AWILCO LNG

THIRD QUARTER 2022
RESULTS

HIGHLIGHTS [1)]

- Awilco LNG had a net loss of USD 5.1 million and loss per share of USD 0.04 for third quarter, down from a net zero result in second quarter 2022. Year to date result ended at USD 0.9 million and USD 0.01 per share as per September 30, 2022
- Net freight income of USD 4.8 million in third quarter 2022, down from USD 10.2 million in second quarter 2022
- EBITDA third quarter 2022 ended at USD 1.3 million, down from USD 6.8 million in second quarter 2022
- Vessel utilization was 44% for third quarter, down from 88% for second quarter, with a net TCE of USD 24,800 per day
- In August the company delivered the WilForce on a six-month contract at market rates
- In November the company signed an 18-month contract for WilForce commencing in first quarter 2023 in direct continuation from the present six-month charter. The charter will generate an EBITDA of approximately USD 73 million over the charter period
- In November the Board of Directors approved a revised dividend policy to maximise return to shareholders and thereby intend to distribute a substantial part of annual free cash flow, paid out quarterly, always subject to required working capital and a robust cash buffer. Initial payment is expected to take place in first quarter 2023 when both vessels have commenced their respective contracts

KEY FINANCIAL FIGURES [1)]

In USD millions, unless stated otherwise	**Q3 2022**	Q2 2022	Q1 2022	2021
Freight income	**8.1**	12.3	14.3	59.6
Voyage related expenses	**3.3**	2.1	0.2	2.5
EBITDA	**1.3**	6.8	11.0	43.3
Net profit/(loss)	**(5.1)**	0.0	6.0	21.1
Total assets	**346.2**	349.4	354.0	356.7
Total equity	**121.5**	126.6	126.6	120.6
Gross interest-bearing debt	**215.7**	220.4	225.1	229.9
Cash and cash equivalents	**24.3**	20.6	18.8	23.6
Book equity ratio (in %)	**35.1%**	36.2%	35.8%	33.8%

[1] Please refer to definitions in Appendix A for descriptions of alternative performance measures

Jon Skule Storheill, Chief Executive Officer, commented:

“As indicated in the second quarter report, third quarter was a weak quarter for Awilco LNG. Both vessels had extended idle periods between their contracts as a result of the weak market caused by the temporary closure of Freeport LNG. The cost to position the vessels for next employment was also unusually high due to the very high cost of fuel. That being said, we are pleased to report that we have secured employment at strong rates for our vessels ensuring solid and stable earnings for the company through 2023 and most of 2024. The fixed earnings will also enable the company to return value to our shareholders and our Board of Directors have approved a revised dividend policy which the Company will follow up on in the coming quarters.”

FINANCIAL REVIEW

Income statement third quarter 2022

Both WilForce and WilPride traded in the spot market through most of third quarter. In a challenging market with idle periods this resulted in a fleet utilisation for the period of only 44%, down from 88% utilization for the previous quarter. TCE earnings for third quarter ended at USD 24,800 per day, down from USD 56,400 per day in second quarter 2022.

Freight income for the quarter totaled USD 8.1 million, down from USD 12.3 million in second quarter 2022, due to lower obtained rates and longer idle periods than in second quarter. Voyage related expenses, mainly due to cost for positioning between voyages, increased to USD 3.3 million, up from USD 2.1 million in second quarter 2022. Net freight income for the quarter ended at USD 4.8 million compared to USD 10.2 million in second quarter 2022.

Operating expenses came in at USD 2.8 million in third quarter compared to USD 2.7 million in previous quarter. Administration expenses were USD 0.7 million in third quarter 2022 compared to USD 0.8 million second quarter. EBITDA for the quarter ended at USD 1.3 million, down from USD 6.8 million in second quarter 2022. Depreciation charges for the quarter were USD 3.1 million, down from USD 3.3 million in previous quarter.

Net financial expenses were USD 3.3 million in third quarter 2022, down from USD 3.4 million second quarter. Interest expense on the vessels’ financing in third quarter 2022 amounted to USD 3.5 million, up from USD 2.8 million in the previous quarter due to increased interest rates.

Loss and loss per share for the quarter ended at USD 5.1 million and 0.04 respectively, down from a net zero result in second quarter 2022.

Liquidity and financial position

Cash and cash equivalents increased to USD 24.3 million at the end of third quarter, up from USD 20.6 million at the end of previous quarter. The increase is mainly related to prepaid hire for October and sale of inventory to customers during third quarter.

