*
- 2) Awilhelmsen Management AS (AWM) - *Administrative services*
- 3) Fearnleys AS - *Ship brokering services*

1) Awilco LNG's in-house technical manager, ALNG TM, has entered into a sub-management agreement with ATS, whereby ATS assists ALNG TM in management of the Group's fleet. ALNG TM pays ATS a management fee based on ATS' costs plus a margin of 7%, cost being time accrued for the sub-manager's employees involved. The fee is subject to quarterly evaluation and is regulated according to the consumer price index in Norway. The agreement can be terminated by both parties with three months' notice. ATS is 100% owned by Awilco AS.

2) AWM provides the Group with administrative and general services including accounting, payroll, legal, secretary function and IT. The Group pays AWM MNOK 2.1 in yearly management fee (approx. USD 0.2 million) based on AWM's costs plus a margin of 5%. The fee is subject to semi-annual evaluation and is regulated according to the consumer price index in Norway. The agreement can be terminated by both parties with three months' notice. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS.

3) One of the Parent Company's Board Members is employed by Astrup Fearnley AS. Fearnleys AS, a subsidiary of Astrup Fearnley AS, delivers ship brokering services on regular market terms to the Group.

### *Purchases from related parties*

<i>In USD thousands</i>	<b>Q3 2021</b>	<b>Q2 2021</b>	<b>1.1 – 30.9 2021</b>	<b>1.1 – 30.9 2020</b>
Awilco Technical Services AS	131	135	389	351
Awilhelmsen Management AS	62	65	190	171
Fearnleys AS	0	0	7	76

Purchases from related parties are included as part of Administration expenses in the income statement, except commissions paid to Fearnleys AS, which are included in Voyage related expenses.

### **Note 6 – Provisions and accruals**

Provisions and accruals as of September 30, 2021 were USD 9.0 million (USD 8.9 million as of June 30, 2021), of which deferred income constituted USD 6.3 million (USD 5.3 million as of June 30, 2021) and accrued interest towards the CCBFL lease obligations was USD 2.2 million (USD 2.3 million as of June 30, 2021).

### **Note 7 – Events after the balance sheet date**

There were no material events after the balance sheet date.

## APPENDIX 1 – ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APMs), i.e. financial performance measures not within the applicable financial reporting framework, are used by Awilco LNG to provide supplemental information. Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and it is Awilco LNG's experience that these are frequently used by analysts and investors.

These measures are adjusted IFRS measures defined, calculated, and used consistently. Operational measures such as, but not limited to, volumes, utilisation and prices per MMBTU are not defined as financial APMs. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

Awilco LNG's financial APMs:

- Net freight income<sup>1)</sup>: Freight income – Voyage related expenses
- EBIT: Net freight income - Operating expenses - Administration expenses - Vessel repair expenses - Depreciation and amortisation – Impairments
- EBITDA: EBIT + Depreciation and amortisation + Impairments
- Interest bearing debt: Long-term interest-bearing debt + Short-term interest-bearing debt + Pension liabilities + Other non-current liabilities
- Gross interest-bearing debt: Interest-bearing debt before deduction for unamortized transaction costs
- Book equity ratio: Total equity / Total assets
- TCE (time charter equivalent): Net freight income including loss of hire insurance divided by the number of calendar days less off-hire days not covered by loss of hire insurance

The reconciliation of Net freight income, EBIT and EBITDA with IFRS figures can be derived directly from the Group's consolidated Income Statement.

<sup>1)</sup> When vessels operate in the spot market, freight income includes bunkers compensation and the fuel element of ballast bonuses, whereas voyage related expenses include the corresponding bunkers costs and other repositioning costs. The APM net freight income adjusts for this grossing up and provides improved comparability of the Group's performance between periods.