



SECOND QUARTER 2021 AND FIRST HALF YEAR 2021 RESULTS

HIGHLIGHTS ¹⁾

- Awilco LNG achieved net result for the period of USD 3.3 million, equivalent to an earnings per share of USD 0.02. For first half 2021 net result ended at USD 10.2 million or USD 0.08 per share.
- Net TCE for second quarter and first half year ended at USD 66,500 per day and USD 78,000 per day respectively.
- Net freight income was USD 12.1 million in Q2 2021, down from USD 16.2 million in Q1 2021. For first half 2021 net freight income ended at USD 28.3 million, up from 17.1 million for the same period last year.
- EBITDA for the quarter ended at USD 9.0 million, compared with USD 12.7 million in Q1 2021. For first half 2021 EBITDA ended at USD 21.7 million, up from USD 11.3 million for the same period last year
- Vessel utilisation in Q2 2021 of 100%, same as in Q1 2021.
- In April WilForce was fixed on a 12 months contract and in June WilPride was fixed on a 10 months contract, both at rates that secure significant positive cash generation over the periods.

Covid-19 still entails that crew changes and onboard service visits are more challenging and costly although we are taking appropriate measures to minimize same, such as vaccinating crew whenever possible.

KEY FINANCIAL FIGURES ¹⁾

<i>In USD millions, unless stated otherwise</i>	Q2 2021	Q1 2021	Q4 2020	2020
Freight income	12.7	17.6	12.8	35.6
Voyage related expenses	0.6	1.4	1.6	5.0
EBITDA	9.0	12.7	7.3	18.1
Net profit/(loss)	3.3	6.9	1.2	(7.9)
Total assets	354.4	352.7	352.6	352.6
Total equity	109.7	106.4	99.5	99.5
Gross interest-bearing debt	239.3	244.0	248.7	248.7
Cash and cash equivalents	17.1	13.3	12.6	12.6
Book equity ratio (in %)	30.9%	30.2%	28.2%	28.2%

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

Jon Skule Storheill, Chief Executive Officer, commented:

“We are pleased to deliver another strong result in second quarter 2021 bringing first half year result to USD 10.2 million and an average net TCE for the period of USD 78,000 per day. With both vessels chartered out on fixed rate contracts at an average rate of just below USD 80,000 per day through Q1 2022, I am pleased to report that we expect to deliver a strong result also in the second half of the year. Focus going forward will be to take advantage of the long-term strength in the LNG market.”

FINANCIAL REVIEW

Income statement second quarter 2021

Both WilForce and WilPride entered the quarter trading in the spot market but were fixed on mid-term fixed rate time charter contracts in April and June respectively. Fleet utilisation for the period was 100%, same as in Q1 2021 and TCE earnings for Q2 2021 was USD 66.5k per day compared to USD 90k per day in Q1 2021.

Freight income for the quarter totaled USD 12.7 million, down from USD 17.6 million in Q1 2021. The usual seasonal weakness in the beginning of second quarter led to lower obtained rates for a short period until activity picked up and the vessels were fixed on strong fixed rate contracts towards the end of the quarter. Voyage related expenses amounted to USD 0.6 million, down from USD 1.4 million in Q1 2021, giving a net freight income for the quarter of USD 12.1 million compared to USD 16.2 million in Q1 2021.

Operating expenses were USD 2.4 million, same as in Q1 2021. Administration expenses were USD 0.7 million in Q2 2021, down from USD 1.0 million in Q1 2021. This gave an EBITDA for the quarter of USD 9.0 million, down from USD 12.7 million in Q1 2021. Depreciation charges for the quarter were stable from previous quarter at USD 3.1 million.

Net financial expenses were USD 2.6 million in Q2 2021, compared to USD 2.7 million in Q1 2021. The interest expense on the vessels' leases in Q2 2021 amounted to USD 2.5 million, unchanged from the previous quarter.

The profit for the period ended at USD 3.3 million, down from USD 6.9 million in Q1 2021, representing an earnings per share of USD 0.02 and 0.05 respectively.

Income statement first half year 2021

For the first half of 2021 freight income was USD 30.3 million compared to USD 19.1 million same period last year. Voyage related expenses were USD 2.0 million (USD 2.0 million), operating expenses USD 4.8 million (USD 4.3 million) and administration expenses were USD 1.7 million (USD 1.4 million). EBITDA in the first half of 2021 was USD 21.7 million compared to USD 11.3 million in the first half of 2020. Net profit for the period was USD 10.2 million compared to a net loss of USD 2.6 million in the first half of 2020.