Interest-bearing debt net of capitalized and amortizing transaction costs was reduced by USD 4.5 million in the quarter to USD 212.2 million on September 30, 2022 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 after September 30, 2022. The Company is in compliance with all financial covenants on its financing obligations.

Total book value of WilForce and WilPride was on September 30, 2022, USD 319.8 million after depreciation of USD 3.1 million and capitalized cost for engine overhauls of USD 0.4 million in second quarter. So far in 2022 the Company have overhauled three main engines, two on WilPride and one on WilForce, at a total cost USD 2.4

million. This cost has been capitalized and will be amortized over the next four years. One more overhaul that was scheduled in fourth quarter on WilForce, will most likely be postponed until early 2023.

Book equity on September 30, 2022 was USD 121.5 million and total assets was USD 346.2 million, giving an equity ratio of 35.1% at quarter-end, down from 36.2% as of June 30, 2022.

MARKET UPDATE

Third quarter 2022 was another period with high LNG and gas prices with spot charter rates increasing significantly through the quarter to today's all time high levels. This is driven by massive price arbitrage for LNG and very few vessels available. Charterers with vessels under their control prefer to keep control to secure own cargo rather than subletting them to other charterers or portfolio players. The flow of US LNG continues to Europe, which in turn has managed to fill their storage to comfortable levels ahead of winter. Mild start to the winter period has led to laden vessels waiting for berths in European waters, leading to increased ton-time despite low ton-mile and utilization. Even though Europe has managed to secure supply for the coming winter, there is fear that replenishing inventories ahead of next winter may be more difficult as imports of Russian pipeline gas is expected to be limited and sufficient LNG import capacity is not yet ready.

In this high gas price environment, the rate differentials between 2-stroke vessels, TFDEs and Steam turbines are at record high levels as it incentivizes the use of larger vessels with lower boil-off and fuel consumption. The new environmental regulations (EEXI) coming into force in 2023 is expected to increase this differential as 2-stroke and TDFEs will meet the EEXI criterias while at the very least a large speed reduction is inevitable for the steam-turbine powered LNG carriers, which still account for more than 1/3rd of the LNGC fleet.

According to Fearnleys LNG a total of approximately 97 MT of LNG was traded during third quarter compared to 88 MT in 3Q 21. As in second quarter, Europe continue to be the largest receiver of US LNG export at the expense of Asia and the total import to Europe has increased with 14 MT compared to third quarter last year. Asian import continues to be weaker than previous years as we do see some demand disruption due to high prices compared to other sources of energy, like coal and oil. As a result of the change in trading pattern we see that all five countries with largest increase of import are European, while China and Brazil are the two countries with larges reduction of imports.

Seven newbuildings were delivered during third quarter 2022 bringing total deliveries to 21 thus far and only three left to be delivered for the rest of the year. 50 newbuilding orders were placed, bringing the total order book at the end of the quarter to 254 vessels according to Fearnleys LNG. In 2023 and 2024 we will see relative moderate number of newbuilding deliveries with 40 and 63 respectively, while 2025 is set to be a record year in LNGC deliveries with 87 vessels scheduled. 2026 and 2027 is also catching up on this number and we continue to see yard prices exceeding USD 250 million.

No new Final Investment Decisions (FID) for new liquefaction project was made during the quarter, but we expect to see more in the near term, especially from US liquefaction projects. With continued demand for LNG volumes and a limited number of newbuildings to be delivered the next two years we have a positive view of the freight market over the next years despite lower average sailing distances this year compared to last year and a large order book in the years thereafter.

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 STATUS

WilPride is currently trading in the spot market until the commencement of a 3 + 2 year contract in December 2022. In August the company entered a six-month contract for WilForce lasting until mid-first quarter 2023. Thereafter, WilForce will enter an 18-month contract as earlier reported.

During second half 2023 both vessels will drydock for their scheduled second special survey. The docking cost is expected to be around USD 10 – 11 million in total and in addition the vessels will be off-hire for approximately 20 days each.

OUTLOOK

The surge for energy from Europe continued at the same pace in third quarter as in second quarter 2022. Gas storages are filled up while the weather is mild and demand reduced, leading to vessels waiting to discharge in Northern Europe. Despite this we see a very strong spot market and increased demand from charterers to secure tonnage medium term. The strength in the market has also led to high ordering of newbuildings. A lot of new LNG capacity is coming into production over the same period, and there seems to be a good match between newbuilding deliveries and increased production capacity with very few uncommitted newbuildings. As both vessels are chartered out on fixed rate time charter, with the first vessel coming open in August 2024, the Company will focus on performance and return of cash to our shareholders.

