AWILCO LNG

ANNUAL REPORT 2022

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ABOUT AWILCO LNG

The Awilco LNG Group (the Group or Awilco LNG) is a fully integrated owner and operator of LNG vessels. The Group owns two 156,000 cbm 2013-built LNG TFDE membrane vessels, WilForce and WilPride.

Awilco LNG ASA (the Company) was incorporated in February 2011 by Awilco AS, a company in the Awilhelmsen Group, for the purpose of acquiring three second-hand LNG vessels.

The three LNG vessels WilGas, WilPower and WilEnergy were acquired for an aggregate price of USD 67 million in 2011, financed through private placements and shareholder loans that were subsequently converted to equity. The three vessels were sold in 2015 and 2016 for combined net proceeds of USD 50 million.

In May 2011 Awilco LNG signed shipbuilding contracts for the construction of two LNG carriers, which were part financed through a private placement of NOK 534.8 million.

In September 2011 the Company's shares were listed on the Oslo Stock Exchange under the ticker ALNG.

In September and November 2013, the Group took delivery of its two vessels, WilForce and WilPride. Both vessels were financed through sale/leaseback arrangements, financing about 75 % of the delivered cost.

In 2017 a comprehensive refinancing was completed, comprising an amended and more flexible financial lease agreement for WilForce and WilPride, and an equity issue of USD 26.8 million to re-establish a robust financial platform.

In January 2020 WilForce and WilPride were refinanced with a new 10-year sale-leaseback facility at improved terms. The Group have purchase option on the vessels starting in January 2023 and a purchase obligating at the end of the period in 2030.

ORGANISATION

MANAGEMENT

Awilco LNG had seven employees at the end of 2022. The Group handles commercial and technical operations of the vessels from its office in Oslo.

The Group purchases certain administrative services from Awilhelmsen Management AS and technical sub-management services from Awilco Technical Services AS and Integrated Wind Solutions, all companies in the Awilhelmsen Group.

JON SKULE STORHEILL

Chief Executive Officer

Prior to his appointment as CEO of Awilco LNG ASA Mr. Storheill was Managing Director of Awilco AS, Director of S&P/Projects with Frontline Management and Director/Partner of shipbroking company P.F. Bassøe AS. Mr. Storheill has also been the Chairman of the Board of Wilhelmsen Marine Services AS in addition to serving with various board positions in the industry. Mr. Storheill has more than 30 years of shipping experience and is a Norwegian citizen.

PER HEIBERG

Chief Financial Officer

Prior to joining Awilco LNG ASA as CFO Mr. Heiberg served as CFO in Golden Ocean Group Limited, a US listed drybulk ship owner, since April 2016. Mr. Heiberg was with Golden Ocean since 2005. Prior to joining Golden Ocean, he worked in the Nordic Power market and held various positions within Statkraft SF and Electrabel Nordic. Mr. Heiberg is a Norwegian citizen.

JAN ESPEN ANDERSEN

Head of Operation

Mr. Andersen was previously Head of Operations at Höegh LNG. He is a certified Master Mariner and has held various shore side marine related positions since 1997 following 7 years at sea. Mr. Andersen has more than 30 years of shipping experience and is a Norwegian citizen.

BOARD OF DIRECTORS

SYNNE SYRRIST

Chairperson and Non-Executive Director

Mrs. Syrrist has work experience as an independent consultant for Norwegian companies and as financial analyst in Elcon Securities ASA and First Securities ASA. She has also an extensive non-executive experience from both listed and private companies and is currently among others a member of the boards of Awilco Drilling Plc, Integrated Wind Solutions ASA, ABL Group ASA and Naxs AB. Mrs. Syrrist holds an MSc from NTNU and is a Certified Financial Analyst (AFA) from NHH. Mrs. Syrrist is a Norwegian citizen. Mrs. Syrrist is the Chairperson of the Remuneration Committee and a member of the Audit Committee.

OLE CHRISTIAN HVIDSTEN

Non-Executive Director

Mr. Hvidsten is Vice President Corporate Finance in the Awilhelmsen group. He has extensive experience from senior positions in investment banking/investment companies and is a board member of Awilco AS. Before joining the Awilhelmsen group in 2011, he worked 11 years in the Corporate Finance department of ABG Sundal Collier. Mr. Hvidsten holds an MSc in Business Administration from NHH / Fuqua School of Business (Duke University). Mr. Hvidsten is a Norwegian citizen.

JENS-JULIUS R. NYGAARD

Non-Executive Director

Mr. Nygaard is the CEO of Awilco AS and a member of the Board of Integrated Wind Solutions ASA. He has 18 years of experience from shipping and investment companies through various positions in the Awilco group of companies. Mr. Nygaard has a BA Honours in Finance from Strathclyde University and an MSc in Shipping, Trade & Finance from BAYES Business School. Mr. Nygaard is a Norwegian citizen. Mr. Nygaard is a member of the Remuneration Committee.

JON-AKSEL TORGERSEN

Non-Executive Director

Mr. Torgersen is the former CEO of Astrup Fearnley AS, the parent company of a number of investment and broker companies. Mr. Torgersen has extensive board experience from a number of companies in the property, shipping, finance and offshore sectors, and serves as Chairman of the Board of Atlantic Container Line AB. He is also a member of the board of Transportation Recovery Fund and Finnlines Plc. Mr. Torgersen holds an MBA (Finance) from Hochschule St. Gallen. Mr. Torgersen is a Norwegian citizen. Mr. Torgersen is the Chairman of the Audit Committee.

ANNETTE MALM JUSTAD

Non-Executive Director

Mrs. Malm Justad previously held positions as CEO in Eitzen Maritime Services, Vice President and Head of Purchasing at Yara International ASA, Vice President and Fleet Manager at Norgas Carriers AS and has held various technical and commercial positions for Norsk Hydro ASA. She serves as Chairman of the Boards of AMSC ASA, Store Norske Spitsbergen Kulkompani AS and Småkraft AS. She also serves as a board member of Torm Plc. and Powercell AB. Mrs. Malm Justad holds a master's in technology management from NTNU/NHH/MIT and a master in chemical engineering from NTNU. Mrs. Malm Justad is a Norwegian citizen.

VESSEL OVERVIEW

Awilco LNG owns two 156,000 cbm 2013-built LNG TFDE vessels WilForce and WilPride.

WILFORCE

YEAR BUILT	2013	**DRAFT**	12.521 M
YARD	DSME	**MANAGER**	ALNG TM
CAPACITY	156,007 M3	**FLAG**	Malta
DWT	87,750 MT	**PROPULSION**	TFDE

WILPRIDE

YEAR BUILT	2013	**DRAFT**	12.521 M
YARD	DSME	**MANAGER**	ALNG TM
CAPACITY	156,089 M3	**FLAG**	Malta
DWT	87,677 MT	**PROPULSION**	TFDE

SHAREHOLDER INFORMATION

AWILCO LNG SHARE PRICE DEVELOPMENT (TICKER: ALNG)

Source: Oslo Stock Exchange Volume (RHS) Share price (LHS)

SHARE PRICE DEVELOPEMENT DURING 2022

33 %

20 LARGEST SHAREHOLDERS (AS PER 31.12.2022)

OWNERSHIP	SHAREHOLDER/ NUMBER OF SHARES	OWNERSHIP	SHAREHOLDER/ NUMBER OF SHARES
38.56	Awilco AS 51 114 080	**0.70**	Interactive Brokers LLC 921 770
18.48	Morgan Stanley & Co. Int. Plc. 24 501 425	**0.63**	The Bank of New York Mellon 838 344
4.47	B.O. Steen Shipping AS 5 926 060	**0.61**	J.P. Morgan Securities Plc 809 440
3.83	Euroclear Bank S.A./N.V. 5 076 299	**0.60**	Kristian Falnes AS 800 000
1.61	Credit Suisse (Switzerland) Ltd. 2 134 367	**0.59**	Skips AS Tudor 781 429
1.23	Vidar Anfinn Taranger 1 625 000	**0.58**	Nordnet Livsforsikring AS 768 849
1.02	The Bank of New York Mellon SA/NV 1 357 891	**0.57**	Kilsholmen AS 750 000
1.00	Patronia AS 1 322 988	**0.52**	The Bank of New York Mellon 689 596
0.72	Clearstream Banking S.A. 959 375	**0.44**	Barclays Capital Sec. Ltd Firm 582 897
0.71	Trapesa AS 946 332		
0.70	The Bank of New York Mellon SA/NV 928 260		

Board of Directors' report

BOARD OF DIRECTORS' REPORT

2022 was a far from normal year in LNG shipping with high volatility during the year. Rates fell throughout the first quarter as the Russian invasion of Ukraine led to re-routing of US cargoes from Asia to Europe, implying shorter sailing distances and reduced utilization. Into the second quarter gas prices came down as consumption fell with winter coming to an end and cargoes again finding its way to Asia. During April and May the market looked to recover until the Freeport LNG terminal experienced an explosion and was closed for the rest of the year. The closure of Freeport LNG, counting for approximately 18% of total US LNG export capacity, released a number of vessels to the spot market, with a substantial downward pressure on spot rates. In the third quarter gas prices increased substantially when Europe started to refill inventories in anticipation of the coming winter and LNG rates increased to all time high levels. Few fixtures were however done at these levels as portfolio players preferred to keep vessels under their control rather than sub-let them in the market. This pattern lasted throughout the year, and we ended the year at relatively high spot rates. While the spot market was volatile during the year, the short- to medium term TC market was strong and we saw a number of high fixtures for period from 1- to 5-year contracts.

According to Fearnley LNG a total of just over 400 MT of LNG was traded in 2022 which is up from 380 MT in 2021, despite several supply disruptions through the year. The main change in trade flows in 2022 was the change of destination of US LNG from Far East to Europe. Europe's share of US export went from 25% in 2021 to 61% in 2022, while the Far East share decreased from 46% to 23%. In addition to more LNG from US, Europe has tackled their gas supply challenge with increased pipeline gas from Norway, UK and Algeria to meet the reduced volumes from Russia. The biggest Asian importers, Japan and China, have both reduced their LNG imports year over year, but they are still the largest importers of LNG across the world.

The additional volume in 2022 has come from a range of sources, including US extensions, Norway resuming production at Snøhvit and the Coral South FLNG outside Mozambique.

On the import side several new import facilities in Europe have come on stream during the year and we expect high focus on energy security will increase both production and import terminals in the years to come with several new Final Investment Decisions (FID) for new liquefaction project expected during 2023. By the end of the first quarter 2023, Freeport LNG has resumed production, increasing the US export capacity substantially.

In 2022 a total of 27 newbuildings were delivered, down from 53 in 2021. Newbuilding orders were record high and at the end of the year the total order book reached 269 vessels with a live fleet of 604 vessels according to Fearnley LNG. In 2023 and 2024 we will see a moderate number of newbuilding deliveries with 32 and 64 respectively, while 2025 is set to be a record year in LNGC deliveries with 85 vessels scheduled. More orders have been placed with deliveries in 2026 and 2027 and we continue to see yard prices increasing to currently just below USD 260 million.

Following a period in the spot market early 2022 both vessels were fixed on medium term time charter at the end of the year. WilPride commenced a 3 year firm + 2 optional years contract in December 2022 and the Company entered into an 18-month contract for WilForce in November 2022 and the vessel commenced this contract late January 2023.

Both WilForce and WilPride are financed through a sale-leaseback facility with maturity in January 2030 provided by CCB Financial Leasing Co. Ltd. (CCBFL). As from January 2023 the Group have the option to repurchase the vessels and have a purchase obligation at the end of the period. As the financing is done with floating interest rate the last years increase in US libor rates led to increased financing cost compared to previous year.

BUSINESS SUMMARY

The Awilco LNG Group (Awilco LNG, ALNG or the Group) is a fully integrated pure play LNG transportation provider, owning and operating LNG vessels. The Group currently owns two 2013-built TFDE LNG carriers. The parent company Awilco LNG ASA is listed on Euronext Expand with ticker ALNG. Awilco LNG's registered business address is Beddingen 8, Oslo, Norway. Commercial management is performed by Awilco LNG ASA and technical management of the vessels is performed by a wholly owned subsidiary.

LNG market

Throughout 2022 the focus on energy security to Europe was the main driver behind both gas prices and LNG shipping markets. The year started with the lowest spot charter rates seen in years, but by the end of October the highest ever spot charter rates were experienced. In combination with elevated gas prices the Russian invasion of Ukraine in February evidenced Europe's vulnerability to disruption of energy supply. At the cost of Asian import, Europe managed to fill gas storages prior to the winter and with a mild winter the gas prices fell from the highest peaks and are back to more normal levels at the time of this report. Spot charter rates have experienced a seasonal drop at the start of 2023 but seems to have found a floor at the time of writing, while term charter rates have held up as the focus to secure tonnage for next winter is still high on the agenda.

The LNG fleet had a net growth of 25 vessels in 2022 and a new record of ordering activity was seen with 169 vessels ordered according to Fearnley LNG. This ordering activity brought the orderbook at yearend 2022 to a record high of 269 vessels according to the same source. Deliveries will be relatively moderate during 2023 and 2024 as most of the newbuildings are ordered with delivery in 2025 and onwards. Newbuilding prices took no breather and are up from around USD 220 million at the end of 2021 to the current level of around USD 260 million.

Even if we see a record high orderbook, LNG shipping looks promising for the years to come as most of the deliveries are contracted and deliveries match new LNG capacity under construction.

Operations

During first quarter of 2022 both WilForce and WilPride were redelivered from their multi-month contracts and traded in the spot market through most of second and third quarter. From August WilForce was on a six-months charter contract until she was delivered on an 18 month contract early February 2023. WilPride entered a 3 years fixed period contract with 2 optional years in December 2022. Both vessels experienced idle periods when trading spot and the combined utilisation for the vessels ended at 81% for 2022, compared to 100% utilization in 2021.

CONSOLIDATED FINANCIAL STATEMENTS

Income statement

The Group generated net freight income of USD 45.3 million in 2022, down from USD 57.1 million in 2021, mainly caused by a weak market in second and third quarter with both vessels having idle periods and cost related to repositioning. These numbers equate to TCE earnings of USD 62.000 in 2022 compared to USD 78.200 in 2021. Fleet utilisation for the year ended at 81% compared to 100 % in 2021.

Operating expenses for the year ended at USD 11.0 million in 2022, up from USD 10.0 million in 2021, driven by increased cost for most services, including increased travel expenses related to crew changes following the Covid-19 pandemic.

Other income of USD 0.4 million related to an adjustment of loss of hire insurance in connection with the collision involving Wilforce in 2019.

Administration expenses went down from USD 3.9 million in 2021 to USD 3.6 million in 2022, mainly caused by change in foreign currency.

Depreciation and amortisation were USD 12.7 million in 2022 compared to USD 12.6 million in 2021.

Net financial expenses were USD 12.6 million in 2022, up from USD 9.6 million in 2021 following the increase in floating LIBOR rates.

Profit before tax for the period was USD 5.8 million compared to USD 21.1 million in 2021.

Earnings per share

Basic and diluted earnings per share for the year were USD 0.04, down from USD 0.16 in 2021.

Financial position

Total assets and total equity for the Group as of December 31, 2022 was USD 348.1 million and USD 126.4 million respectively (USD 356.7 million and USD 120.6 million at December 31, 2021) corresponding to an equity ratio of 36.3%, up from 33.8% at December 31, 2021.

Cash and cash equivalents amounted to USD 26.1 million at December 31, 2022, up from USD 23.6 million at December 31, 2021.

The combined book value of the vessels was USD 317.1 million at December 31, 2022 compared to USD 326.9 at year-end 2021.

Total interest-bearing debt for the Group was USD 207.6 million at December 31, 2022, down from USD 225.8 million at December 31, 2021. The current portion of the interest-bearing debt constituted USD 18.8 million as at December 31, 2022.

Cash flow statement

The Group generated USD 34.5 million in cash inflow from operating activities in 2022 compared to USD 40.5 million in 2021.

Net cash used in investing activities was USD 2.8 million, up from USD 1.0 million in 2021.