Liquidity and financial position

Cash and cash equivalents totaled USD 17.1 million at quarter-end, up from USD 13.3 million as at March 31, 2021. The Company is hence in compliance with the ordinary cash covenant of USD 10.0 million in the lease facility for the vessels. 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.

Interest-bearing debt net of capitalized and amortizing transaction costs was reduced with USD 4.5 million in the quarter to USD 234.9 million as at June 30, 2021 in accordance with the repayment profile of the leases. The current portion of the interest-bearing debt constituted USD 18.9 million at quarter-end and represents the scheduled amortization for the 12 months subsequent to June 30, 2021.

Total book value of WilForce and WilPride was at June 30, 2021 USD 333.1 million after depreciation for the period of USD 3.1 million, which is based on a straight-line depreciation over an estimated useful life of 40 years for each of the vessels.

Book equity June 30, 2021 was USD 109.7 million and total assets was USD 354.4 million, giving an equity ratio of 30.9% at quarter-end, up from 30.2% as at March 31, 2021.

MARKET UPDATE

Following a very strong start of 2021 the LNG market experienced a typical seasonal downward adjustment at the end of first quarter and into the start of second quarter, with freight rates following the product prices down. We saw a gradual recovery throughout the second quarter where the Asian Japan/Korea Marker ("JKM") increased from a low of about USD 5.6 per mmbtu to the present level of about USD 17 per mmbtu. Where as USD Henry Hub being at about USD 4 per mmbtu, the arbitrage supports the freight market going forward and the spot price for TFDE vessels is currently reported at USD 70,000 per day according to market sources. Following expectations for a strong product market during the upcoming winter season the period market has remained strong and 1-year TC rates for a TFDE vessel is currently reported to be around USD 93,000 per day.

Looking at YoY numbers global LNG imports grew with only 1.5MT and LNG exports with only 3MT in first half of 2021. This slow growth hides the underlying development where first quarter 2020 was a strong quarter and that Covid-19 hit second quarter with numerous cargo cancellations. Looking at the longer trend the underlying growth is strong and we could see an annual growth of 15MT for the year according to Fearnleys.

So far this year we have seen 33 new orders of LNG carriers and 29 newbuildings were delivered from yards in first half of the year out of the 52 vessels that are expected to be delivered throughout full year 2021. According to Fearnleys the numbers of deliveries will drop to 32 and 37 vessels in 2022 and 2023 respectively. With yards booking a high number of new orders in other segments, large container vessels in particular, and increased steel prices, industry sources report that newbuilding prices have increased from USD 180 million in 2020 to well above USD 200 million at present.

ORGANISATION

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

VESSEL CONTRACT STATUS

WilForce entered in April 2021 into a new charter party contract with a duration of about 12 months. In June 2021 WilPride entered into a charterparty of approximately 10 months. Following this both vessels will trade on fixed term charterparties well into 2022.

OUTLOOK

As the Group has been able to utilize the strong period market to secure employment for both our vessels and with that secure good financial performance into Q2 2022 we see limited downside risk for the Company during this period. Focus going forward will be to deliver excellent operational performance. The LNG market is currently strong as a result of high demand for LNG, causing a large arbitrage between US and particularly Far East gas prices leading to strong demand for LNG carriers. With a halving of newbuilding deliveries in 2022 and 2023 compared to 2021, concurrent with stricter environmental regulations effectively expected to reduce the sailing

fleet, the strong market can be expected to last for some time. Downside risk continue to be related to Covid-19 mutations and that high gas prices could lead to a slowdown in demand for gas in competition against other sources of energy.

