



SECOND QUARTER 2022 AND FIRST HALF YEAR RESULTS

HIGHLIGHTS ¹⁾

- Awilco LNG achieved a net zero result for second quarter, down from a net result of USD 6.0 million and earnings per share of USD 0.05 in first quarter 2022. First half 2022 net result ended at USD 6.0 million or USD 0.05 per share
- Net freight income of USD 10.2 million in second quarter 2022, down from USD 14.1 million in first quarter 2022. First half 2022 net freight income ended at USD 24.3 million, down from 28.3 million for the same period last year
- EBITDA second quarter 2022 ended at USD 6.8 million, down from USD 11.0 million in first quarter 2022. First half 2022 EBITDA ended at USD 17.7 million, down from USD 21.7 million for the same period last year
- Vessel utilization was 88% for second quarter and 94% for first half year, with a net TCE of USD 56,400 and 67,400 per day respectively
- In June the Company signed a 3 + 2-year contract commencing in December 2022
- In June the Company sold its holding of 700,000 shares in Cool Co Ltd. at a net proceed of USD 6.8 million
- In August the company entered and delivered the WilForce on a six-month contract

KEY FINANCIAL FIGURES ¹⁾

<i>In USD millions, unless stated otherwise</i>	Q2 2022	Q1 2022	Q4 2021	2021
Freight income	12.3	14.3	14.6	59.6
Voyage related expenses	2.1	0.2	0.1	2.5
EBITDA	6.8	11.0	10.7	43.3
Net profit/(loss)	0.0	6.0	5.8	21.1
Total assets	349.4	354.0	356.7	356.7
Total equity	126.6	126.6	120.6	120.6
Gross interest-bearing debt	220.4	225.1	229.9	229.9
Cash and cash equivalents	20.6	18.8	23.6	23.6
Book equity ratio (in %)	36.2%	35.8%	33.8%	33.8%

Jon Skule Storheill, Chief Executive Officer, commented:

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

“Following six quarters with good results we experienced the challenge of running both our vessels in a more volatile than expected spot market in the second quarter. The improving market at the end of first quarter was expected to continue throughout second quarter until an explosion and shutdown of the Freeport LNG terminal in June turned the market with several vessels being released from their contracts and available in the market during the summer. As a consequence of this we will have weaker earnings and lower utilisation also in the third quarter. Despite the short-term challenges, we are fundamentally positive to the medium-term market and are satisfied with being able to secure a longer-term commitment with good earnings for WilPride. Earnings will improve from fourth quarter.”

FINANCIAL REVIEW

Income statement second quarter 2022

Both WilForce and WilPride were redelivered from their fixed rate time charter contracts at the start of second quarter and have traded in the spot market most of the period. In a challenging spot market this have resulted in a fleet utilisation for the period of 88%, down from 100% utilization for the previous quarter. TCE earnings for second quarter ended at USD 56,400 per day, down from USD 78,300 per day in first quarter 2022.

Freight income for the quarter totaled USD 12.3 million, down from USD 14.3 million in first quarter 2022, due to lower obtained rates in the spot market than on the previous fixed rate contracts. As the vessels have traded in the spot market, voyage related expenses increased to USD 2.1 million, up from USD 0.2 million in first quarter 2022. Net freight income for the quarter ended at USD 10.2 million compared to USD 14.1 million in first quarter 2022.

Operating expenses came in at USD 2.7 million in second quarter which is in line with the USD 2.7 million in previous quarter. Administration expenses were USD 0.8 million in second quarter 2022, the same as in first quarter. EBITDA for the quarter ended at USD 6.8 million, down from USD 11.0 million in first quarter 2022. Depreciation charges for the quarter were USD 3.3 million, up from USD 3.1 million in previous quarter.

Net financial expenses were USD 3.4 million in second quarter 2022, up from USD 1.9 million first quarter as we reversed the unrealized profit on the Cool Co shares booked in first quarter which together with a realized loss of USD 0.2 million when the shares were sold led to a loss on securities of USD 0.7 million in the quarter. Interest expense on the vessels' financing in second quarter 2022 amounted to USD 2.8 million, up from USD 2.4 million in the previous quarter due to increased interest rates.