Net cash outflow from financing activities was USD 29.2 million in 2022, constituting of USD 18.9 million in repayment of debt and USD 10.4 million of interest under the finance lease with CCBLFL. Net cash outflows from financing activities in 2021 was USD 28.4 million.

Subsequent to the CCBFL refinancing completed in January 2020 as described in note 26, cash break-even for each vessel is expected at approximately USD 68,000 per day in 2023, subject to interest rate fluctuations and excluding dry-dock expenses and engine overhauls that will be capitalized.

PARENT COMPANY FINANCIAL STATEMENTS

Operating income for the year amounted to NOK 7.9 million (NOK 8.0 million) and administration expenses NOK 27.3 million (NOK 25.8 million).

Net finance income amounted to NOK 22.1 million (NOK 3.4 million).

Profit for the period was NOK 2.8 million (Loss of NOK 14.4 million).

The Board of Directors propose that the profit for the period of NOK 2.8 million for the Parent Company is transferred to retained earnings. In February 2023 the Company passed a resolution for distributing share premium to the shareholders. This is recorded as dividend per year end and the payment was processed in March 2023

The Board of Directors approved a revised dividend policy in November 2022. The Board is committed to return value to shareholders and intend to distribute a substantial part of annual free cash flow, paid out quarterly, always subject to debt covenants, capital requirements and a robust cash buffer. A proposal for further dividend payments will be presented to the Annual General Meeting in 2023.

GOING CONCERN ASSUMPTION

The consolidated financial statements of the Group, and the parent company financial statements of Awilco LNG ASA, have been prepared on a going concern basis pursuant to the Norwegian Accounting Act § 3-3a.

The Group's ability to continue as a going concern is dependent upon generating sufficient cash flow from operation of the vessels. The Group's vessels are currently trading on mid-term fixed rate contracts but might in the future trade in the spot market which then will expose the Group's financial performance to volatility and seasonality in rates and utilisation.

RISK FACTORS

Shipping market conditions have historically been volatile and consequently the financial results may vary significantly from year to year. The risk factors in the LNG shipping market can be divided into the following main components: market risk, operational risk and financial risk.

Market risk

Market risk relates to the supply of LNG vessels and the demand for LNG transportation. In the past there have been prolonged periods of oversupply of vessels due to delays in the construction of LNG production plants, with correspondingly low utilisation and depressed market rates. Over time this express the interim risk to balance supply with demand as it goes faster to build vessels than to build LNG production facilities. Currently we see a record high orderbook with peak deliveries in 2025 and 2026. LNG production coming on stream seems to meet the delivery pace and most newbuilding are committed on long term contracts to meet demand from this production capacity. There might be a risk of imbalance in the market during the coming years as demand need to come on stream simultaneously to increased shipping capacity when the newbuildings are delivered.

The demand for LNG is affected by the importing countries' demand for energy as well as the relative pricing of LNG compared to alternative energy sources. A high relative pricing spread between LNG and other energy sources will reduce the demand for LNG and thereby negatively impact demand for LNG transportation. In the longer-term perspective lower gas prices in combination with the growing supply side is expected to support growth in demand for natural gas as a flexible and clean fuel compared to other fossil alternatives.

Gas price levels in different geographic markets has a significant impact on demand for LNG transportation to execute arbitrage opportunities. During the winter season in 2022 we experienced extreme price differences and going forward the arbitrage is difficult to predict as it is closely linked to the gas price level in Europe, the US and Far East, which again is highly dependent upon several factors including weather, policies and regulations and the price of alternative energy sources.

Operational risk

Employment risk
The Group's ability to obtain charters will depend upon the prevailing market conditions. If the Group is unable to employ its vessels, revenue will be substantially reduced.

Laws and regulations
The Group's operations and vessels are subject to international laws and regulations, which have become more proliferate and stringent in recent years. Although the Group is doing its outmost to comply, changes in laws and regulations may expose the Group to liability.

Technical risk
LNG vessels are highly sophisticated, and there is a risk that equipment may fail despite pre-emptive maintenance. The Group has in place loss of hire insurance, but a technical breakdown will affect earnings for a period of at least 14 days due to the deductible period.

Piracy, war and cyber risk
A piracy attack, outbreak of war or cyber-attack may affect the trading and earnings of the vessels.

Crew
Depending on the pace of older ships exiting the LNG carrier fleet may increase by close to 50 % in the coming years. This exposes the Group to the risk of not being able to attract qualified officers and seafarers. The Group has, and will, continue to take steps to mitigate this risk.

Bunker price
The Group is exposed to bunker price risk when the vessels are not on charter.

Environmental regulations
From 2023 our vessels are required to comply with new regulations on energy efficient design ("EEXI") and operation through Carbon Intensity Index ("CII"). EEXI is a one-time certification and both vessels in the fleet have been confirmed to be in compliance.

With respect to CII this is measured on the vessels' actual emissions over the previous year and thereby rated according to a formula. Both vessels have operated in 2022 with an emission intensity that corresponds to a "C" rating, which is well above the required minimum level. We are continuously working on several efficiency improvements however the main criteria is the vessels' trading pattern which owners have very limited influence on when on Time Charter. We are therefore working closely with charterers to ensure that the operation of the vessels is planned and executed in a way that ensures at least C rating is achieved also for 2023 and the coming years.

Starting from 2024, our vessels will be required through the EU Emissions Trading System ("ETS") to submit emissions allowances for carbon emissions during voyages to and from EU ports. Monitoring and Reporting of the carbon emissions are already in place through our procedures for EU MRV reporting.

Based on the above we maintain our assessment that the useful lifetime is 40 years for our vessels.

Financial risk

Financing risk
The WilForce and WilPride financial leases were refinanced in January 2020 with a 10-year sale-leaseback facility provided by CCB Financial Leasing Co. Ltd. (CCBFL). Both vessels were sold for a gross consideration per vessel of USD 175.0 million including non-amortizing and non-interest bearing pre-paid charter hire of USD 43.8 million per vessel. The vessels are chartered back on bareboat basis to wholly owned subsidiaries of the Company for a period of up to 10 years. The Group has rolling repurchase options and repurchase obligations at maturity of the facility at USD 37.5 million per vessel.

Currency risk
The companies in the Group have USD as functional currency. Currency risks therefore arise in connection with transactions denominated in other currencies than USD. The Group is to a certain degree exposed to currency fluctuations, as it is exposed to administration expenses denominated in NOK. The Group may use financial derivatives to reduce short-term currency risk, but as at December 31, 2022 no such instruments were entered into.

Liquidity risk
The shipping business is capital intensive and insufficient

liquidity can severely impact the ability to operate the vessels. The Group's approach to managing liquidity risk is to ensure, as far as possible, always having sufficient liquidity to meet its obligations without incurring unacceptable losses or risking employees' safety or damage to the Group's reputation.

According to the sale-leaseback facility provided by CCBFL, the Awilco LNG Group shall maintain minimum consolidated cash and cash equivalents of USD 10.0 million and positive consolidated working capital. During 2020 the Company and CCBFL agreed to make certain temporary amendments to the financial covenants, and as a result of these amendments the Company agreed a permanent restriction from declaring or paying dividends if the consolidated cash position of the Awilco LNG Group is lower than USD 20.0 million on the day of declaration and the day following the payment.

Interest rate risk
The CCBFL sale-leaseback facility completed in January 2020 is subject to a floating interest rate, and the Group is continuously evaluating using financial derivatives to hedge the interest rate exposure. At the yearend 2022 no such derivatives were entered into.

Counterparty- / credit risk
The Group is exposed to credit risk from its operating activities through freight income trade receivables and from its financing activities, including deposits with banks. The Group aims to do business with creditworthy counterparties only. Charter hire is normally received monthly in advance, effectively reducing the potential exposure to credit risk. Bank deposits are only deposited with internationally recognised financial institutions with a solid credit rating.

HEALTH, SAFETY AND ENVIRONMENT

Based on the long-term goal of environmental excellence, Awilco LNG works continuously towards minimising the environmental impact from its vessels and operations.

Awilco LNG aims to minimise the emissions of CO_2, NO_x and SO_x from engines, boilers, incinerators, cargo, fuel oil tanks and systems through evaporation. In 2022 there was a negative development in the CO_2 intensity for the vessels. This is in a large part caused by a higher level of vessel idling and ballast voyages, causing higher emissions per nm. We expect these values to improve with higher activity in 2023.

The Group has a zero tolerance for environmental spills, emissions of ozone depleting substances and unauthorised disposal of any type of garbage or waste to the marine environment.

The Group has a lean onshore organisation and has outsourced certain services. At year end 2022 the Group had seven onshore employees. There is currently no female representation among management. The Group is aware of this imbalance and is positive to improve this ratio in the future. The Board of Directors of the Company has two female directors, representing 40 % of the Board.

The safety and well-being of Awilco LNG's employees and seafarers has the highest priority. Vessels are to be properly operated and maintained, and safe for crew, cargo, visitors, and the environment. The Group's quality of operations is supported by experienced, educated, and well-trained staff onboard and onshore. The Group adheres to national and international laws and regulations and promotes best practices identified within its own operations and the industry in order to improve the competence of individual crewmembers and vessel safety performance. ALNG's management is actively engaged in monitoring the Group's performance to further encourage and promote positive trends, and to provide advice and take corrective action where negative trends are detected. To ensure retention of personnel, Awilco LNG aims to ensure a stable and motivating work environment for both onshore and offshore employees. The Group is proactively seeking to identify requirements and needs for additional training through regular audits, master and management reviews.

Absence due to illness for onshore employees was 0.0% in 2022 (0.4 % in 2021). No onshore work-related injuries were reported in 2021 or 2022. For seafarers, an LTIF (accidents per one million-man hours worked) of 2.1 was reported during the year (0.0 in 2021).

For further information please see the Social Responsibility section in the annual report, which complies with the requirements under the Norwegian Accounting Act § 3-3c. The Board of Directors of the Company have approved the Guidelines for embedding the work in connection with the Norwegian Transparency Act which came into effect on July 1, 2022 and a report will be made available on the Company's website (www.awilcolng.no) within June 30, 2023.

CORPORATE GOVERNANCE

Awilco LNG strives to protect and enhance shareholder equity through openness, sustainability, integrity and equal shareholder treatment, and sound corporate governance is a key element in the basis of the Awilco LNG strategy.

The corporate governance principles of the Company are adopted by the Board of Directors. The principles are based on the Norwegian Code of Practice for Corporate Governance as of 17 October 2018 (the «Code of Practice»). Please see the Corporate Governance section in the annual report, and the Company's web site www.awilcolng.no.

Awilco LNG do have a Director and Officers insurance.

STRATEGY

The main strategy for Awilco LNG is to create shareholder value through the provision of a quality, sustainable, reliable and customer-oriented service to the market, in the best manner for its shareholders, employees and business connections. The management team shall safely, efficiently and effectively provide LNG transportation services to customers with an objective to secure the most profitable contracts coupled with the highest achievable vessel utilisation.

Awilco LNG shall evaluate growth opportunities in terms of vessel acquisitions and disposals which best complement the Group's financial and operational aspirations.

OUTLOOK

Full gas storages at the start of 2023 combined with mild weather in Europe have sent gas prices and spot charter rates significantly down, which we see as a normal seasonal pattern. We continue to see demand from charterers to secure tonnage medium to long term as energy security continues to be in focus. The strength in the market has also led to high ordering of newbuildings in 2022, most of this match new LNG capacity under construction. As the Company's vessels are chartered out on fixed rate time charters, with the first vessel coming open in August 2024, the Company will focus on performance and return of capital to our shareholders with the aim of paying quarterly dividends the next year.

Oslo, April 20, 2023

Synne Syrrist
Chairperson of the Board

Jon-Aksel Torgersen
Board member

Ole Christian Hvidsten
Board member

Annette Malm Justad
Board member

Jens-Julius R. Nygaard
Board member

Jon Skule Storheill
CEO

STATEMENT OF RESPONSIBILITY

We confirm to the best of our knowledge that the consolidated financial statements for 2022 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that the financial statements for the parent company for 2022 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and profit/(loss) for the period of Awilco LNG ASA and the Awilco LNG Group as a whole.

We also confirm to the best of our knowledge that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of Awilco LNG ASA and the Awilco LNG Group, together with a description of the principal risks and uncertainties that they face.

Oslo, April 20, 2023

Synne Syrrist
Chairperson of the Board

Jon-Aksel Torgersen
Board member

Ole Christian Hvidsten
Board member

Annette Malm Justad
Board member

Jens-Julius R. Nygaard
Board member

Jon Skule Storheill
CEO


WILPRIDE

Consolidated Financial Statements And Notes

CONSOLIDATED INCOME STATEMENT

In USD thousands

	Note	2022	2021
Freight income	4,5	51 541	59 552
Voyage related expenses	6	6 231	2 446
Net freight income		**45 310**	**57 106**
Other income	7	367	54
Operating expenses	7	10 977	10 036
Administration expenses	8	3 574	3 874
Earnings before interest, taxes, depr. and amort. (EBITDA)		**31 126**	**43 250**
Depreciation and amortisation	11	12 720	12 564
Earnings before interest and taxes (EBIT)		**18 406**	**30 686**
Finance income	17	457	639
Net gain/(loss) and valuation adjustment of securities	17	(163)	-
Finance expenses	17	12 900	10 211
Net finance income/(expense)		**(12 606)**	**(9 571)**
Profit/(loss) before taxes		5 800	**21 115**
Income tax expense	10	-	-
Profit/(loss) for the period		**5 800**	**21 115**
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:			
Basic, profit/(loss) for the period	9	0.04	0.16
Diluted, profit/(loss) for the period	9	0.04	0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
Profit/(loss) for the period	5 800	21 115
Other comprehensive income:		
Other comprehensive income items	-	-
Total comprehensive income/(loss) for the period	**5 800**	**21 115**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In USD thousands

	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Vessels		317 087	326 875
Pension assets	11	502	511
Other fixed assets incl right-of-use assets		36	165
Total non-current assets		**317 624**	**327 551**
Current assets			
Trade receivables		3 774	993
Inventory	12	233	182
Financial investments	13	-	-
Other short term assets	17	419	4 384
Cash and cash equivalents	14	26 058	23 637
Total current assets	15	**30 483**	**29 196**
Total assets		**348 107**	**356 746**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	1 976	1 976
Share premium		133 384	133 384
Other paid-in capital	19	65 588	65 588
Retained earnings		(74 562)	(80 362)
Total equity		**126 387**	**120 586**
Non-current liabilities			
Pension liabilities	8	569	583
Long-term interest bearing debt	22	188 831	206 906
Total non-current liabilities		**189 401**	**207 490**
Current liabilities			
Short-term interest bearing debt	22	18 804	18 890
Trade payables		771	516
Income tax payable	10	-	-
Provisions and accruals	16	12 745	9 265
Total current liabilities		**32 320**	**28 670**
Total equity and liabilities		**348 107**	**356 746**

CONSOLIDATED CASH FLOW STATEMENT

In USD thousands

	Note	2022	2021
Cash Flows from Operating Activities:			
Profit/(loss) before taxes		5 800	21 115
Income taxes paid		-	-
Interest and borrowing costs expensed	17	12 838	10 157
Items included in profit/(loss) not affecting cash flows:			
Depreciation and amortisation	11	12 720	12 564
Changes in operating assets and liabilities:			
Trade receivables, inventory and other short term assets		1 143	(4 635)
Trade payables, provisions and accruals		1 970	1 272
i) Net cash provided by / (used in) operating activities		**34 472**	**40 472**
Cash Flows from Investing Activities:			
Investment in vessels	11	(2 802)	(1 025)
ii) Net cash provided by / (used in) investing activities		**(2 802)**	**(1 025)**
Cash Flows from Financing Activities:			
Repayment of borrowings	22	(18 879)	(18 880)
Interest and borrowing costs paid		(10 364)	(9 566)
iii) Net cash provided by / (used in) financing activities		**(29 243)**	**(28 446)**
Net change in cash and cash equivalents (i+ii+iii)		2 426	**11 000**
Cash and cash equivalents at start of period		23 637	12 637
Cash and cash equivalents at end of period	15	**26 058**	**23 637**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2022

In USD thousands	Note	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)	120 586
Profit/(loss) for the period		-	-	-	5 800	5 800
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income		-	-	-	5 800	5 800
Balance as at 31 December 2022		**1 976**	**133 384**	**65 588**	**(74 562)**	**126 387**

For the period ended 31 December 2021

In USD thousands	Note	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)	99 472
Profit/(loss) for the period		-	-	-	21 115	21 115
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income		-	-	-	21 115	21 115
Balance as at 31 December 2021		**1 976**	**133 384**	**65 588**	**(80 362)**	**120 586**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 // CORPORATE INFORMATION

Awilco LNG ASA (the Company or Parent Company) is a public limited liability company incorporated and domiciled in Norway. Its registered office is Beddingen 8, 0250 Oslo, Norway. The Company was incorporated February 2, 2011 and is listed on Euronext Expand with the ticker ALNG.