STATEMENT OF RESPONSIBILITY

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half year of 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of Awilco LNG ASA's consolidated assets, liabilities, financial position, and income statement, and that the interim report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, August 27, 2021

Synne Syrrist

Chairman of the Board

Jon-Aksel Torgersen

Board member

Steve Christy

Board member

Annette Malm Justad

Board member

Jens-Julius R. Nygaard

Board member

Jon Skule Storheill

CEO

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Q2 2021	Q1 2021	Q2 2020	1.1 - 30.6 2021	1.1 - 30.6 2020
<i>In USD thousands, except per share figures</i>	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Freight income	2	12 672	17 580	5 057	30 251	19 084
Voyage related expenses	5	551	1 416	911	1 967	2 020
Net freight income		12 121	16 163	4 146	28 284	17 064
Other income		-	-	-	-	-
Operating expenses		2 423	2 418	2 103	4 842	4 271
Vessel repair expenses		-	-	-	-	-
Administration expenses	5	712	1 017	629	1 728	1 446
Earnings before interest, taxes, depr. and amort. (EBITDA)		8 986	12 729	1 414	21 715	11 347
Depreciation and amortisation		3 120	3 120	3 132	6 240	6 265
Earnings before interest and taxes (EBIT)		5 866	9 609	(1 718)	15 474	5 082
Finance income		(63)	6	8	(57)	109
Finance expenses		2 546	2 675	3 599	5 220	7 808
Net finance income/(expense)		(2 609)	(2 668)	(3 591)	(5 277)	(7 699)
Profit/(loss) before taxes		3 257	6 940	(5 309)	10 197	(2 616)
Income tax expense		-	-	-	-	-
Profit/(loss) for the period		3 257	6 940	(5 309)	10 197	(2 616)
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		0.02	0.05	(0.04)	0.08	(0.02)
Diluted, profit/(loss) for the period		0.02	0.05	(0.04)	0.08	(0.02)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit/(loss) for the period	3 257	6 940	(5 309)	10 197	(2 616)
Other comprehensive income:					
Other comprehensive income items	-	-	-	-	-
Total comprehensive income/(loss) for the period	3 257	6 940	(5 309)	10 197	(2 616)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.6.2021	31.3.2021	31.12.2020	30.6.2020
<i>In USD thousands</i>	<i>Note</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
ASSETS					
Non-current assets					
Vessels		333 119	335 581	338 284	344 187
Pension assets		457	411	429	
Other fixed assets incl right-of-use assets		230	262	295	360
Total non-current assets		333 805	336 254	339 007	344 547
Current assets					
Trade receivables		2 659	400	61	440
Inventory		130	2 071	354	1 812
Other short term assets		666	647	590	1 429
Cash and cash equivalents		17 105	13 327	12 637	14 823
Total current assets		20 561	16 446	13 642	18 504
TOTAL ASSETS		354 366	352 700	352 649	363 051
EQUITY AND LIABILITIES					
Equity					
Share capital	3	1 976	1 976	1 976	49 407
Share premium	3	133 384	133 384	133 384	133 384
Other paid-in capital		65 588	65 588	65 588	18 157
Retained earnings		(91 280)	(94 537)	(101 477)	(96 241)
Total equity		109 669	106 412	99 472	104 708
Non-current liabilities					
Pension liabilities		528	517	494	396
Long-term interest bearing debt	4	215 963	220 506	225 004	234 011
Total non-current liabilities		216 491	221 023	225 498	234 407
Current liabilities					
Short-term interest bearing debt	4	18 891	18 891	18 843	18 870
Trade payables		464	1 257	348	709
Provisions and accruals	6	8 851	5 118	8 490	4 357
Total current liabilities		28 206	25 266	27 680	23 936
TOTAL EQUITY AND LIABILITIES		354 366	352 700	352 649	363 051

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Q2 2021	Q1 2021	1.1 - 30.6 2021	1.1 - 30.6 2020
<i>In USD thousands</i>	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash Flows from Operating Activities:				
Profit/(loss) before taxes	3 257	6 940	10 197	(2 616)
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	2 559	2 652	5 211	7 635
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	3 120	3 120	6 240	6 265
<i>Changes in pension assets, operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	(383)	(2 096)	(2 478)	112
Trade payables, provisions and accruals	2 946	(2 314)	657	(7 660)
i) Net cash provided by/(used in) operating activities	11 500	8 302	19 827	3 735
Cash Flows from Investing Activities:				
Investment in vessels / sale of vessels	(601)	(385)	(1 010)	(409)
ii) Net cash provided by/(used in) investing activities	(601)	(385)	(1 010)	(409)
Cash Flows from Financing Activities:				
Proceeds from borrowings	-	-	-	262 500
Repayment of borrowings	(4 720)	(4 718)	(9 437)	(260 959)
Interest and borrowing costs paid	(2 402)	(2 509)	(4 911)	(13 591)
iii) Net cash provided by/(used in) financing activities	(7 121)	(7 227)	(14 348)	(12 051)
Net change in cash and cash equivalents (i+ii+iii)	3 778	691	4 469	(8 725)
Cash and cash equivalents at start of period	13 327	12 637	12 637	23 547
Cash and cash equivalents at end of period	17 105	13 327	17 105	14 823