Profit and earnings per share for the quarter ended at zero, down from a net result of USD 6.0 million and earnings per share of USD 0.05 in first quarter 2022.

Income statement first half year 2022

For the first half of 2022 freight income was USD 26.7 million compared to USD 30.3 million for the same period last year. Voyage related expenses were USD 2.3 million (USD 2.0 million), operating expenses USD 5.3 million (USD 4.8 million) and administration expenses were USD 1.6 million (USD 1.7 million). EBITDA in the first half of 2022 was USD 17.7 million compared to USD 21.7 million in the first half of 2021. Net profit for the period was USD 6.0 million compared to a net profit of USD 10.2 million in the first half of 2021.

Liquidity and financial position

Cash and cash equivalents increased from USD 18.8 million to USD 20.6 million during the quarter. The Group sold 700,000 shares in Cool Co Ltd acquired in January during the quarter at a net proceed of USD 6.8 million. The Company is in compliance with all financial covenants on its financing obligations.

Interest-bearing debt net of capitalized and amortizing transaction costs was reduced by USD 4.6 million in the quarter to USD 216.7 million on June 30, 2022 in accordance with the repayment profile of the leases. The current portion of the interest-bearing debt constituted USD 18.9 million at quarter-end and represents the scheduled amortization for the 12 months after June 30, 2022.

Total book value of WilForce and WilPride was on June 30, 2022, USD 322.6 million after depreciation of USD 3.3 million and capitalized cost for engine overhauls of USD 0.8 million in second quarter.

Book equity on June 30, 2022 was USD 126.6 million and total assets was USD 349.4 million, giving an equity ratio of 36.2% at quarter-end, up from 35.8% as of March 31, 2022.

MARKET UPDATE

Second quarter 2022 started out were first quarter left off with a major flow of US LNG going to Europe and less demand from Asia leading to shorter sailing distances and lower fleet utilization. Nevertheless, we saw upward pressure on rates in April and May until the Freeport LNG terminal was temporary closed after a explosion reported on June 8, 2022. The terminal is the world's fourth largest liquefaction plant and the closure of the plant resulted in a significant drop in shipping demand with several vessels being released to the market, putting a large pressure on rates and fixing activity. Latest reports indicate that the plant will gradually reopen from October and resume full production capacity by the end of the year.

Despite several factors putting the current spot market under pressure (trade flows to Europe and Freeport outage) the market is tightening again towards the winter season. We continue to see high demand for gas, both in Europe and Asia and several new projects coming online in the medium term. As the import terminals in Europe are working on full capacity, we also see some congestion on the import terminals, supporting utilization for shipping. The new environmental regulations (EEXI) coming into force at the start of 2023 will reduce the capacity for the part of the LNG fleet using steam-turbines for propulsion.

Looking at the numbers for trade flow, second quarter continued where first quarter left off with majority of US LNG going to Europe instead of to Asian markets. There were around 10 million tonnes (MT) more LNG transported during second quarter 2022 compared to second quarter 2021, the same increase as in first quarter according to Fearnleys LNG. Most of the increase is coming from the US, but most regions have exported more so far this year than the same period last year. With increased imports to Europe, Asia and Latin America reduced their import compared to same quarter last year as price increase hurt demand together with persistent influence by Covid-19 restrictions. With decreased import to China for the first time since they started to import LNG, Japan is again the world's largest importer. Several European countries, like France, UK and Spain, have replaced some of the Asian countries on the list of top importers according to Fearnleys LNG.

Eight newbuildings were delivered during second quarter 2022 and a record of 74 newbuilding orders were placed, taking the order book to 236 vessels at the end of the quarter according to Fearnleys LNG. Throughout 2022 a total of only 27 newbuildings are expected to be delivered and 43 in 2023. The latest orders placed are for delivery in 2026 and 2027 and we have seen estimated yard prices rising to approximately USD 250 million over the last months.

The current high demand for LNG, especially from Europe has led to several new Final Investment Decisions (FID) for new liquefaction project this year and we expect to see more in the near term. New capacity is mainly coming from the US. As we see weaker demand from Asia at the current gas prices demand growth is mainly coming from Europe. This currently puts pressure on sailing distances, but we do expect this to be temporary and that rates will increase, particularly when the Freeport LNG terminal is expected to resume production in October. With increasing LNG volumes and a limited number of newbuildings to be delivered the next two years we have a positive view of the freight market over the next years despite lower average sailing distances this year compared to last year.