The consolidated financial statements of the Company comprise the Company and its subsidiaries, together referred to as the Group or Awilco LNG.

The principal activity of the Group is the investment in and operation of LNG transportation vessels. The Group owns and operates two 2013-built TFDE LNG vessels.

The consolidated financial statements for the period ended 31 December 2022 were authorised for issue by the Board of Directors on April 20, 2023 and will be presented for approval at the Annual General Meeting on May 11, 2023.

NOTE 2 // SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements of Awilco LNG have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional applicable disclosure requirements of the Norwegian accounting act. The consolidated financial statements have been prepared on a historical cost basis, except for liabilities for cash-settled share-based payments which are measured at fair value, pensions which are measured according to IAS 19 and receivables and payables denominated in foreign exchange which are translated at period-end exchange rates.

The consolidated financial statements are presented in US Dollars (USD) rounded off to the nearest thousands, except as otherwise indicated. The consolidated financial statements have been prepared based on a going concern assumption. Please see the Board of Directors' report for further information on this matter.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements include Awilco LNG ASA and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany transactions and balances are eliminated in the consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control over the subsidiaries and continue to be consolidated until the date that such control ceases.

Revenue

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer and is presented as freight income net of offhire deductions. On single voyages revenue is recognised according to the load-to-discharge principle. On medium term time charter contracts revenue is usually received monthly in advance whereas performance obligations are satisfied as follows:

Revenue is generated by time charter contracts which contain both a lease element and a vessel management element (service agreement). The lease element, as described below under Leasing are recognised in straight-line over the term of the charter as services are provided based on the number of days before and after the reporting period. Where the repositioning fees depend upon final redelivery location, they are recognised at the end of the charter when the revenue becomes fixed and determinable.

The vessel management element is considered a performance obligation that is satisfied over time, given that the customer simultaneously receives and consumes the benefits provided by the Group.

Voyage expenses are expensed as incurred and mobilisation expenses are not capitalised.

LEASING

The determination of whether an arrangement contains a lease element is made at contract inception and is based on the substance of the arrangement. Leases are classified as finance leases if the terms of the lease agreement transfer substantially all the risks and benefits incidental to ownership of the leased item. All other leases are classified as operational leases.

The Group as lessor

Minimum operating lease payments received under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease revenue over the term of the lease. Contingent rent is recognised as revenue in the period in which they are earned.

The Group as lessee

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Leased assets with repurchase obligations at the end of the lease term are separated into components which are depreciated over the useful life of the component. Right-of-use assets are subject to impairment.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include repurchase obligations or alternatively the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest based on the effective interest method and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below USD 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

iv. Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

v. Sale-leaseback arrangements

No gain or loss is recognised in the income statement related to sale/leaseback arrangements where the vessel is sold and subsequently leased back with repurchase obligations to the Group.

Sale/leaseback arrangements whereby the seller-lessee has repurchase obligations at maturity of the lease period are not considered as a sale of asset, and the seller-lessee recognises a financial liability equal to the transfer proceeds and the resulting lease obligation net of pre-paid charter hire is accounted for as a financial liability according to IFRS 9.

The financial liability is subsequently measured according to amortised cost using the effective interest method. Associated costs incurred in arranging the lease agreement is amortised over the lease period and presented net of the lease liability in the statement of financial position.

FOREIGN CURRENCY

The consolidated financial statements are presented in USD, which is also the functional currency of all entities in the Group. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. Realised and unrealised foreign currency gains or losses on monetary items are presented as finance income or finance expense. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates applicable at the dates of the initial transactions.

CLASSIFICATION OF ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Current assets and current liabilities include items that fall due for payment within one year after the reporting date. The short-term part of long-term debt maturing within 12 months after the balance sheet date is classified as short-term debt.

VESSELS, VESSELS UNDER CONSTRUCTION AND OTHER FIXED ASSETS

Tangible non-current assets such as vessels and other fixed assets are carried at historical cost less accumulated depreciation and impairment losses. Vessels under construction are carried at historical cost less impairment losses.

Costs of acquired vessels include expenditures that are directly attributable to the acquisition of the vessels. Cost of vessels under construction include all directly attributable costs incurred to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Examples of such costs include supervision costs, site team costs, yard instalments, technical costs and borrowing costs.

Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds and are determined by applying an interest rate to the average amount of accumulated expenditures during the construction period, limited to the interest expense incurred during the reporting period. The interest rate used is the weighted average cost of borrowings in the Group.

Costs of vessels under construction are capitalised, classified as vessels under construction and presented as a tangible asset. The capitalised costs are reclassified from vessels under construction to vessels when the asset is available for its intended use.

In accordance with IAS 16 each component of the vessels with a cost that is significant in relation to the total cost of the item is separately identified and depreciated. Components with similar useful lives will be grouped into a single component. Dry-docking is identified as a separate component of cost of vessels and depreciated separately.

Depreciable amount of an asset is calculated as cost less residual value and impairment charges. Residual value is based on estimated salvage value of the vessels. Depreciation is calculated on a straight-line basis over the useful life of the assets, and depreciation is commenced when the asset is available for its intended use. Expected useful lives, methods of depreciation and residual values are reviewed yearly and adjusted prospectively, if appropriate. The following estimated useful lives are applied to the respective components of the asset:

Vessels	40 years
Vessel dry-docking	5 years
Vessel engine overhauls	4 years
Other fixed assets	3 - 5 years

Costs related to major inspections/classifications (dry-docking and engine overhauls) are recognised in the carrying amount of the vessels if certain recognition criteria are satisfied. The recognition is made as the dry-docking or overhaul is being performed, and depreciation is recognised from completion of the dry-docking and overhaul until estimated time to the next dry-docking or overhaul. Any remaining carrying amount of the cost of the previous dry-docking or overhaul is de-recognised upon initiation of the next dry-docking or overhaul. The remaining costs that do not meet the recognition criteria are expensed as repairs and maintenance. When vessels are acquired the remaining dry-docking and overhaul is identified and depreciated as a separate component, based on estimated time to the next dry-docking or overhaul.

Ordinary repairs and maintenance expenses are recognised in the income statement as incurred. Upgrades and material replacement of parts and equipment are capitalised as costs of vessels and depreciated together with the respective component. Replaced parts and equipment are derecognised and presented as impairment losses in the income statement. If it is not practicable to determine the carrying amount of the replaced part, the cost of the replacement is used as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

IMPAIRMENT

Vessels and other fixed assets are assessed for impairment indicators each reporting period. If impairment indicators are identified the recoverable amount is estimated, and if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount an impairment loss is recognised. Each vessel is assessed as a separate cash generating unit (CGU) by Awilco LNG.

The recoverable amount is the higher of an asset's fair value less cost to sell (net selling price) and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount; the reversal is limited up until the carrying amount net of accumulated depreciation if no impairment loss had been recognised in prior periods. Such reversals are recognised in the income statement.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the statement of financial position.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan to sell will be withdrawn. In addition, the criteria also include management to be committed to the plan and the sale to be completed within a year. Once classified as held for sale assets are not depreciated or amortised.

INVENTORY

Inventories consist of bunkers and lube oil on board the vessels. Inventories are measured at the lower of cost and net realisable value. Cost is determined in accordance with the first-in-first-out principle (FIFO), and expenses related to inventory are presented as voyage related expenses in the income statement.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is recognised through profit and loss net of any reimbursement.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, using assumptions that market participants would use when pricing the asset or liability. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

SHARE-BASED PAYMENTS

For cash-settled share-based payments a provision is recorded for the rights granted reflecting the vested portion of the fair value of the rights at the reporting date. The provision is accrued over the period the beneficiaries are expected to perform the related service (vesting period). The cash-settled share-based payments are remeasured to fair value at each reporting date until the award is settled. Any changes in the fair value of the provision are recognised as administration expense in the income statement. The amount of unrecognised compensation expense related to non-vested share-based payment arrangements granted in the cash-settled plans is dependent on the final intrinsic value of the awards. Social security tax liability is recognised on the intrinsic value of the cash-settled share-based payments.

PENSIONS

The Group is required to provide a pension plan towards its onshore employees, and the Group has implemented a defined contribution plan. The plan, which is fully funded, complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are transferred to a separately administered scheme and pledged towards the participating employees. G refers to the Norwegian National Insurance basic amount.

Contributions to the pension plan are recognised as an employee benefit expense in the income statement when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is expected. The Group has no further payment obligations once the contributions have been paid.

The liability arising from the plan → 12G is classified as a non-current liability in the statement of financial position. Changes in the liability are recognised as employee benefit expenses in the income statement in the periods during which services are rendered by employees. The liability becomes payable to the employee upon termination, voluntary or involuntary, of the employment.

TAXES

The income tax expense consists of current income tax and changes in deferred tax.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Deferred income tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities is determined using tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax liabilities and deferred tax assets are recognised at nominal values and classified as non-current liabilities and non-current assets in the statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

Current income tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

For Group companies subject to tonnage tax regimes, incurred tonnage tax is recognised as an operating expense.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legal right to offset the amounts and intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Initial recognition and measurement: Financial assets are classified at initial recognition and subsequently measured at either i) amortised cost or ii) fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers.
In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement: Financial assets are classified in two categories.

i. Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met: i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables.

ii. Financial assets at fair value through profit or loss
The category includes financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investments. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition: A financial asset is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when either i) The rights to receive cash flows from the asset have expired or ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets: The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement: Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities measured at amortised cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised cost, net of directly attributable transaction costs.

Subsequent measurement: The measurement of financial liabilities depends on their classification, as described below:

i) Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

ii) Financial liabilities measured at amortised cost: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition: A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Voting rights relating to treasury shares are nullified and no dividends are allocated to them.

DIVIDENDS

Dividend payments are recognised as a liability in the Group's financial statements from the date when the dividend is approved by the General Meeting. A corresponding amount is recognised directly towards equity.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

CASH AND CASH EQUIVALENTS

Cash represents cash on hand and deposits with banks that are repayable on demand. Cash includes restricted employee taxes withheld. Cash equivalents represent short term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

SEGMENT INFORMATION

The Group's current business is operating LNG transportation vessels. The potential market for the vessels is and will be the international global LNG transportation market, and the business will be exposed to the same risks and returns wherever the vessels are employed. The Group's internal reporting does not distinguish between different segments, and as the vessels are managed as one operating segment Awilco LNG has only one reportable segment.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020:

i. Definition of Material – amendments to IAS 1 and IAS 8

ii. Revised Conceptual Framework for Financial Reporting

Amendments and changes to IFRS

Amendments and changes to IFRS effective from 1 January 2021 did not have a material impact for the Group. The Group has further done a preliminary assessment of future announced changes and concluded that none of these will have a material impact based on the current business and financial position of the Group

NOTE 3 // SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments concerning the carrying values of assets and liabilities that are not readily apparent from other sources. This presents a substantial risk that actual conditions will vary from the estimates. The key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In general management has to apply judgement in the process of applying the Group's accounting policies, in addition to items involving estimates described below, in the process of preparing the financial statements.

Management has applied significant estimates and assumptions mainly relating to the following:

- Depreciation of vessels and residual values
- Impairment of vessels

Depreciation of vessels and residual values.

Depreciation is based on Management's estimates of the vessels' major components, useful lives of the components and the vessels' residual values less costs associated with scrapping at the end of the vessels' useful life. Estimates may change due to changes in scrap value, technological development, competition and environmental and legal requirements. Management reviews the future useful lives of each significant component and the residual values of the vessels annually, taking into consideration the above-mentioned factors and the observable age for LNG vessels when scrapped. Scrap values are estimated based on forward prices of steel. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively. As at December 31, 2022 the vessels had a carrying value of USD 317.1 million, and total residual value was estimated at USD 24 million. Please see note 11 for further information on impairment assessment of vessels.

Impairment of vessels. Management assesses whether there are any indicators of impairment at each reporting date. Each vessel is regarded as a cash generating unit for the impairment testing.

The vessels are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The recoverable amount is the higher of an asset's fair value less cost to sell (net selling price) and value in use. Fair value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal and is based on completed transactions of comparable assets in the market. Estimation of fair value is subject to an active transaction market.

Value in use calculations involve a high degree of estimation and several critical assumptions such as time charter rates, utilisation, operational expenses, dry-dockings, useful life, recycling values and discount rates. The key assumptions used in the impairment assessment are disclosed in note 11, together with sensitivity tables showing the effect on recoverable amount from changes in key assumptions. Changes in circumstances and assumptions may significantly affect the estimated recoverable amounts, and a weak shipping market may result in future impairment losses. Please see note 11 for further information on impairment of vessels.

NOTE 4 // FREIGHT INCOME

In USD thousands

Freight income	2022	2021
WilForce	25 221	22 836
WilPride	26 320	36 716
Total freight income	**51 541**	**59 552**

Freight income consists of revenues from time charter contracts with customers, and includes time charter hire, ballast bonuses, misc. income and bunkers compensation. MUSD 0.7 of freight income relates to bunkers compensation received from charterers' on single voyages, which is presented gross in the income statement (MUSD 0.5 in 2021).

Time charter freight income is split into a lease element and a service element. For accounting purposes the latter is recognised as revenue, as the Group satisifies its performance obligation of delivering LNG shipping services over time according to the time charter party, concurrent with recognition of the lease element. The following specifies total freight income split into the lease element and the service element:

Freight income	2022	2021
Lease element	40 015	49 014
Service element	11 526	10 538
Total freight income	**51 541**	**59 552**

Contract balances	31.12.2022	31.12.2021
Trade receivables from charterers	3 774	969
Contract assets	-	-
Contract liabilities	6 216	4 921
Provision sale of inventory	1 407	1 407

Contract liabilities arise from prepayment of time charter hire from charterers (deferred revenue). Time charter hire is usually paid monthly in advance and is recognised as revenue as the Group's performance obligations are satified over time. Contract assets are reclassified to trade receivables upon invoicing of charter hire.

The following specifies the contractual lease element income assessed as operational lease agreements to be received from 1 January 2023 based on firm charter contracts as per December 31, 2022:

Contracted future freight income	← 6 mon.	6 mon. - 1 yr	→ 1 yr	Total
WilForce	26 372	28 060	27 450	81 882
WilPride	16 381	16 652	61 902	94 935
Total contracted future freight income	**42 752**	**44 712**	**89 352**	**176 816**

NOTE 5 // SEGMENT INFORMATION

Operating segments

The Group currently owns and operates two LNG vessels which operate globally. For internal reporting and management purposes the Group's business is organised into one reporting segment, LNG transportation. Performance is not evaluated by geographical region as the vessels trade globally and revenue is not dependent on any specific country. The Group does not consider the domicile of its customers as a relevant decision making guideline and hence does not consider it relevant to allocate performance to specific geographical locations. Revenue from the Group's country of domicile, Norway, was NIL in 2022, same as in 2021.

Information about major customers

In 2022 the Group had four major customers individually contributing with more than 10 % of the Group's revenues at 12, 17, 29 and 31% of total revenue, compared to three in 2021 contributing 18, 29 and 30 %.