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2021

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2021	1 976	133 384	65 588	(101 477)	99 471
Profit/(loss) for the period	-	-	-	10 197	10 197
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	10 197	10 197
Balance as at June 30, 2021 (unaudited)	1 976	133 384	65 588	(91 280)	109 669

For the period ended June 30, 2020

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2020	49 407	133 384	18 157	(93 624)	107 324
Profit/(loss) for the period	-	-	-	(2 616)	(2 616)
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	(2 616)	(2 616)
Balance as at June 30, 2020 (unaudited)	49 407	133 384	18 157	(96 240)	104 708

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate information

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

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

Basis of preparation

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

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

Note 2 – Segment information

Operating segments

Awilco LNG owns and operates two LNG vessels. For internal reporting and management purposes the Group's business is organised into one operating segment, LNG transportation. Performance is not evaluated by geographical region as the vessels trade globally and revenue is not dependent on any specific country. Revenue from the Group's country of domicile, Norway, was NIL in Q2 2021, same as in Q1 2021.

Information about major customers

The Group had three customers contributing with more than 10 per cent of the Group's freight income in Q2 2021, the same as in Q1 2021, at 38, 29 and 23% of total revenue in the current quarter, and 45, 29 and 23% in the previous quarter.

Note 3 – Share capital

There were no changes in the number of issued shares during Q2 2021. The number of issued shares was 132,548,611 on June 30, 2021. The share capital is denominated in NOK and all issued shares are of equal rights.

Note 4 – Financing and liquidity

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

The sale/leaseback facilities provided by CCBFL contains a minimum value clause in addition to financial covenants that require the Group to maintain consolidated minimum cash and cash equivalents of USD 10.0 million and positive consolidated working capital. The positive working capital financial covenant excludes the short-term portion of long-term debt including lease liabilities. On June 22, 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 November 23, 2020 the temporary amendments outlined above were extended for a further six-months period from January 1, 2021 to June 30, 2021.

As a condition of the above extension the Company is restricted from declaring or paying dividends if the consolidated cash position of the Group is lower than USD 20.0 million.

At June 30, 2021 the Group had cash and cash equivalents of USD 17.1 million and was in compliance with the original and reinstated financial covenants in the facilities.

Note 5 – Related party transactions

Contracts with related parties

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

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

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

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

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

Purchases from related parties

<i>In USD thousands</i>	Q2 2021	Q1 2021	1.1 – 30.6 2021	1.1 – 30.6 2020
Awilco Technical Services AS	135	123	258	228
Awilhelmsen Management AS	64	64	128	112
Fearnleys AS	0	7	7	13

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

Note 6 – Provisions and accruals

Provisions and accruals as at June 30 2021 were USD 8.8 million (USD 5.1 million as at March 31, 2021), of which deferred income constituted USD 5.3 million (USD 2.4 million as at March 31, 2021) and accrued interest towards the CCBFL lease obligations was USD 2.3 million (USD 2.3 million as at March 31, 2021).

Note 7 – Events after the balance sheet date

Legal update

The legal procedure related to the collision involving WillFoce in May 2019 is slowly moving forward and trial date is currently set to be between March 28 and March 31, 2022. Based on an assessment of facts and legal advice Awilco LNG holds the other vessel fully and completely liable for the collision, and the Company expects to recover costs, expenses, and losses beyond proceeds from the Group's insurers from the other party, including insurance deductibles, off-hire and lost time charter hire, in due course.

APPENDIX 1 – ALTERNATIVE PERFORMANCE MEASURES

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

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

Awilco LNG's financial APMs:

- Net freight income¹⁾: Freight income – Voyage related expenses
- EBIT: Net freight income - Operating expenses - Administration expenses - Vessel repair expenses - Depreciation and amortisation – Impairments
- EBITDA: EBIT + Depreciation and amortisation + Impairments
- Interest bearing debt: Long-term interest-bearing debt + Short-term interest-bearing debt + Pension liabilities + Other non-current liabilities
- Book equity ratio: Total equity / Total assets
- TCE (time charter equivalent): Net freight income including loss of hire insurance divided by the number of calendar days less off-hire days not covered by loss of hire insurance

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

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