Oslo, November 29, 2022

Synne Syrrist	Jon-Aksel Torgersen	Ole Christian Hvidsten
Chairman of the Board	*Board member*	*Board member*
Annette Malm Justad	Jens-Julius R. Nygaard	Jon Skule Storheill
Board member	*Board member*	*CEO*

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

In USD thousands, except per share figures	Note	Q3 2022 (unaudited)	Q2 2022 (unaudited)	Q3 2021 (unaudited)	1.1 - 30.9 2022 (unaudited)	1.1 - 30.9 2021 (unaudited)
Freight income	2	8,123	12,267	14,664	34,704	44,915
Voyage related expenses	5	3,318	2,083	329	5,599	2,296
Net freight income		**4,804**	**10,185**	**14,335**	**29,105**	**42,620**
Other income			-	-	367	-
Operating expenses		2,795	2,665	2,708	8,111	7,550
Administration expenses	5	688	758	821	2,295	2,549
Earnings before interest, taxes, depr. and amort. (EBITDA)		**1,322**	**6,761**	**10,807**	**19,066**	**32,521**
Depreciation and amortisation		3,143	3,317	3,162	9,577	9,402
Earnings before interest and taxes (EBIT)		**(1,821)**	**3,444**	**7,645**	**9,490**	**23,119**
Finance income		214	60	28	286	(29)
Net gain/(loss) and valuation adjustment of securities		-	(661)	-	(163)	-
Finance expenses		3,505	2,808	2,532	8,721	7,752
Net finance income/(expense)		**(3,291)**	**(3,409)**	**(2,504)**	**(8,598)**	**(7,782)**
Profit/(loss) before taxes		**(5,112)**	**35**	**5,140**	**892**	**15,338**
Income tax expense				-		-
Profit/(loss) for the period		**(5,112)**	**35**	**5,140**	**892**	**15,338**
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		(0.04)	0.00	0.04	0.01	0.12
Diluted, profit/(loss) for the period		(0.04)	0.00	0.04	0.01	0.12

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2022	Q2 2022	Q3 2021	1.1 - 30.9 2022	1.1 - 30.9 2021
Profit/(loss) for the period	(5,112)	35	5,140	892	15,338
Other comprehensive income:					
Other comprehensive income items	-	-	-		-
Total comprehensive income/(loss) for the period	**(5,112)**	**35**	**5,140**	**892**	**15,338**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In USD thousands	Note	30.09.2022 (unaudited)	30.06.2022 (unaudited)	31.12.2021 (audited)	30.09.2021 (unaudited)
ASSETS					
Non-current assets					
Vessels		319,833	322,580	326,875	330,004
Pension assets		438	459	511	473
Other fixed assets incl right-of-use assets		68	101	165	198
Total non-current assets		**320,340**	**323,140**	**327,551**	**330,675**
Current assets					
Trade receivables		991	987	993	997
Inventory		142	3,223	182	78
Financial investments	7	-	-	-	-
Other short term assets		459	1,397	4,384	458
Cash and cash equivalents		24,308	20,649	23,637	23,060
Total current assets		**25,900**	**26,256**	**29,196**	**24,593**
TOTAL ASSETS		**346,240**	**349,396**	**356,746**	**355,268**
EQUITY AND LIABILITIES					
Equity					
Share capital	3	1,976	1,976	1,976	1,976
Share premium	3	133,384	133,384	133,384	133,384
Other paid-in capital		65,588	65,588	65,588	65,588
Retained earnings		(79,470)	(74,358)	(80,362)	(86,139)
Total equity		**121,478**	**126,590**	**120,586**	**114,809**
Non-current liabilities					
Pension liabilities		500	528	583	533
Long-term interest bearing debt	4	193,356	197,858	206,906	211,437
Total non-current liabilities		**193,856**	**198,385**	**207,490**	**211,970**
Current liabilities					
Short-term interest bearing debt	4	18,827	18,865	18,890	18,889
Trade payables		604	409	516	634
Provisions and accruals	6	11,474	5,147	9,265	8,965
Total current liabilities		**30,906**	**24,421**	**28,670**	**28,488**
TOTAL EQUITY AND LIABILITIES		**346,240**	**349,396**	**356,746**	**355,268**