NOTE 6 // VOYAGE RELATED EXPENSES

In USD thousands

Voyage related expenses	2022	2021
Bunkers consumption	5 003	1 419
Commissions	568	865
Other voyage expenses	660	162
Total voyage related expenses	**6 231**	**2 446**

Bunker consumption relates to periods where the vessels have been idle or repositioning, and for single voyage charters where bunkers consumption has been reimbursed by the charterers (see note 4). When the vessels are on time charter contracts bunker consumption is for the charterer's expense. Commissions paid to related parties are disclosed in note 21.

NOTE 7 // OPERATING EXPENSES AND OTHER INCOME

Operating expenses	2022	2021
Crew expenses	5 789	5 216
Other operating expenses	3 954	3 851
Insurance expenses	1 202	967
Tonnage tax	32	1
Total operating expenses	**10 977**	**10 036**

Other income	2022	2020
Machinery equipment (hull and machinery insurance proceeds)	-	54
Collision (hull and machinery insurance proceeds)	-	-
Loss of hire insurance proceeds from collision	367	-
Total other income	**367**	**54**

In September 2018 damage was incurred to certain non-critical machinery equipment on WilForce. Repairs at yard were completed in May 2019 and final settlement of the insurance claim was agreed in 2021 and an adjustment to net income of MUSD 0.1 was recognized.

In May 2019 WilForce was involved in a collision with another vessel outside Singapore and in a trial related to liability Awilco LNG returned with a verdict of 75:25 in the Company's favor. The process to agree on quantum is ongoing and the parties are currently evaluating the claims. The process is slowly moving forward, and at the time of this report it is difficult to assess the date for a final closure of the case although we hope to receive settlement within the foreseeable future. No effects of the claim will be reflected in Awilco LNG's financial statements until the awarded compensation is determined and received.

In 2022 there were a total of 730 trading days and 1.8 one off-hire days (730 trading days in 2022 and one off-hire day).

Number of seafarers	2022	2021
Seafarers at year-end	60	55

NOTE 8 // ADMINISTRATION EXPENSES

In USD thousands

Administration expenses	2022	2021
Salaries and other remuneration	1 770	1 955
Social security cost	278	302
Pension	137	194
Other employee related expenses	(78)	20
Total employee related expenses	**2 108**	**2 470**
Management fees	665	769
Consultant, legal and auditor's fees	211	138
Other administrative expenses	591	496
Total administration expenses	**3 574**	**3 874**

Information regarding remuneration to key management, management fees to related parties, fees to the Board of Directors and auditor's fees is provided in note 21.

Number of onshore employees	2022	2021
Onshore employees year end	7	7
Average number of onshore work years	6.9	7.1

Pensions

The Group has a defined contribution plan for onshore employees which complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). The pension plan is a defined contribution plan. Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are transferred to a separately administered scheme and pledged towards the participating employees.

As at 31 December 2022 the Group's pension liability was KUSD 569 (31 December 2021 KUSD 583).

NOTE 9 // EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive ordinary shares to ordinary shares. The Company did not have any potentially dilutive ordinary shares as per 31 December 2022 or 31 December 2021.

Earnings per share	2022	2021
Profit/(loss) for year attributable to ordinary equity holders (KUSD)	5 800	21 115
Weighted average number of shares outstanding, basic and diluted	132 548 611	132 548 611
Basic/diluted earnings per share (USD)	0,04	0.16

NOTE 10 // INCOME TAXES

Tax regimes

The Company's subsidiaries in which the vessels are held are subject to Norwegian tonnage tax (NTT). Companies subject to NTT are exempt from ordinary tax on income derived from operations in international waters. The subsidiaries subject to NTT are taxed on a notional basis based on the net tonnage of the companies' vessels. Income and expenses not derived from the operation of vessels in international waters, such as finance income and expenses, are taxed according to ordinary corporate tax in Norway based on the relative composition of financial assets to total assets of the subsidiaries' balance sheets.

The Parent Company and the subsidiaries Awilco LNG Technical Management AS, Awilco LNG 1 AS, Awilco LNG 2 AS and Awilco LNG 3 AS are subject to ordinary corporation tax in Norway.

Income tax expense	2022	2021
Current income tax	-	-
Changes in deferred tax	-	-
Total income tax expense / (income)	**-**	**-**

Specification of basis for deferred tax	31.12.2022	31.12.2021
Other fixed assets	0	0
Loans to group companies (currency effects*)		
Provisions and accruals		
Gain/loss account	1 222	1 707
Net pension assets	68	73
Currency effects on long term debt	-	-
Tax loss carry forward	27 982	28 750
Basis for deferred tax asset / (liability)	**29 272**	**30 530**
Not recognised deferred tax assets (basis)	(29 272)	(30 530)
Basis for deferred tax asset / (liability)		-
Tax rate	22 %	22 %
Deferred tax asset / (liability)		-

Recognition of deferred income tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unutilised tax losses can be used. Based on these requirements and an assessment by the Group, deferred tax assets arising from tax loss carry forward has not been recognised. Utilisation of the tax loss carry forward is not limited in time.

NOTE 10 // INCOME TAXES CONT

Reconciliation of effective tax rate	2022	2012
Profit/(loss) before taxes	5 800	21 115
Tax based on ordinary tax rate (22 %)	1 276	4 645
Effects from:		
Profit subject to tonnage tax	(1 699)	(4 184)
Permanent differences	(44)	(154)
Not recognised deferred tax asset	467	699
Currency effects	-	(1 006)
Effect of change in tax rate	-	2 093
Total income tax expense / (income)	-	-

Income tax payable	2022	2021
Current tax payable recognised in income statement	-	-
Current tax payable recognised directly in equity	-	-
Total income tax payable	-	-

NOTE 11 // VESSELS AND OTHER FIXED ASSETS

Vessels	2022	2021
Cost as at 1 January	420 809	420 329
Acquisition vessels		
+Newbuildings delivered		
+Capitalised dry-docking		
+Capitalised upgrades, dry-dock, spare parts and replacements	2 934	1 154
Derecognition of cost due to impairment loss parts and equipment		
- Disposals	(1 890)	(673)
Cost as at 31 December	**421 854**	**420 809**
Accumulated depreciation and impairment as at 1 January	93 937	82 046
- Depreciation	12 720	12 564
- Disposals	(1 890)	(673)
Accumulated depreciation and impairment as at 31 December	**104 767**	**93 937**
Carrying amount as at 31 December	**317 087**	**326 875**
Estimated useful lifes:		
Vessel main components	40 years	40 years
Vessel indirect leasing expenses	2 - 5 years	2 - 5 years
Dry-dock and engine overhauls	4 - 5 years	4 - 5 years
Multi-period spares	10 years	10 years
Estimated remaining useful life	32 years	33 years
Depreciation method	Straight line	Straight line

NOTE 11 // VESSELS AND OTHER FIXED ASSETS CONT

Both WilForce and WilPride are financed by sale/leaseback agreements which as described in note 3.

Depreciation: Depreciable amount is calculated as cost less residual value. Residual values are calculated based on the vessels' lightweight tonnage and an estimated scrap rate per ton, less related recycling costs. Estimated residual value per vessel is approximately USD 12 million.

Interest expense, cash ouflow etc on lease liabilities: please see note 17 and note 22.

Impairment: Vessels and other fixed assets are assessed for impairment indicators each reporting period. As increased interest rates, and thereby increased cost of capital is defined as such an indicator the Company have performed an impairment test at yearend 2022. The test show that no impairment is necessary as the estimated recoverable amount exceeds the carrying amount of each of our assets.

NOTE 12 // TRADE RECEIVABLES

Trade receivables	31.12.2022	31.12.2021
Trade receivables	3 774	993
Allowance for doubtful debts	-	-
Trade receivables carrying value	**3 774**	**993**

According to contract terms freight income is generally paid in advance, and thus the Group has limited amounts of trade receivables. No losses have been realized on trade receivables in 2022 or 2021. See note 4 regarding contract assets and note 20 regarding management of credit risk.

Ageing analysis trade receivables

	Total	Neither past due / impaired	← 30 days	30-60 days	61-90 days	→ 90 days
31.12.2022	3 774	3 774	-	-	-	-
31.12.2021	993	993	-	-	-	-

NOTE 13 // INVENTORY

Inventory	31.12.2022	31.12.2021
Bunkers and lube oils	233	182
Total inventory	**233**	**182**

NOTE 14 // OTHER SHORT TERM ASSETS

Other short term assets	31.12.2022	31.12.2021
Prepaid expenses	279	300
VAT-receivable	58	57
Insurance claims	-	192
Other short term receivables	81	3 835
Total other short term assets	**419**	**4 384**

Please see note 7 for further information on insurance claims. The insurance claims are considered as virtually certain contingent assets.

NOTE 15 // CASH AND CASH EQUIVALENTS

		31.12.2022		31.12.2021	
Currency	**Code**	**FX rate**	**Carrying value**	**FX rate**	**Carrying value**
US dollars	USD	1	24 996	1	22 460
Norwegian kroner	NOK	9,8573	1 062	8,8194	1 177
Total cash and cash equivalents			**26 058**		**23 637**

As at 31 December 2022 KUSD 4 355 was restricted cash related to the vessel leases (KUSD 1 733 as at 31 December 2021), KUSD 288 was restricted cash related to employee withholding tax (KUSD 262 as at 31 December 2021), KUSD 78 was restricted cash related to requirements from operating the vessels (KUSD 77 as at 31 December 2021) and KUSD 38 was restricted cash provided as deposit towards the office lease (KUSD 43 as at 31 December 2021).

NOTE 16 // PROVISIONS AND ACCRUALS

Provisions and accruals	31.12.2022	31.12.2021
Accrued bunkers cost		
Accrued expenses, invoice not received	685	216
Accrued interest	3 848	2 149
Deferred revenue (see note 4)	6 216	4 921
Provision sale of inventory	1 407	1 407
Salary related provisions	590	572
Other accruals and provisions	-	-
Total provisions and accruals	**12 745**	**9 265**

Please see note 7 for further information on the provisions for vessel repairs. Deferred revenue relates to time charter hire for January invoiced in December of USD 6.2 million and provision for sale of inventory of USD 1.4 million. Please see note 4 for contract liabilities.

NOTE 17 // FINANCE INCOME AND EXPENCE

Finance income	2022	2021
Interest income	256	1
Currency gains	198	(26)
Other finance income	2	664
Total finance income	**457**	**639**

	2022	2021
Net gain/(loss) and valuation adjustment of securities		
Net gain/(loss) and valuation adjustment of securities	(163)	-
Total Net gain/(loss) and valuation adjustment of securities	(163)	-

Finance expenses	2022	2021
Interest expenses finance lease liabilities	12 838	10 156
Interest and fees overdraft facility		
Currency losses	39	15
Other finance expenses	23	40
Total finance expenses	**12 900**	**10 211**

Other finance income in 2021 include dividend received from DNK of 662 kUSD. For further information on finance lease liabilities please see note 22.

NOTE 18 // FINANCIAL INSTRUMENTS

Classes of financial instruments and fair values

Financial assets at amortised cost

	Carrying amount		Fair value	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Trade receivables	3 774	993	3 774	993
Other short term assets	139	4 084	139	4 084
Cash and cash equivalents	26 058	23 637	26 058	23 637
Total	**29 972**	**28 714**	**29 972**	**28 714**

Financial liabilities at amortised cost	Carrying amount		Fair value	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Lease liabilities	207 614	225 631	207 614	225 631
Trade payables	771	516	771	516
Total	**208 385**	**226 147**	**208 385**	**226 147**

Fair value of financial instruments

Fair value of trade receivables, other short term assets, cash and cash equivalents and trade payables approximate their carrying amounts due to the short-term maturities of these instruments, all categorised in fair value level 2.

NOTE 18 // FINANCIAL INSTRUMENTS CONT

The fair value of lease liabilities and other non-current liabilities is estimated by discounting future cash flows using rates for debt on similar terms, credit risk and remaining maturities, categorised in fair value level 3. The fair value of the these approximates the carrying amounts, as there have been no significant changes in the market rates for similar debt financing between the date of securing the debt financing and the reporting date.

NOTE 19 // SHARE CAPITAL AND SHAREHOLDERS

Share capital	Number of shares	Par value NOK	Share capital USD
Share capital as at 31 December 2020	132 548 611	0.10	1 976
Share capital reduction	-	-	-
Issued shares	-	-	-
Share capital as at 31 December 2021	**132 548 611**	**0.10**	**1 976**
Share capital as at 31 December 2021	132 548 611	0.10	1 976
Share capital reduction	-	-	-
Issued shares	-	-	-
Share capital as at 31 December 2022	**132 548 611**	**0.10**	**1 976**

The share capital is denominated in NOK. A reduction in the nominal value of each of the Companny's shares from NOK 2.5 to NOK 0.10 was resolved at the extraordinary General Meeting held 17 September 2020. All issued shares are of equal rights.

Overview of shareholders as at 31 December 2022

Shareholder	Number of shares	In %
Awilco AS	51 114 080	38,6%
Morgan Stanley & Co. Int. Plc.	24 501 425	18,5%
B.O. Steen Shipping AS	5 926 060	4,5%
Euroclear Bank S.A./N.V.	5 076 299	3,8%
Credit Suisse (Switzerland) Ltd.	2 134 367	1,6%
Vidar Anfin Taranger	1 625 000	1,2%
The Bank of New York Mellon SA/NV	1 357 891	1,0%
Patronia AS	1 322 988	1,0%
Clearstream Banking S.A.	959 375	0,7%
Trapesa AS	946 332	0,7%
The Bank of New York Mellon SA/NV	928 260	0,7%
Interactive Brokers LLC	921 770	0,7%
The Bank of New York Mellon	838 344	0,6%
J.P. Morgan Securities Plc	809 440	0,6%
Kristian Falnes AS	800 000	0,6%
Skips AS Tudor	781 429	0,6%
Nordnet Livsforsikring AS	768 849	0,6%
Kilsholmen AS	750 000	0,6%
The Bank of New York Mellon	689 596	0,5%
Total → 0.5%	**102 251 505**	**77,1%**
Other shareholders	30 297 106	22,9%
Total	**132 548 611**	**100.0%**

NOTE 20 // CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

A key objective in Awilco LNG's capital management is to ensure that the Group maintains a capital structure in order to support its business, maintain investor and creditor confidence and maximise shareholder value. The Group evaluates its capital structure in light of current and projected cash flow, the relative strength of the shipping markets, new business opportunities and the Group's financial commitments. As part of the Group's long term capital management strategy, the Company is listed on Euronext Expand. Capital is managed on Group level, although each vessel owning company has a capital structure adressing company specific financial and operational requirements and risks.

The Group monitors its capital using the book equity ratio:

Equity ratio	31.12.2022	31.12.2021
Book equity	126 387	120 586
Total assets	348 107	356 746
Book equity ratio	36 %	34 %

Dividend policy

The Group's intention is to pay regular dividends in support of the Group's main objective of maximising returns to shareholders. The Board of Directors approved a revised dividend policy in November 2022. The Board is committed to return value to shareholders and intend to distribute a substantial part of annual free cash flow, paid out quarterly, always subject to debt covenants, capital requirements and a robust cash buffer.

Financial risk management

The Group is in its business exposed to financial risks such as market risk, credit risk and liquidity risk. The Group's management identifies, evaluates and implements necessary actions to manage and mitigate these risks. The Board of Directors reviews and agrees to the policies for managing each of these risks, which are summarised below.

Market risk

Market risk from financial instruments is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments held by the Group are affected by market risk. The Group does not enter into any financial instruments, including financial derivatives, for trading purposes.

Interest rate risk: At the balance sheet date the Group had oustanding lease liabilities on the vessels of MUSD 207.6 that was subject to a floating interest charge (USD LIBOR). Each 100 bps change in USD libor would have an effect on the profit/(loss) for the reporting period of MUSD 2.1 and no direct effect on equity. The Group also had bank deposits subject to floating NIBOR and LIBOR rates. No interest rate derivatives have been entered into to mitigate the floating interest rate risk. The Group continually assess the need for hedging interest rate risk.