ORGANISATION

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

VESSEL STATUS

After being redelivered from their previous multi month contracts both WilForce and WilPride have been trading in the spot market since early in second quarter. In August the company entered into a six-month contract for WilForce while WilPride will trade in the spot market until the commencement of a 3 + 2 year contract in December 2022.

OUTLOOK

Europe's surge for energy, and in particular natural gas, has continued since the Russian invasion of Ukraine. With reduced demand from Asia on the back of high gas prices and continued influence by Covid-19 sailing distances fleet utilization have come down. The closure of the Freeport LNG terminal reduced demand and spot rates fell at the end of second quarter but has again started to pick up as charterers are seeking winter coverage. We expect the market to tighten towards the winter as both Europe and Asia need to fill up their storage. The Freeport LNG terminal is expected to restart in October and resume full production towards the end of the year. Very few newbulidings are delivering this year, which also point to a strengthening of the market in the relatively near term. Term rates are holding up despite the weaker spot market, which also indicate a strong belief in the medium-term market. On the back of our two resent fixtures the company are set for a positive period ahead.

STATEMENT OF RESPONSIBILITY

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half year of 2022 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 22, 2022

Synne Syrrist

Chairman 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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Q2 2022	Q1 2022	Q2 2021	1.1 - 30.6 2022	1.1 - 30.6 2021
<i>In USD thousands, except per share figures</i>	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Freight income	2	12,267	14,314	12,672	26,581	30,251
Voyage related expenses	5	2,083	198	551	2,281	1,967
Net freight income		10,185	14,116	12,121	24,300	28,284
Other income		-	367	-	367	-
Operating expenses		2,665	2,651	2,423	5,316	4,842
Administration expenses	5	758	849	712	1,607	1,728
Earnings before interest, taxes, depr. and amort. (EBITDA)		6,761	10,983	8,986	17,745	21,715
Gain/(loss) on sale of assets						
Depreciation and amortisation		3,317	3,116	3,120	6,433	6,240
Earnings before interest and taxes (EBIT)		3,444	7,867	5,866	11,311	15,474
Finance income		60	12	(63)	72	(57)
Net gain/(loss) and valuation adjustment of securities		(661)	498		(163)	
Finance expenses		2,808	2,408	2,546	5,216	5,220
Net finance income/(expense)		(3,409)	(1,898)	(2,609)	(5,307)	(5,277)
Profit/(loss) before taxes		35	5,969	3,257	6,004	10,197
Income tax expense			-	-	-	-
Profit/(loss) for the period		35	5,969	3,257	6,004	10,197
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		0.00	0.05	0.02	0.05	0.08
Diluted, profit/(loss) for the period		0.00	0.05	0.02	0.05	0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit/(loss) for the period	35	5,969	3,257	6,004	10,197
Other comprehensive income:					
Other comprehensive income items	-	-	-	-	-
Total comprehensive income/(loss) for the period	35	5,969	3,257	6,004	10,197

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In USD thousands</i>		30.06.2022 (unaudited)	31.03.2022 (unaudited)	31.12.2021 (audited)	30.06.2021 (unaudited)
	Note				
ASSETS					
Non-current assets					
Vessels		322,580	325,097	326,875	333,119
Vessels under construction					
Pension assets		459	513	511	457
Other fixed assets incl right-of-use assets		101	133	165	230
Total non-current assets		323,140	325,743	327,551	333,805
Current assets					
Trade receivables		987	989	993	2,659
Inventory		3,223	167	182	130
Financial investments	7	-	7,498	-	
Other short term assets		1,397	792	4,384	666
Cash and cash equivalents		20,649	18,792	23,637	17,105
Total current assets		26,256	28,238	29,196	20,561
TOTAL ASSETS		349,396	353,981	356,746	354,366
EQUITY AND LIABILITIES					
Equity					
Share capital	3	1,976	1,976	1,976	1,976
Share premium	3	133,384	133,384	133,384	133,384
Other paid-in capital		65,588	65,588	65,588	65,588
Retained earnings		(74,358)	(74,393)	(80,362)	(91,280)
Total equity		126,590	126,555	120,586	109,669
Non-current liabilities					
Pension liabilities		528	586	583	528
Long-term interest bearing debt	4	197,858	202,372	206,906	215,963
Total non-current liabilities		198,385	202,958	207,490	216,491
Current liabilities					
Short-term interest bearing debt	4	18,865	18,892	18,890	18,891
Trade payables		409	772	516	464
Provisions and accruals	6	5,147	4,804	9,265	8,851
Total current liabilities		24,421	24,468	28,670	28,206
TOTAL EQUITY AND LIABILITIES		349,396	353,981	356,746	354,366