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

In USD thousands	Q3 2022 (unaudited)	Q2 2022 (unaudited)	1.1 - 30.9 2022 (unaudited)	1.1 - 30.9 2021 (unaudited)
Cash Flows from Operating Activities:				
Profit/(loss) before taxes	(5,112)	35	892	15,338
Interest and borrowing costs expensed	3,508	2,767	8,669	7,713
Items included in profit/(loss) not affecting cash flows:				
Depreciation and amortisation	3,143	3,317	9,577	9,402
(Gain)/Loss on sale of other fixed assets				
Changes in pension assets, operating assets and liabilities:				
Trade receivables, inventory and other short term assets	4,036	(3,606)	4,039	(572)
Trade payables, provisions and accruals	5,765	(461)	1,141	993
i) Net cash provided by/(used in) operating activities	**11,340**	**2,712**	**24,317**	**32,874**
Cash Flows from Investing Activities:				
Investment in vessels / sale of vessels	(364)	(767)	(2,438)	(1,025)
Investment in/sale of financial assets	-	6,837	-	-
ii) Net cash provided by/(used in) investing activities	**(364)**	**6,069**	**(2,438)**	**(1,025)**
Cash Flows from Financing Activities:				
Repayment of borrowings	(4,720)	(4,720)	(14,159)	(14,160)
Interest and borrowing costs paid	(2,597)	(2,205)	(7,049)	(7,266)
iii) Net cash provided by/(used in) financing activities	**(7,317)**	**(6,925)**	**(21,208)**	**(21,426)**
Net change in cash and cash equivalents (i+ii+iii)	3,659	1,857	671	10,423
Cash and cash equivalents at start of period	20,649	18,792	23,637	12,637
Cash and cash equivalents at end of period	**24,308**	**20,649**	**24,308**	**23,060**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2022

In USD thousands	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2022	1,976	133,384	65,588	(80,362)	120,587
Profit/(loss) for the period	-	-	-	892	892
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	*892*	*892*
Balance as at September 30, 2022 (unaudited)	1,976	133,384	65,588	(79,470)	121,479

For the period ended September 30, 2021

In USD thousands	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	-	-	-	-	-
Total comprehensive income	-	-	-	*15,338*	*15,338*
Balance as at September 30, 2021 (unaudited)	1,976	133,384	65,588	(86,139)	114,810

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 ended September 30, 2022 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 December 31, 2021. 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, 2021, 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 2022, same as in second quarter 2022.

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 2022, at 71 and 25% of total revenue, and four in second quarter at 32, 31, 23 and 10% of total revenue.

Note 3 – Share capital

There were no changes in the number of issued shares during third quarter 2022. The number of issued shares was 132,548,611 on September 30, 2022.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, 2022 the Group had cash and cash equivalents of USD 24.3 million compared to USD 20.6 million on June 30, 2022. The Group is 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*

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 NOK 2.2 million in yearly management fee (approx. USD 0.22 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.

Purchases from related parties

In USD thousands	Q3 2022	Q2 2022	1.1 – 30.9 2022	1.1 – 30.9 2021
Awilco Technical Services AS	95	104	317	389
Awilhelmsen Management AS	56	59	178	190

Purchases from related parties are included as part of Administration expenses in the income statement.

Note 6 – Provisions and accruals

Provisions and accruals as of September 30, 2022, were USD 11.5 million (USD 5.1 million as of June 30, 2022), of which deferred income constituted USD 7.8 million (USD 1.7 million as of June 30, 2022), accrued interest towards the CCBFL lease obligations was USD 3.2 million (USD 2.5 million as of June 30, 2022) and provisions for inventory USD 0.9 million.

Note 7 – Financial investments

In first quarter 2022 the Company invested USD 7 million by acquiring 700,000 shares in Cool Company Limited, a company listed on Euronext Growth. In June 2022 the Company sold the shares at a net proceed of USD 6.8 million and does no longer hold any exposure to Cool Company Limited.

Note 8 – Events after the balance sheet date

In November the company entered into a 18-month contract for the vessels WilForce, commencing immediately after the present six-months charter ending in February 2023. The contract is estimated to generate an EBITDA of approximately USD 73 million over the charter period.

Earlier this year the Company received the judgement to set liability to 75:25 in favour of WilForce in a trial to assess liability between the parties related to a collision involving WilForce in May 2019. The parties are currently preparing supporting documents and a Case Management Conference (CMC) among the involved parties is scheduled to February 2023. The Company will update on progress in due course. Proceeds following a final agreement will be booked when received and represents a potential upside for the Company.

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 [1)]: 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.

[1)] 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.