Foreign currency risk: The functional currency of all the entities in the Group is USD, and the Group has limited currency risk arising from operations, as income and the majority of operating expenses and vessel investments are denominated in USD. However, the Group has exposure to NOK, as administration expenses and parts of cash and cash equivalents, other short term assets, trade payables and provisions and accruals are denominated in NOK. Financial instruments denominated in currencies other than USD at 31 December 2022 include trade payables, other short term assets and bank deposits in NOK, which represents a net long exposure to NOK. Based on these financial instruments denominated in NOK at 31 December 2022, a 10 % change in the USD/NOK rate would have an effect on the profit/(loss) for the reporting period of KUSD 42 and no direct effect on equity (KUSD 92 in profit/(loss) effect in 2021).

Price risk: The Group will normally have limited exposure to risks associated with price fluctuations on bunker oil, as the bunkers is for the charterers account when the vessels are on contract. The Group has currently not entered into any bunkers derivatives, however this is subject to continuous assessments.

NOTE 20 // CAPITAL AND FINANCIAL RISK MANAGEMENT CONT

The Group is also subject to price risk related to the spot/short term charter market for chartering LNG carriers, which is uncertain and volatile and will depend upon, among other things, the natural gas prices, tonnage supply and energy markets which the Group cannot predict. Currently, no financial instruments has been entered into to reduce this risk.

Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities through trade receivables and from its financing activities, including deposits with banks.

The Group aims to do business with creditworthy counterparties only. Prior to entering into a charterparty the Group evaluates the credit quality of the customer, assessing its financial position, credit rating, past experience and other factors. If the counterparty is not assessed as of adequate credit quality the Group may demand guarantees and/or prepayment of charter hire to reduce credit risk to an acceptable level. Charter hire is generally paid in advance, effectively reducing the potential exposure to credit risk. The credit quality of outstanding trade receivables as at 31 December 2022 is assessed as very good. The Group has measured the expected credit loss for the coming twelve months and estimated it to NIL. Furthermore, as disclosed in note 12, none of the trade receivables outstanding as at 31 December 2022 are past due. Bank deposits are deposited with internationally recognised financial institutions with a high credit rating. Currently, bank deposits are with banks rated Aa3 by Moody's, hence the assessed credit risk is minimal.

Awilco LNG has not provided any material guarantees for third parties' labilities, and the maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

Liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity and/or undrawn commited credit facilities at all times to meet its obligations without incurring unacceptable losses or risking damage to the Group's reputation. To ensure this, the Group continuously monitors the maturity of the financial assets and liabilities and projected cash flows from operations. Please see the liquidity risk section in the Board of Directors' report for further information.

The WilForce and WilPride sale/leaseback facilities provided by CCB Financial Leasing Co. Ltd.(CCBFL) contains a minimum value clause in addition to financial covenants that require the Awilco LNG Group to maintain consolidated minimum cash and cash equivalents of USD 10.0 million and positive consolidated working capital. On 22 June 2020 the Company and CCBFL agreed to make certain temporary amendments to financial covenants in the sale/leaseback facilities for both vessels. The required minimum consolidated cash and cash equivalents financial covenant of USD 10.0 million was reduced to USD 2.0 million. On 23 November 2020 the temporary amendments outlined above were extended for a further six-month period from 1 January 2021 to 30 June 2021. The temporarily amended cash covenant of USD 2.0 million ended on June 30, 2021 and the Comapny is in compliance with all ordinary reinstated covenants..

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Per 31 December 2022

	← 3 months	3-12 months	1-5 years	→ 5 years	Total
Trade payables	771	-	-	-	771
Interest -bearing debt	4 688	14 064	75 008	117 910	207 614
Minimum interest payment	3 968	11 250	46 879	16 542	78 639
Total	**9 427**	**25 314**	**121 887**	**134 452**	**287 024**

Per 31 December 2021				→ 5 years	Total
	← 3 months	3-12 months	1-5 years	-	
Trade payables	516	-	-	-	516
Interest -bearing debt	4 688	14 064	75 008	135 927	225 631
Minimum interest payment	2 216	6 305	26 909	13 416	48 845
Total	**7 420**	**14 064**	**75 008**	**135 927**	**274 992**

NOTE 21 // RELATED PARTIES

To provide the Group with access to important and required knowledge and services, the Group has entered into the following agreements and transactions with related parties:

Related party	Description of service	No.
Awilco Technical Services AS (ATS)	Technical Sub-management Services	1
Awilhelmsen Management AS (AWM)	Administrative Services	2
Integrated Wind Solutions (IWS)	Technical Sub-management Services	3

(1) The Group's in-house technical manager, Awilco LNG Technical Management AS (ALNG TM), has entered into a sub-management agreement with ATS, whereby ATS assists ALNG TM in management of the Group's fleet. The sub-management services also include management for hire of the managing director in ALNG TM. 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 a management fee 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) Awilco LNG's in-house technical manager, ALNG TM, has entered into a sub-management agreement with IWS, whereby IWS assists ALNG TM in management of the Group's fleet. ALNG TM pays IWS a management fee based on an agreed hourly rate for the employees involved. The agreement can be terminated by both parties with three months' notice. IWS is 39.4% owned by Awilco AS.

Purchases from related parties	2022	2021
Awilco Technical Services AS	428	519
Awilhelmsen Management AS	235	250
Integrated Wind Solutions ASA	2	0

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

Balances with related parties (liabilities)	31.12.2022	31.12.2021
Awilco Technical Services AS	-	219
Awilhelmsen Management AS	-	-
Integrated Wind Solutions ASA	-	-
Astrup Fearnley Group		

Balances with related parties (liabilities) are presented as Trade payables or Provisions and accruals in the statement of financial position.

NOTE 21 // RELATED PARTIES CONT

Balances with related parties (assets)	31.12.2022	31.12.2021
Awilco Technical Services AS	142	167
Awilhelmsen Management AS	5	-
Integrated Wind Solutions ASA	2	-
Astrup Fearnley Group	-	-

Balances with related parties (assets) are presented as Trade receivables in the statement of financial position.

Remuneration to key management

2022 Remuneration	Salary	Bonus	Pensions	Other	Total
CEO Jon Skule Storheill	368	172	52	30	622
CFO Per Heiberg	239	77	31	22	369
Total	**607**	**249**	**83**	**52**	**991**

2021 Remuneration	Salary	Bonus	Pensions	Other	Total
CEO Jon Skule Storheill	403	196	57	3	659
CFO Per Heiberg*	198	48	28	2	276
Prev. CFO Øyvind Ryssdal**	80	0	2	0	82
Total	**681**	**244**	**87**	**5**	**1 017**

*** From April 6, 2021**

**** Up until January 31, 2021**

Loans, advances and guarantees

Awilco LNG has not provided any loans, advances or guarantees to key management.

The Board of Directors' guidelines regarding remuneration to leading persons

The guidelines regarding remuneration to leading persons have been prepared by the board of directors in accordance with section 6-16 a of the Norwegian Public Limited Liability Companies Act and was adopted by the Annual General Meeting in 2021. Awilco LNG will present a report on remuneration to leading persons to be approved by the Annual general meeting in 2023.

The guidelines set out for determination of salaries and other remuneration applies to leadng persons in the Company. The following guidelines were applied in 2021:

General policy: The Company shall offer competitive terms of compensation for senior executives to enable the Company to recruit, motivate and retain senior executives. Competitive terms are defined as terms at the same level as those offered by comparable businesses. The total remuneration shall reflect the responsibility and obligations of senior executives, and promote added value to the Company and its shareholders. The remuneration should not be of such a nature or extent that it may negatively impact the Company's reputation. It is the view of the Board that these objectives are important to the Company's business strategy and long-term interests.

The Board determines the remuneration of the chief executive officer. The chief executive officer determines the remuneration of other senior executives. The remuneration of the members of the Board is determined by the Company's general meeting.

NOTE 21 // RELATED PARTIES CONT

Salary and remuneration: Remuneration to senior executives consists of fixed and variable compensation. The fixed compensation consists of a base salary and also includes insurance and pension schemes, car allowance, parking, newspaper and communications to the extent deemed appropriate. The fixed compensation will normally constitute the main part of the remuneration to senior executives.
The Company offers a defined contribution plan whereby pension contributions towards salary up to 12G are funded in a life insurance company. Contributions towards salary above 12G are funded by the Company and transferred to a separately administered scheme and pledged towards the participating employees. The plan complies with the requirements in the Mandatory Occupational Pension Act in Norway. The Company's senior executives are covered by this defined contribution plan. The Company does not have any other pension arrangements for senior executives.

The variable compensation consists of variable bonus. Bonus to senior executives shall be related to collective and individual goals, partly based on defined parameters (KPIs) and partly a discretionary evaluation of the Company's and employee's performance. Bonus payments shall reflect the values brought to the Company and its shareholders, as well as individual achievements. The potential bonus to the CEO is not limited, while the potential bonus to the CFO is limited to 12 months salary.

The Company's CEO and CFO has an agreement of 18 and 12 months severance payment respectively including a six month period of notice in case of involuntary resignation or by redundancy.

The Company has no current plans to offer senior executives warrants, options or other forms of remuneration related to shares or the development of the share price in the Company or other companies within the Awilco LNG Group. Issue of shares or granting of share-based payments to senior executives shall only take place upon the General Meeting's approval. This shall not prevent senior executives from taking part in equity issues on the same terms as other investors.

The remuneration of the members of the Board will consist of an annual fixed fee unless the general meeting of the Company decides otherwise. No member of the Board is entitled to any variable remuneration or any compensation upon termination of the membership of the Board.

Remuneration to Board of Directors

Remuneration to the Board of Directors consists of a Director's fee which is fixed for the year depending on the role on the Board as well as compensation for other Board elected committees. The Board's fees are approved by the Annual General Meeting.

NOTE 21 // RELATED PARTIES CONT

2022 Remuneration

	Director's fee	Audit committee fee	Remuneration committee fee	Total
Synne Syrrist	36	5	5	47
Annette Malm Justad	21			21
Jens-Julius Nygaard	21		5	26
Jon-Aksel Torgersen	21	5		26
Ole Christian Hvidsten*	10			10
Total compensation for the period	**109**	**10**	**10**	**130**

* Elected at Annual General Meeting on May 24, 2022

2021 Remuneration

	Director's fee	Audit committee fee	Remuneration committee fee	Total
Synne Syrrist	41	6	6	52
Annette Malm Justad	23			23
Jens-Julius Nygaard	23		3	26
Jon-Aksel Torgersen	23	3	3	29
Steve Christy *	12			12
Total compensation for the period	**122**	**9**	**12**	**142**

* Elected at Annual General Meeting on June 1. 2021

Directors' and key management's shares and options in the Company

Board of Directors	Ordinary shares
Synne Syrrist	-
Annette Malm Justad	-
Jens-Julius Nygaard	-
Jon-Aksel Torgersen	427 564
Ole Christian Hvidsten	-
Total	**427 564**

Key management	Ordinary shares
CEO Jon Skule Storheill	140 000
CFO Per Heiberg	-
Total	**140 000**

Auditor's fee	2022	2021
Statutory audit (expensed)	68	77
Other assurance services	-	-
Tax advisory	-	-
Total fees to auditor, excl. VAT	**68**	**77**

NOTE 22 // INTEREST-BEARING DEBT

Early January 2020 both vessels were financed with a 10-year sale-leaseback facility provided by CCB Financial Leasing Co. Ltd. (CCBFL), a wholly owned subsidiary of China Construction Bank (CCB).
Both vessels were sold for a gross consideration of USD 175.0 million per vessel, including non-amortizing and non-interest bearing pre-paid charter hire of USD 43.75 million per vessel, enabling a full take out of the earlier sale-leaseback agreements with Teekay LNG Partners L.P. The vessels are chartered back on bareboat basis to wholly owned subsidiaries of the Company for a period of up to 10 years. The CCBFL facility bears a 14-year straight line amortisation profile and carries a floating interest rate structure based on 3-month USD libor plus a margin of 370 bps.

The Group has rolling repurchase options that started in january 2022 and repurchase obligations at maturity of the facility at USD 37.5 million per vessel.

The facility 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.

During 2020 the Company and CCBFL agreed to make certain temporary amendments to financial covenants, and as a result of these amendments the Company agreed a permanent restriction from declaring or paying dividends if the consolidated cash position of the Awilco LNG Group is lower than USD 20 million on the day of declaration and the day following the payment. The temporarily amended cash covenant of USD 2.0 million ended on June 30, 2021 and the Company is in compliance with all ordinary reinstated covenants.

Carrying amount

The net carrying amount of the lease liabilities and other interest bearing debt is presented as follows:	**31.12.2022**	**31.12.2021**
Short-term interest bearing debt	18 804	18 890
Long-term interest bearing debt	188 831	206 906
Total	**207 635**	**225 796**

Interest bearing debt is presented net of capitalized transaction costs which are amortised over the repayment period for the debt.

Payments towards lease liabilities

		2022	
	Principal	**Interest**	**Total**
Lease payments WilForce	9 375	5 192	14 567
Lease payments WilPride	9 375	5 172	14 547
Total	**18 750**	**10 364**	**29 114**

		2021	
	Principal	**Interest**	**Total**
Lease payments WilForce	9 375	4 781	14 156
Lease payments WilPride	9 375	4 785	14 160
Total	**18 750**	**9 566**	**28 316**

NOTE 22 // INTEREST-BEARING DEBT CONT

Future minimum lease payments and their present value

Per 31 December 2021

	← 1 year	1-5 yrs	→ 5 yrs	Total
Minimum lease payments	18 750	75 002	117 185	210 936
Present value of min. lease payments	18 241	60 858	71 795	150 894

Per 31 December 2019

	← 1 year	1-5 yrs	→ 5 yrs	Total
Minimum lease payments	18 750	75 002	135 935	229 687
Present value of min. lease payments	18 486	67 287	102 902	188 674

NOTE 23 // SUBSIDIARIES

The consolidated financial statements include the financial statements of Awilco LNG ASA and its subsidiaries listed in the table below:

Company name	Country	Principial activity	Date incorporated	Ownership/ voting share
Awilco LNG 1 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 2 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 3 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 4 AS	Norway	Owner of LNG/C WilForce	6 May 2011	100 %
Awilco LNG 5 AS	Norway	Owner of LNG/C WilPride	6 May 2011	100 %
Awilco LNG Technical Management AS	Norway	Technical management	17 September 2012	100 %

The subsidiaries' registered office is Beddingen 8, 0250 Oslo. All subsidiaries are included in the consolidated financial statement from their respective dates of incorporation.

NOTE 24 // COMMITMENTS, CONTINGENCIES AND GUARANTEES

Operating lease commitments

The Group has no operating lease commitments as at 31 December 2022.

Contingent assets

As disclosed in note 7 WilForce was involved in a collision in May 2019 which caused hull damage, but with no harm to life or the environment. In a trial related to liability Awilco LNG returned with a verdict of 75:25 in the Company's favor. The process to agree on quantum is ongoing and the parties are currently evaluating the claims. The process is slowly moving forward, and at the time of this report it is difficult to assess the date for a final closure of the case although we hope to receive settlement within the foreseeable future. No effects of the claim will be reflected in Awilco LNG's financial statements until the awarded compensation is determined and received.

NOTE 25: EVENTS AFTER THE REPORTING DATE

Dividend

On February 15, 2023 the Board authorized a cash dividend payment of NOK 0.50 per share to the shareholders on record as of February 24, 2023. The shares in Awilco LNG ASA traded ex. dividend from and including February 23, 2023, and dividend of USD 6.4 million (NOK 66. 3 million) was paid in March 2023. The dividend is classified as return of paid in capital.


WILPRIDE

Parent Company Financial Statements and Notes

PARENT COMPANY INCOME STATEMENT

In NOK thousands

	Note	2022	2021
Operating income	6	7 925	8 037
Administration expenses	3	27 268	25 847
Earnings before interest, taxes, depr. and amort. (EBITDA)		**(19 342)**	**(17 810)**
Depreciation and amortisation		9	9
Earnings before interest and taxes		**(19 351)**	**(17 819)**
Finance income	4	19 878	3 760
Net gain/(loss) and valuation adjustment of securities	4	3 599	-
Finance expenses	4	1 331	314
Net finance income/(expense)		22 146	3 445
Profit/(loss) before taxes		**2 795**	**(14 373)**
Income tax expense	5	-	-
Profit/(loss) for the period		**2 795**	**(14 373)**
Allocations/transfers of profit/(loss) for the period:			
Allocated to/(transferred from) retained earnings		2 795	(14 373)
Repaid share premium repaid in 2023		(66 274)	-
Transferred from share premium		66 274	-
Total allocations and transfers		**2 795**	**(14 373)**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

In NOK thousands

	Note	2022	2021
ASSETS			
Non-current assets			
Pension assets	3	4 944	4 504
Other fixed assets		63	72
Shares in subsidiaries	6	679 665	679 665
Loans to subsidiaries	6	-	85 603
Total non-current assets		**684 672**	**769 844**
Current assets			
Short term receivables subsidiaries	6	7 681	5 239
Financial investment		-	-
Other short term assets		695	503
Cash and cash equivalents	7	169 399	150 291
Total current assets		**177 775**	**156 032**
Total assets		**862 448**	**925 876**
EQUITY AND LIABILITIES			
Equity			
Share capital	8	13 255	13 255
Share premium		682 574	748 849
Other paid-in capital	8	419 800	419 800
Retained earnings		(403 027)	(406 145)
Total equity		**712 603**	**775 758**
Non-current liabilities			
Pension liabilities	3	5 614	5 144
Total non-current liabilities		**5 614**	**5 143**
Current liabilities			
Short term payables subsidiaries	6	1 360	1 137
Inter company debt	6	70 947	138 880
Trade payables		234	278
Provisions and accruals	9	71 689	4 680
Total current liabilities		**144 231**	**144 975**
Total equity and liabilities		**862 447**	**925 876**

PARENT COMPANY CASH FLOW STATEMENT

In NOK thousands

	Note	2022	2021
Cash Flows from Operating Activities:			
Profit/(loss) before taxes		2 795	(14 373)
Items included in profit/(loss) not affecting cash flows:			
Depreciation and amortisation of property, plant and equipment		9	9
Changes in operating assets and liabilities:			
Other short term assets		695	503
Short term receivables/payables subsidiaries		(70 152)	85 159
Trade payables, provisions and accruals		66 995	1 936
i) Net cash provided by / (used in) operating activities		**343**	**73 232**
Cash Flows from Investing Activities:			
Loans to/from subsidiaries	6	85 603	-
ii) Net cash provided by / (used in) investing activities		**85 603**	**-**
Cash Flows from Financing Activities:			
Proceeds from borrowings		-	-
iii) Net cash provided by / (used in) financing activities		-	-
Net change in cash and cash equivalents (i+ii+iii)		85 392	73 226
Cash and cash equivalents at start of period	7	150 291	77 065
Cash and cash equivalents at end of period	7	**169 399**	**150 291**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2022

In NOK thousands	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2022	13 255	748 849	419 800	(406 146)	775 758
Profit/(loss) for the period	-	-	-	2 795	2 795
Share premium reduction [1]	-	(66 274)	-	-	(66 274)
Balance as at 31 December 2022	**-**	**682 575**	**419 800**	**(403 350)**	**712 279**

[1] In March 2023 the Board of directors used the authority given bu the Annual General Meeting to pass a resolution for distribution share premium to the shareholders. This is recorded as dividend per yearend. The dividend payment was processed in March 2023

For the period ended 31 December 2021

In NOK thousands	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2021	13 255	748 849	419 800	(391 772)	790 132
Profit/(loss) for the period	-	-	-	(14 373)	(14 373)
Balance as at 31 December 2020	**13 255**	**748 849**	**419 800**	**(406 146)**	**775 758**

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 // CORPORATE INFORMATION

Awilco LNG ASA (the Company) is a public limited liability company incorporated and domiciled in Norway. Its registered office is Beddingen 8, 0250 Oslo, Norway. The Company was incorporated 2 February 2011 and is listed on Euronext Expand with the ticker ALNG.

Awilco LNG ASA is through its subsidiaries engaged in the operation of and investments in LNG transportation vessels.

NOTE 2 // SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation

The financial statements of Awilco LNG ASA have been prepared in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The financial statements are presented in Norwegian kroner (NOK) rounded off to the nearest thousands, except as otherwise indicated. The financial statements are prepared in English, as approved by the Norwegian Directorate of Taxes.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Shares in subsidiaries

Shares in subsidiaries are measured at cost less accumulated impairment losses. Such assets are impaired to fair value when the decrease in value is for reasons not considered being of a temporary nature and must be deemed necessary based on generally accepted accounting principles. Impairment losses are reversed when the rationale for the recognised impairment loss no longer applies. Dividends, group contributions and other distributions from subsidiaries are recognised in the same period as they are recognised in the financial statement of the subsidiary. If dividends and group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital and will be deducted from the carrying value of the subsidiary in the balance sheet of the Company.

Foreign currency

The functional currency of the Company is USD whereas the presentation currency is NOK. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated at the exchange rate applicable at the balance sheet date. Realised and unrealised foreign currency gains or losses on monetary items are presented as finance income or finance expense.

Revenue recognition

Revenues from the sale of services are recognised in the income statement once services have been rendered.

Other fixed assets

Other fixed assets are capitalised and depreciated linearly over the estimated useful life. Costs for maintenance are expensed as incurred. If the carrying value of other fixed assets exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the higher of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are used.

Classification of items in the balance sheet

Current assets and current liabilities include items that fall due for payment within one year after the balance sheet date. The short-term part of long-term debt is classified as short-term debt.

Loans and receivables

Loans and receivables are initially recognised at fair value net of any transaction costs. The assets are subsequently carried at amortised cost using the effective interest method, if the amortisation effect is material, and the carrying amount is subsequently reduced by any impairment losses.

Taxes

The income tax expense consists of current income tax and changes in deferred tax.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statement.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Deferred income tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company.

Current income tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Pensions

The Company is required to provide a pension plan towards its onshore employees, and has implemented a defined contribution plan. The plan, which is fully funded, complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary above 12G are transferred to a separately administered scheme and pledged towards the participating employees. G refers to the Norwegian National Insurance basic amount.

Contributions to the pension plan are recognised as an employee benefit expense in the income statement when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is expected. The Company has no further payment obligations once the contributions have been paid.

The liability arising from the plan → 12G is classified as a non-current liability in the statement of financial position. Changes in the liability are recognised as employee benefit expenses in the income statement in the periods during which services are rendered by employees. The liability becomes payable to the employee upon termination, voluntary or involuntary, of the employment.

Cash and cash equivalents

Cash represents cash on hand and deposits with banks that are repayable on demand. Cash includes restricted employee taxes withheld. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

Dividends

Proposed dividend payments from the Company are recognised as a liability in the financial statements on the reporting date 31 December the current year.

Cash flow statement

The cash flow statement is presented using the indirect method.

NOTE 3 // ADMINISTRATION EXPENSES

Administration expenses	2022	2021
Salaries and other remuneration	14 799	13 015
Social security cost	2 482	2 350
Pension	1 248	1 240
Other employee related expenses	83	136
Total employee related expenses	**18 612**	**16 742**
Management fees	1 586	1 537
Consultant, legal and auditor's fees	1 367	2 390
Other administration expenses	4 429	5 178
Total administration expenses	**25 995**	**25 847**

Information regarding management fees to related parties is provided in note 6.

Number of employees	2022	2021
Employees year end	5	5
Average number of work years	5	4,8

Pensions

The Company has a defined contribution plan for its employees which complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are transferred to a separately administered scheme and pledged towards the participating employees. G refers to the Norwegian National Insurance basic amount.

Remuneration to key management

Please see note 21 in the consolidated financial statements for disclosures regarding remuneration to key management.

Remuneration to Board of Directors

Please see note 21 in the consolidated financial statements for disclosures regarding remuneration to Board of Directors.

Auditor's fee	2022	2021
Statutory audit	386	431
Other assurance services	-	-
Tax advisory	-	-
Total fees to auditor, excl. VAT	**386**	**431**

NOTE 4 // FINANCE INCOME AND EXPENSE

Finance income	NOTE	2022	2021
Interest income		2 103	4
Interest income group companies	6	1 527	3 203
Currency gain		8 950	279
Dividends and group contributions from subsidiaries		6 986	0
Other finance income group companies		312	274
Total finance income		**19 878**	**3 760**

Net gain/(loss) and valuation adjustment of securities	2022	2021
Net gain/(loss) and valuation adjustment of securities	3 599	-
Total Net gain/(loss) and valuation adjustment of securities	**3 599**	**-**

Finance expenses	NOTE	2022	2021
Interest expense		132	276
Interest expense group companies	6	1 240	94
Currency loss		0	55
Other finance expenses		27	42
Total finance expenses		**1 399**	**468**

Currency gains and losses mainly relate to translation effects from bank accounts and balances with subsidiaries denominated in USD and translated into NOK at the balance sheet date. See note 6 for a specification of finance income and expense payable from/to group companies.

NOTE 5 // INCOME TAXES

Tax regime

The Company is subject to ordinary corporation tax in Norway at a tax rate of 22 % in 2022

Income tax expense	2022	2021
Current income tax	-	-
Changes in deferred tax	-	-
Total income tax expense / (income)	**-**	**-**

Specification of basis for deferred tax	31.12.2022	31.12.2021
Other fixed assets	3	2
Pension assets	(4 944)	(4 504)
Pension liabilities	5 614	5 144
Tax loss carry forward	60 956	61 876
Basis for deferred tax asset / (liability)	**61 629**	**62 518**
Not recognised deferred tax assets (basis)	(61 629)	(62 518)
Basis for deferred tax asset / (liability)		**-**
Tax rate	22 %	22 %
Deferred tax asset / (liability)	**-**	**-**

NOTE 5 // INCOME TAXES CONT

Recognition of deferred income tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unutilised tax losses can be used. Based on these requirements and an assessment by the Company deferred tax assets arising from tax loss carry forward has not been recognised. Utilisation of the tax loss carry forward is not limited in time.

Reconciliation of effective tax rate	2022	2021
Profit/(loss) before taxes	2 795	(247 887)
Tax based on ordinary tax rate (22 %)	615	(54 535)
Effects from:		
Permanent differences	(419)	52 463
Not recognised deferred tax assets	(196)	2 072
Effect of change in tax rate		
Total income tax expense / (income)	**(0)**	**(0)**

Income tax payable	2022	2021
Current tax payable recognised in income statement	-	-
Current tax payable recognised directly in equity	-	-
Total income tax payable	**-**	**-**

NOTE 6 // RELATED PARTIES

Transactions with related parties

To provide the Company with access to important and required knowledge and services, the Company has entered into various agreements with related parties. Information regarding these contracts and the transactions and balances with related parties, except for transactions and balances with subsidiaries, is provided in note 21 in the consolidated financial statement. Transactions with subsidiaries are disclosed below.

Subsidiaries

As at 31 December 2022 the Company has the following subsidiaries:

Company name	Country	Principial activity	Date incorporated
Awilco LNG 1 AS	Norway	Former vessel SPV	2 February 2011
Awilco LNG 2 AS	Norway	Former vessel SPV	2 February 2011
Awilco LNG 3 AS	Norway	Former vessel SPV	2 February 2011
Awilco LNG 4 AS	Norway	Owner of LNG/C WilForce	6 May 2011
Awilco LNG 5 AS	Norway	Owner of LNG/C WilPride	6 May 2011
Awilco LNG Technical Management AS	Norway	Technical management	17 September 2012

The subsidiaries' registered office is Beddingen 8, 0250 Oslo, Norway.

NOTE 6 // RELATED PARTIES AND INVESTMENTS IN GROUP COMPANIES CONT

Company name	Ownership/ voting share	Carrying amount 31.12.2022	Carrying amount 31.12.2022
Awilco LNG 1 AS	100 %	8 692	8 692
Awilco LNG 2 AS	100 %	1 146	1 146
Awilco LNG 3 AS	100 %	10 008	10 008
Awilco LNG 4 AS	100 %	373 800	373 800
Awilco LNG 5 AS	100 %	275 900	275 900
Awilco LNG Technical Management AS	100 %	10 120	10 120
Total carrying amount 31 December		**679 665**	**679 665**

Transactions with subsidiaries

Commercial management fee

Awilco LNG ASA provides commercial management services to the vessel owning subsidiaries. The commercial management fees are based on a fixed fee of USD 100 000 per vessel per year a fixed percentage of gross freight income of 1.25 %.

Subsidiary	2022	2021
Awilco LNG 4 AS	3 874	3 318
Awilco LNG 5 AS	4 052	4 719
Total	**7 925**	**8 037**

Project management fee Awilco LNG Technical Management AS

A subsidiary of the Company, Awilco LNG Technical Management AS, provides project management services to the Company. In 2022 the Company paid a fee of TNOK 801 for these services (TNOK 853 in 2021)

Guarantee commission from subsidiaries

The Company has issued guarantees towards the lessor of WilForce and WilPride on behalf of lessees' Awilco LNG 4 AS and Awilco LNG 5 AS respectively, see note 11. A guarantee commission of TNOK 156 was charged each of the two subsidiaries in 2022 (TNOK 137 each in 2021).

Interest income from subsidiaries

Subsidiary	2022	2021
Awilco LNG 1 AS	2	-
Awilco LNG 2 AS	0	-
Awilco LNG 3 AS	6	-
Awilco LNG 4 AS	821	1 070
Awilco LNG 5 AS	691	2 067
Awilco LNG Technical Management AS	6	34
Total	**1 527**	**3 171**

NOTE 6 // RELATED PARTIES AND INVESTMENTS IN GROUP COMPANIES CONT

Interest expenses subsidiaries

Subsidiary	2022	2021
Awilco LNG 1 AS	178	7
Awilco LNG 2 AS	29	1
Awilco LNG 3 AS	487	19
Awilco LNG 4 AS	40	21
Awilco LNG 5 AS	204	39
Awilco LNG Technical Management AS	302	7
Total	**1 240**	**94**

Balances with subsidiaries

The Company provides financing to its subsidiaries through both long-term and short-term loans. Interest on both long-term loans and short-term receivables/payables is agreed to LIBOR + 3 % for USD denominated loans and NIBOR + 3 % for NOK denominated loans. See below for interest income from subsidiaries.

Balances with subsidiaries as at 31 December 2022

Subsidiary	Long-term loans (+) /borrowings (-)	Short-term receivables	Short-term payables
Awilco LNG 1 AS	-	-	3
Awilco LNG 2 AS	-	-	3
Awilco LNG 3 AS	-	-	3
Awilco LNG 4 AS	-	1 570	-
Awilco LNG 5 AS	-	1 106	-
Awilco LNG Technical Management AS	-	5 005	1 350
Total	**-**	**7 682**	**1 360**

Short-term receivable TNOK 5 005 towards Awilco LNG Technical Management AS relates to group contribution.

Balances with subsidiaries as at 31 December 2021

Subsidiary	Long-term loans (+) /borrowings (-)	Short-term receivables	Short-term payables
Awilco LNG 1 AS	-	-	2
Awilco LNG 2 AS	-	-	2
Awilco LNG 3 AS	-	-	2
Awilco LNG 4 AS	29 198	2 023	-
Awilco LNG 5 AS	56 405	3 216	-
Awilco LNG Technical Management AS	-	-	1 132
Total	**85 603**	**5 239**	**1 137**

NOTE 6 // RELATED PARTIES AND INVESTMENTS IN GROUP COMPANIES CONT

Cash pool deposits subsidiaries

Company name	Note	31.12.2022	31.12.2021
Awilco LNG 1 AS		10 896	9 629
Awilco LNG 2 AS		1 753	1 572
Awilco LNG 3 AS		29 777	26 259
Awilco LNG 4 AS		10 303	4 437
Awilco LNG 5 AS		(353)	82 253
Awilco LNG Technical Management AS		19 009	14 731
Total	**7**	**71 386**	**138 880**

NOTE 7 // CASH AND CASH EQUIVALENTS

		31.12.2022		31.12.2021	
Currency	Code	FX rate	Carrying value	FX rate	Carrying value
US dollars	USD	9.8573	89 440	8.8194	5 538
Norwegian kroner	NOK	1	8 573	1	5 873
Total cash and cash equivalents			**98 014**		**11 411**

	31.12.2022	31.12.2021
Cash pool deposits subsidiaries	71 386	138 880

The group has a cash pool arrangement which entails that the subsidiaries' deposits on these accounts are formally either a receivable or a liability against Awilco LNG ASA.

As at 31 December 2022 TNOK 2 661 was restricted cash related to employee withholding tax (31 December 2021 TNOK 2 212), TNOK 765 was restricted cash related to requirements from operating Awilco LNG's vessels (31 December 2021 TNOK 675) and TNOK 376 was restricted cash provided as deposit towards the office lease (31 December 2021 TNOK 376).

Awilco LNG's liquidity is organised in a cash pool arrangement in which cash in the subsidiaries formally represents receivables or payables towards the parent company Awilco LNG ASA. The Group companies are jointly and severally liable for the total outstanding amount under the arrangement.

NOTE 8 // SHARE CAPITAL

Information about the Company's share capital is provided in note 19 to the consolidated accounts.

NOTE 9 // PROVISIONS AND ACCRUALS

Provisions and accruals	31.12.2022	31.12.2021
Accrued expenses, invoice not received	-	-
Salary related provisions	71 689	4 680
Other accruals and provisions	-	-
Total provisions and accruals	**71 689**	**4 680**

NOTE 10 // CAPITAL AND FINANCIAL RISK MANAGEMENT

General information regarding capital and financial risk management is provided in note 20 in the consolidated accounts. Awilco LNG ASA presents its financial statement in NOK, and is thus exposed to foreign exchange translation risk on monetary items denominated in foreign currencies.

NOTE 11 // COMMITMENTS, CONTINGENCIES AND GUARANTEES

Please see note 24 in the consolidated accounts. In addition, Awilco LNG ASA has issued certain guarantees on behalf of companies in the Awilco LNG Group:

The Company has issued a guarantee towards CCB Financial Leasing Co. Ltd on behalf of the Company's subsidiaries Awilco LNG 4 AS and Awilco LNG 5 AS, guaranteeing for the performance of the bareboat charter agreements described in note 22 in the consolidated accounts.

NOTE 12 // EVENTS AFTER THE REPORTING DATE

Information on events after the reporting date is disclosed in note 26 in the consolidated accounts.

Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Awilco LNG ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Awilco LNG ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022 and the income statement, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, the income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 12 years since incorporation on 2 February 2011 (with a renewed election on 24 May 2022).

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate

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opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Accounting estimates related to vessels

Basis for the key audit matter
Market interest rates increased significantly during 2022, which again impacted the discount rate, and as a result, management identified impairment indicators related to the vessels and tested recoverable amount of the vessels. The impairment evaluation of vessels is dependent on estimates and assumptions regarding future day rates, vessel utilization, operating expenses, capital expenditures, useful lives and discount rate. Considering the extent of estimates and assumptions applied in the impairment evaluation, and management's involvement and judgement in establishing them, we assess impairment of vessels as a key audit matter. The Group recognized an impairment of nil in the 2022 consolidated financial statements.

Our audit response
We performed an evaluation of revenue and utilization assumptions in the cash flows estimated by management through comparison towards the Company's historical data and data from independent market analyst's sector reports. We compared operating expenditures to approved budgets and historical data. Furthermore, we compared the risk premiums used in the weighted average cost of capital with external data and considered management's adjustments for company specific factors. We evaluated management's estimation of useful lives and residual value, and compared these to industry practice, also considering future changes to environmental regulations. We considered the accuracy of management's prior year assumption and evaluated the level of consistency applied in the valuation methodology from previous years. We also tested the mathematical accuracy of the valuation model and performed sensitivity analysis of the assumptions.

Finally, we read the disclosures regarding this assessment, which are included in note 3 and note 11 of the Group's consolidated financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information

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required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Awilco Lng ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXJO5C34-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management’s responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor’s responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – “Assurance engagements other than audits or reviews of historical financial information”. The standard requires us to plan and perform procedures to obtain reasonable assurance

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about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 20 April 2023
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The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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Corporate governance

CORPORATE GOVERNANCE

The main strategy for Awilco LNG ASA (the Company or Awilco LNG) is to create shareholder value through the provision of a quality, reliable and customer-oriented service to the market, in the best manner for its shareholders, employees and business connections. Awilco LNG strives to protect and enhance shareholder equity through openness, integrity and equal shareholder treatment, and sound corporate governance is a key element in the basis of the Awilco LNG strategy.

The corporate governance principles of the Company are adopted by the Board of Directors of Awilco LNG ASA (the Board). The principles are based on the Norwegian Code of Practice for Corporate Governance, dated 14 October 2121 (the «Code of Practice»). Below follows a description of the basis that Awilco LNG has implemented the Code of Practice. This description follows the same structure as the Code of Practice and covers all sections thereof. Deviations, if any, from the Code of Practice are discussed under the relevant section.

1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors shall ensure that appropriate goals and strategies are adopted, that the adopted strategies are implemented in practice, and that the results achieved are subject to measurement and follow-up. The principles shall also contribute to ensure that the activities of the Company are subject to adequate controls. An appropriate distribution of roles and adequate controls shall contribute to the largest possible value creation over time, for the benefit of the owners and other stakeholders.

The Company has defined a mission statement "Marine Transportation through Safety and Environmental Excellence" and identified a set of core objectives that describes the focus and continuous improvement process based on the mission statement. The objectives include policies regarding; safeguarding of people, ships and cargoes, focus on limitation of any negative impact on the environment from our vessels and a separate statement regarding Safety Management & Environmental Protection Policy. This policy document, which is available on the Company's website www.awilcolng.no, describes the basic principles of the corporate values.

Awilco LNG's code of conduct – values and ethics forms an important foundation for Awilco LNG's corporate governance and demands high ethical standards, in which focus on safety and integrity are key factors. The Company has continuous focus on making sure that the corporate values are practiced in the Company's everyday life. The Company's code of conduct – values and ethics can be found on the Company's website.

2 THE BUSINESS

According to the Company's articles of association, its purpose is to carry out "shipping and other business related hereto". The objectives clause of the Company also includes "acquisitions, management, borrowings and sale of capital assets in the shipping business in addition to investments in shares, bonds and partnership contributions of any type connected with shipping, as well as participation, including ownership stakes in other shipping companies and other business naturally connected hereto."

The principal objectives and strategies of the Company are presented in the annual report and are subject to annual assessments.

The Company's social responsibility is set out in a separate section in the annual report.

3 EQUITY AND DIVIDENDS

The Company's equity is assessed as appropriate based on its objectives, strategies and risk profile. The book equity of the Awilco LNG Group as per 31 December 2021 was USD 120.6 million, which represents an equity ratio of 34 %.

The Company's long-term objective is to pay a regular dividend in support of the Company's main objective to maximise return on invested capital. Any future potential dividends declared will be at the discretion of the Board of Directors and will depend upon the Group's financial position, earnings, debt covenants, capital requirements and other factors. Dividends will be proposed by the Board for approval by the General Meeting. Any proposal to confer to the Board of Directors the mandate to distribute dividends is to be explained.

To the extent it is considered desirable, the Company may raise new equity in the capital markets.

The Board is currently not authorised to purchase own shares in the market.

4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The Company has one class of shares, and each share has one vote at the General Meeting.

Where the board resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders based on a mandate granted to the Board of Directors, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the Company carries out in its own shares are carried out through the stock exchange and at prevailing stock exchange prices.

In the event of any material transactions between the Company and shareholders, Directors or close associates thereof, the transactions will be conducted on arm's length terms and the Board of Directors shall consider arranging for an independent assessment of the transaction.

Awilco LNG has entered into a sub-management agreement with Awilco Technical Services AS (ATS) for assistance in technical management of the fleet. Furthermore, Awilco LNG has entered into an agreement with Awilhelmsen Management AS (AWM) for administrative services. Both ATS and AWM are related companies to Awilco AS, which owns 38.6 % of the shares in Awilco LNG. The management fees are, in the Company's opinion, made at market terms. Information regarding transactions with related parties is described in note 21 to the consolidated financial statements.

5 FREELY NEGOTIABLE SHARES

The shares of Awilco LNG are listed on the Euronext Expand stock exchange. All issued shares carry equal shareholder rights in all respects, and there are no restrictions on transfer of shares. The articles of association place no restrictions on voting rights.

6 GENERAL MEETINGS

The Annual General Meeting will normally take place in the second quarter of each year, and latest by 30 June. Notice of the meeting will normally be published through the Oslo Stock Exchange distribution channel and the Company's website at least 21 days in advance. Documentation containing the information necessary for the shareholders to make decisions on all the items on the agenda will simultaneously be made available on the Company's website and will only be sent to shareholders that request the documentation on paper. The Board may decide by the notice of the meeting that shareholders who intend to attend the General Meeting shall give notice to the Company within five days prior to the General Meeting.

Registration is made in writing or by e-mail. The Board wishes to make efforts to enable as many shareholders as possible to attend. Shareholders who are not able to attend are invited to meet by proxy, and efforts will be made for the proxies to relate to each individual item on the agenda.

The General Meeting will be chaired by the Chairperson of the Board unless otherwise agreed by a majority of those shares represented at the meeting.

7 NOMINATION COMMITTEE

According to the articles of association the Company shall have a Nomination committee which has the responsibility of proposing members to the Board of Directors and members of the Nomination committee. The Nomination committee shall also propose fee payable to the members of the Board and the members of the Nomination committee.

The members of the Nomination committee shall be shareholders or representatives of shareholders. The members of the Nomination committee, including its Chairperson, are elected by the General Meeting. The members of the Nomination committee's period of service shall be two years unless the General Meeting decides otherwise.

The Nomination committee is to maintain contact with shareholder groups, members of the Board of Directors and the Company's executive personnel in its works with proposing members to the Board of Directors.

The Annual General Meeting held on May 24, 2022 elected the current Nomination committee consisting of Eric Jacobs and Henrik A. Christensen.

8 THE BOARD OF DIRECTORS; COMPOSITION AND INDEPENDENCE

The Company's Board of Directors shall comprise three to six directors pursuant to the decision of the General Meeting. The Directors are elected for a period of two years unless otherwise determined by the General Meeting. The Board appoints the Chairperson amongst the elected Board members.

The composition of the Board of Directors aims to ensure that the interests of all shareholders are represented. Currently three of the five directors are independent from the principal shareholder of the Company. The Board consists of the following members: Synne Syrrist (Chairperson), Ole Christian Hvidsten, Jens-Julius R. Nygaard, Jon-Aksel Torgersen and Annette Malm Justad.

9 THE WORK OF THE BOARD OF DIRECTORS

The Board's statutory duties include the overall administration and management of the Company. The Board adopts a meeting schedule for the following year in the fourth quarter each year. The directors shall normally meet in person, but if so allowed by the Chairperson, directors may participate in any meeting by means of telephone.

The allocation of responsibilities and tasks within the Board of Directors is regularly discussed and monitored. The Board is regularly briefed on the Company's financial situation, the vessels' chartering and market situation, liquidity situation and cash flow forecast, as well as any changes in the competition situation. The Board performs a yearly evaluation of its work.

The Board has established an Audit committee consisting of Jon-Aksel Torgersen (Chairman) and Synne Syrrist and has implemented an Audit committee charter. The Company's CFO is the secretary of the committee. The auditor shall participate in discussions of relevant agenda items in meetings of the Audit committee. The committee shall hold separate meetings with the auditor and the CEO at least once a year.

Furthermore, the Company has established a Remuneration committee consisting of Synne Syrrist and Jens-Julius R. Nygaard. The Remuneration committee prepares guidelines and proposals regarding remuneration of executive personnel, which are reviewed and resolved by the Board of Directors.

10 RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the Company has satisfactory internal control procedures to manage its exposure to risks related to the conduct of the Company's business, including social responsibility, to ensure compliance with laws and regulations and to support the quality of its financial reporting. The Board performs an annual review of the Company's key risks and the internal controls implemented to address these risks. The Board has identified and stated the various risks of Awilco LNG in the Company's annual report. Additionally, the Board is regularly briefed on the Company as described under section 9 above.

The Company has established an Audit committee that regularly evaluates and discusses the various risk elements of Awilco LNG, and potential for improvement. The Audit committee reports to the Board.

Awilco LNG's main goal is safe and efficient ship operation with no accidents, personal injury, environmental damage, or damage to equipment. In order to achieve these goals Awilco LNG has identified some core objectives that describe our focus and our continuous improvement process. The operation of technical management and newbuildings is closely monitored through dedicated supervision and safety reporting systems. Furthermore, the Company has established contingency plans and executes drills and training in order to improve emergency preparedness.

In addition to its own controlling bodies and external audit, the Company's ship management is subject to external supervision by Det Norske Veritas (DNV) for certification in accordance with ISO.

11 REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board shall reflect the Board's responsibilities, knowhow, time commitment and the complexity of the business activities. The directors do not receive profit related remuneration, share options or retirement benefits from the Company. The remuneration is proposed by the Nomination committee. More information about the remuneration of the individual directors is provided in note 21 in the consolidated accounts.

Directors or their related companies shall normally not undertake special tasks for the Company in addition to the directorship. However, the Company utilises outsourcing of technical sub-management, accounting and administrative services to ATS and AWM which are related companies.
In addition, ship brokering services are purchased on a competitive basis from a group of companies related to one of the Board members. All agreements and fees with related parties are approved by the Board. Furthermore, the members of the Audit committee and Remuneration committee receive a fee for serving on the committees.

12 REMUNERATION OF EXECUTIVE PERSONNEL

The Board has drawn up guidelines regarding remuneration to leading persons. The remuneration is based on a base salary and a bonus program. The guidelines regarding remuneration to leading persons have been prepared by the board of directors in accordance with section 6-16 a of the Norwegian Public Limited Liability Companies Act and was adopted by the Annual General Meeting in 2021. Awilco LNG will present a report on remuneration to leading persons to be approved by the Annual general meeting in 2022.

For information about remuneration of executive personnel see note 21 in the consolidated accounts.

13 INFORMATION AND COMMUNICATION

The Company aims to keep shareholders, analysts, investors and other stakeholders continuously updated on the Company's operations and performance. The Company provides information to the market through quarterly and annual reports; investor- and analyst presentations open to the media and by making operational and financial information available on the Company's website. Information of importance are made available to the stock market through notification to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Information is provided in English.

All stock exchange announcements and press releases, including the financial calendar, are made available on the Company's website.

14 TAKE-OVER

The Company's Articles of Association contains no defence mechanism against the acquisition of shares, and no other actions have been taken to limit the opportunity of acquiring shares in the Company.

In the event of a takeover bid the Board will seek to comply with the recommendations outlined in item 14 of the Code of Practice. If a bid has been received, the Board will seek to issue a statement evaluating the offer and make recommendations as to whether the shareholders should accept the offer or not. Normally it will be required to arrange a valuation from an independent expert. If the Board finds that it is unable to give a recommendation, the Board will explain the reason for not giving a recommendation. The statement should show whether the decision was unanimous, and if not, the background for why certain Board members did not adhere to the statement.

If a situation occurs where the Board proposes to dispose of all or a substantial part of the activities of the Company such a proposal will be placed before the General Meeting.

15 AUDITOR

The auditor is appointed by the General Meeting, which also determines the auditor's fee. The auditor shall annually present an audit plan to the Audit committee. The auditor attends the Board of Director's review and discussion of the annual accounts. The Board of Directors minimum holds one annual meeting with the auditor without the CEO or other members of the executive group being in attendance.
The Company's management regularly holds meetings with the auditor, in which accounting principles and internal control routines are reviewed and discussed.

The auditor shall annually confirm compliance with the applicable independence rules and regulations in legislation and the audit firm's internal independence standards. The Audit committee has issued guidelines stipulating the management's possibility to undertake consulting services by the auditor. Auditor's fees are disclosed in note 21 in the consolidated accounts.

Social responsibility

Social responsibility

INTRODUCTION

The Awilco LNG Group (Awilco LNG or the Company) has implemented a set of objectives, principles and procedures concerning our social responsibility to enable the Company to achieve and maintain its mission statement and objectives. Awilco LNG has implemented the highest standard of safe operation to meet all environmental protection requirements, ensuring safe custody of our vessels, crew, customers' cargoes and owner's interests. Our commitment to our social responsibility ensures that Awilco LNG is a preferable LNG shipping company.

Awilco LNG is engaged in the global marine transportation of LNG. Marine transportation is generally considered the most efficient form of transporting natural gas over long distances. Natural gas is widely accepted as the least pollutive fossil fuel and emits up to 60 % less CO_2 than coal when used for electricity generation. Natural gas is widespread, flexible, abundantly available and cheap when comparing to other fossil fuels. The increased use of natural gas is expected to reduce the use of more pollutive fossil fuels such as coal and oil in the global energy mix. Awilco LNG's contribution to sustainable economic growth mainly relates to the potential for increased use of natural gas in the global energy mix.

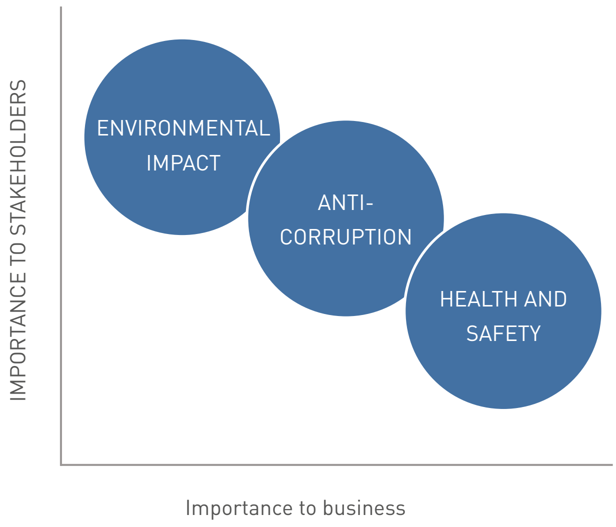
Awilco LNG aims to provide positive impact on the communities we operate in, our employees, clients and suppliers through the Code of Ethics and Conduct (available at our webpage www.awilcolng.no), such as opposing corruption and facilitation payments in any form.

In general, global marine transportation has a significant effect on the environment. Awilco LNG takes this impact seriously, working continuously to reduce our environmental footprint through improving fuel efficiency, optimising trade routes and improving waste management.

This report constitutes Awilco LNG's reporting according to the requirements of the Norwegian accounting act § 3-3c on social responsibility reporting.

SCOPING OF MATERIAL ISSUES FOR AWILCO LNG

A materiality assessment forms the basis for how we prioritise our social responsibility efforts, and thereby also impacts our internal and external reporting on social responsibility. The following issues have been assessed as the most material based on both their importance to Awilco LNG's business and to Awilco LNG's stakeholders such as employees, customers, suppliers, regulators and investors:



The Company's strategy is to integrate sustainability on these matters systematically into all material business processes to ensure Awilco LNG is assessed as a responsible enterprise.

THE MATERIAL ISSUES

Mission statement

Awilco LNG's mission statement is "Marine transportation through safety and environmental excellence".

Health and safety

Company policies and objectives

The safety and well-being of Awilco LNG's employees and seafarers has the highest priority, as set out in the mission statement above and detailed in the Company's Safety Management & Environmental Protection Policy. Our objectives are zero accidents and no personnel injuries. The Group shall adhere to national and international laws and regulations and constantly promote best practices identified within its own operations and the industry to improve the competence of individual crewmembers and vessel safety performance.

How we achieve our objectives
Our objectives are operationalised in the Company's Safety Management & Environmental Protection Policy. The objective of this policy is to ensure that the Company gives the highest priority to the safety of human life and health through the following measures:

- Provide support to ships' operation by implementation of a well-structured Safety Management System (SMS) based on a well-defined management organisation. The SMS is an integral part of all our activities and includes instructions and procedures which contribute to the highest safety standards onboard our ships, ensuring that cargo is handled correctly and preventing situations which threaten safety of our personnel. The SMS is based on national and international requirements and standards for quality and safety, including the ISM code (International Management Code for the Safe Operation of Ships and Pollution Prevention), ISO 14001 (environmental management system), ISO 9001 (quality management system) and the TMSA (Tanker Management and Self-Assessment guidelines) issued by OCIMF (Oil Companies International Marine Forum)

- Operate the vessels with continuously properly trained, informed and motivated crews. Awilco LNG aims to ensure a stable and motivating work environment for both onshore and offshore employees, ensuring high retention rates. The Group is proactively seeking to identify requirements and needs for additional training through regular audits, master and management reviews. A healthy lifestyle is promoted by providing fresh and healthy food and physical exercise opportunities

- Provide, equip and maintain the ships to the necessary standard as required by national regulation and international convention

- Avoid safety hazards through preventive safety measures

- Establish contingency plans and execute drills and training to improve emergency preparedness to meet situations which represent dangers to life, health, environment, ship and cargo

- Implement and maintain a safety management culture within the Company

- Use a reporting system for accidents, near accidents, non-conformities and improvements, with special attention to the learning effect through feedback of experience and suggestions for improvement

- Use performing measures to continuously improve our operations

To accomplish the objectives Awilco LNG will plan, organise, perform, document and verify performance. Awilco LNG has a comprehensive Risk Management Program which includes detailed step by step risk assessment procedures.

Performance in 2022
The Company's senior management is actively engaged in monitoring Awilco LNG's performance in order to further encourage and promote positive trends, to provide advice and to take corrective action where negative trends are detected. Performance and results are measured using certain Key Performance Indicators (KPIs). KPI targets are resolved by senior management on an annual basis, and results are reported to senior management on a quarterly basis. Procedures and any new initiatives shall be part of the management review and include monitoring and measurements, adjustment of targets, and recording of achieved improvements. The procedures and activities shall be audited on a routine basis. The following main KPIs are the focus of Awilco LNG with regards to health and safety:

KPI	DEFINITION	RESULT 2022	RESULT 2021
LTIF (Lost time injury frequency)	Number of accidents per one-million man-hours worked	2.1	0.0
TRCF (Total recordable case frequency)	The sum of all work related, lost time injuries, restricted work injuries and medical treatment injuries	4.2	0.0
Personnel injuries	Number of personnel injuries	3	0
Number of fatalities due to injuries	Number of deaths among the crew resulting from a work injury	NIL	NIL

Going forward
Performance in 2022 was satisfactory, although our performance has decreased from the excellent level in 2021. One Lost Time Injury and one Restricted Work Case occurred onboard in Q4. Both injuries were non-serious, and the injured crewmembers have quickly recovered with no long-term effects. Preventive actions have been implemented to avoid recurrence. The third reported personnel injury was a minor First Aid Case.

In 2023 Awilco LNG will continue efforts to improve and strengthen the safety culture and return to 0 injuries for the year.

The Company's objectives are zero accidents and no personnel injuries.

Environmental impact

Background
Awilco LNG's potential environmental impact can be divided in three main components:

1. Emissions from fuel consumption
2. Major environmental accidents
3. Waste management including ballast water and spills

Although the shipping industry contributes with 3 to 4 % of the global annual CO2 emissions to the atmosphere, marine transportation is generally considered as the most efficient form of transporting natural gas over long distances.

Awilco LNG's fleet consists of vessels with tri-fuel propulsion systems, which mainly run on boil-off gas from the LNG cargo. When natural gas is cooled down to its liquefied state at minus 160 degrees Celsius, a certain amount of the LNG will naturally re-gasify into its gaseous state (boil-off gas). The boil-off gas is produced at a rate dependent on the outside temperature and the level of filling of the tanks and can either be reliquefied into LNG or used as fuel for propulsion of the vessels. Due to the cost and energy needed to power a reliquification process plant very few vessels are outfitted with such plants. The boil-off gas is thus used for propulsion, which makes sense both economically, as natural gas is significantly cheaper than oil-based alternatives, and also environmentally, as natural gas is a considerably cleaner fuel than oil-based alternatives. Compared to oil-based fuels, natural gas emits 10-20 % less greenhouse-gases, virtually zero SOx and particulate matter and 90 % less NOx.

As LNG vessels carry regular bunkers for ballast voyages the potential for major environmental accidents mainly relate to the risk of a ship suffering a breach and subsequently leaking substantial amounts of bunkers oil into the environment.
The last potential impact is waste produced by the vessels, discharge of untreated ballast water and potential spills of chemicals, bilge water and sludge etc. into the environment. Discharge of untreated ballast water may potentially introduce non-native organisms into marine environments worldwide.

Company policies and objectives
Based on the long-term goal of environmental excellence, and as set out in the Company's Safety Management & Environmental Protection Policy, Awilco LNG works toward minimising the environmental impact from its vessels with the goal of zero spills. The Company has adapted a zero-tolerance policy towards:

- Spills to the environment
- Emissions of ozone depleting substances
- Unauthorised disposal of garbage or waste to the marine environment

Additionally, Awilco LNG aims to minimise as far as practically possible the emission of CO2, NOx and SOx from combustion engines, boilers, incinerators and emissions from cargo and fuel oil tanks and systems through evaporation.

Awilco LNG shall adhere to national and international environmental laws and regulations, and constantly promote best practices identified within its own operations and the industry to improve our impact on the environment.

How we achieve our objectives
Our objectives are operationalised in the Company's Safety Management & Environmental Protection Policy. The objective of this policy is to ensure that the Company gives the highest priority to the environment through the following measures:

- Provide support to ships' operation by implementation of a well-structured Safety Management System (SMS) based on a well-defined management organisation. The SMS is an integral part of all our activities and includes instructions and procedures which contribute to the highest safety standards onboard our ships, ensuring that cargo is handled correctly and preventing situations which threaten the environment. The SMS is based on national and international requirements and standards for quality and safety, including the ISM code and the TMSA issued by OCIMF

- The management system of the fleet is certified according to ISO 14001 and ISO 9001

- Operate the vessels with continuously properly trained, informed and motivated crews

- Provide, equip and maintain the ships to the necessary standard as required by national regulation and international convention. Both WilForce and WilPride are fitted with ballast water treatment systems.

- Establish contingency plans and execute drills and training to improve emergency preparedness to meet situations which represent dangers to life, health, environment, ship and cargo

- Implement and maintain a safety management culture within the Company

- Use a reporting system for accidents, near accidents, non-conformities and improvements, with special attention to the learning effect through feedback of experience and suggestions for improvement

- Antifouling paint systems with lowest resistance (Jotun X200)

- Hull and engine performance monitoring systems are installed on the vessels and used for monitoring of performance (KYMA system)

- Optimisation of hull and propeller cleaning intervals to reduce drag and fuel consumption

- Replaced bottled water for crew with buying in bulk
- Improved waste handling onboard and increased amount of waste being sent ashore

- Implement a policy of environmentally friendly purchasing with approved vendors based not only on cost and quality but also environmental performance and focus; procurement and purchasing activities shall address environmental aspects such as:

  i. Reducing packaging volumes;
  ii. Encouraging recycling activities; and
  iii. Use of non-disposable and recyclable equipment and materials

- Onshore focus on saving energy, recycling and reducing use of single use plastics

- Use performing measures to continuously improve our operations

- Continuously consider vessel technical improvements and retrofits to reduce fuel consumption and lower environmental footprint

The same risk assessment procedures and continuous improvement tools and initiatives as described under Health and Safety above is utilised in Awilco LNG's work to reduce its environmental impact.

Performance in 2022

The Company's senior management is actively engaged in monitoring Awilco LNG's performance, in order to further encourage and promote positive trends, to provide advice and to take corrective action where negative trends are detected. Performance and results are measured using certain Key Performance Indicators (KPIs). KPI targets are resolved by senior management on an annual basis, and results are reported to senior management on a quarterly basis. Procedures and any new initiatives shall be part of the management review and include monitoring and measurements, adjustment of targets, and recording of achieved improvements. The procedures and activities shall be audited on a routine basis. The following main KPIs are the focus of Awilco LNG with regards to environmental impact:

KPI	DEFINITION	RESULT 2022	RESULT 2021
Number of releases of substances to the environment	The number of releases of substances to the environment covered by MARPOL Annex 1-6	NIL	NIL
Annual efficiency rate (AER)	The mass of carbon emissions per ton-mile [g/nm*ton)] (based on vessel DWT)	8.67	7.59
CO2 efficiency laden voyages	The total mass of emitted CO2 in grams per m^3-mile	9.07	6.17
NOx efficiency laden voyages	The total mass of emitted NOx in grams per m^3-mile	0.16	0.112
SOx efficiency laden voyages	**The total mass of emitted SOx in grams per m^3-mile**	**0.0019**	**0.00017**

2022 emissions performance

In 2022 there was a negative development in the CO2 intensity for the vessels. This is in a large part caused by a higher level of vessel idling and ballast voyages, causing higher emissions per nm. We expect these values to improve with higher activity in 2023.

Going forward

Environmental emissions are to a large extent dependent on charterers operations and type of fuel burned in ships engines. In 2023 Awilco LNG will continue efforts to reduce the Company's environmental footprint.

EEXI, CII and EU-ETS

From 2023 our vessels are required to comply with the new regulations on energy efficient design and operation, EEXI and CII. Both vessels in the fleet have been confirmed to be in compliance with their EEXI and have onboard approved EEXI technical files.

With respect to CII, both vessels have operated in 2022 with a emission intensity that corresponds to a "C" CII rating. We are working closely with charterers to ensure that the operation of the vessels is planned and executed in a way that ensures this C rating is achieved also for 2023 and following years.

Starting from 2024, our vessels will be required through the EU Emissions Trading System (ETS) to submit emissions allowances for carbon emissions during voyages to and from EU ports. Monitoring and Reporting of the carbon emissions are already in place through our procedures for EU MRV reporting. Inclusion of ETS clauses for future and current charter parties is in progress.

Anti-corruption

Company policies and objectives

Corruption is generally estimated to cost at least 5 % of global GDP each year. Reduced corruption would increase safety for seafarers, reduce costs of operations and reduce complexity and risk. Awilco LNG is a firm opponent of corruption in any form, and is committed to the highest ethical standard in business conduct worldwide. Awilco LNG desires fair and open competition in all markets, both nationally and internationally. Awilco LNG's policy is to comply with all applicable laws and governmental rules and regulations in the country in which it is operating.

How we achieve our objectives

The Company's anti-corruption policies are described in our Code of Ethics and Conduct document. The following policies to address the objectives have been implemented in the Company:

- No employee of the Company shall directly or indirectly offer, promise, give or receive bribe, illegal or inappropriate gifts or other undue advantages or remuneration in order to achieve business or other personal advantage

- Under no circumstances shall the Company or any of its employees be part of actions that breach applicable competition legislation. Any employee is to confer with his or her immediate superior, the executive management or the board if he or she has a question with respect to the possible anti-competitive effect of particular transactions or becomes aware of any possible violation of applicable competitive legislation

Implementation of the Company's policies takes place through emphasis on awareness and the use of risk assessments on a Group level.

Performance in 2022

As in previous years, management has not become aware of any breaches of the Company's Code of Ethics and Conduct throughout the year.

Going forward

Going forward Awilco LNG will continue work to ensure that our standards of behaviour are according to the Code of Ethics and Conduct, and the Company expects that the positive results from previous years are upheld.

Alternative performance measures

Alternative performance measures (APMs), defined as 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 – 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
- Book equity ratio: Total equity divided by 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 for improved comparability of the Group's performance between periods.

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