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Q2 2022	Q1 2022	1.1 - 30.6 2022	1.1 - 30.6 2021
<i>In USD thousands</i>	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash Flows from Operating Activities:				
Profit/(loss) before taxes	35	5,969	6,004	10,197
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	2,767	2,394	5,161	5,211
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	3,317	3,116	6,433	6,240
Impairment of vessels				
Valuation adjustment of securities, net	661	(498)		
<i>Changes in pension assets, operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	(3,606)	3,608	3	(2,478)
Trade payables, provisions and accruals	(461)	(4,162)	(4,624)	657
i) Net cash provided by/(used in) operating activities	2,712	10,428	12,977	19,827
Cash Flows from Investing Activities:				
Investment in vessels / sale of vessels	(767)	(1,307)	(2,074)	(1,010)
Investment in/sale of financial assets	6,837	(7,000)	-	
ii) Net cash provided by/(used in) investing activities	6,069	(8,307)	(2,074)	(1,010)
Cash Flows from Financing Activities:				
Repayment of borrowings	(4,720)	(4,720)	(9,439)	(9,437)
Interest and borrowing costs paid	(2,205)	(2,246)	(4,451)	(4,911)
iii) Net cash provided by/(used in) financing activities	(6,925)	(6,966)	(13,891)	(14,348)
Net change in cash and cash equivalents (i+ii+iii)	1,857	(4,845)	(2,988)	4,469
Cash and cash equivalents at start of period	18,792	23,637	23,637	12,637
Cash and cash equivalents at end of period	20,649	18,792	20,649	17,105

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2022

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2022	1,976	133,384	65,588	(80,362)	120,587
Profit/(loss) for the period	-	-	-	6,004	6,004
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	6,004	6,004
Balance as at June 30, 2022 (unaudited)	1,976	133,384	65,588	(74,358)	126,591

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate information

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

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

Basis of preparation

The Statements for the three months and first half year ended June 30, 2022 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The interim consolidated financial statements are unaudited. The consolidated financial statements are presented in US Dollars (USD) rounded off to the nearest thousands, except as otherwise indicated.

The accounting policies adopted in the preparation of the Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021. The Statements do however not include all the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and the Statements should be read in conjunction with the Group's annual consolidated financial statements for the period ended December 31, 2021, which includes a detailed description of the applied accounting policies.

Note 2 – Segment information

Operating segments

Awilco LNG owns and operates two LNG vessels. For internal reporting and management purposes the Group's business is organised into one operating segment, LNG transportation. Performance is not evaluated by geographical region as the vessels trade globally and revenue is not dependent on any specific country. Revenue from the Group's country of domicile, Norway, was NIL in second quarter 2022, same as in first quarter 2022.

Information about major customers

The Group had four customers contributing with more than 10 per cent of the Group's freight income in second quarter 2022, at 32, 31, 23 and 10% of total revenue, and two in first quarter at 44 and 56% of total revenue.

Note 3 – Share capital

There were no changes in the number of issued shares during second quarter 2022. The number of issued shares was 132,548,611 on June 30, 2022. The share capital is denominated in NOK and all issued shares are of equal rights.

Note 4 – Financing and liquidity

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

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

At June 30, 2022 the Group had cash and cash equivalents of USD 20.6 million, following a sale of the 700,000 shares in Cool Co Ltd. purchased earlier in the year. This compared to USD 18.8 million on March 31, 2022. The Group is in compliance with all financial covenants in the lease facilities.

Note 5 – Related party transactions

Contracts with related parties

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

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

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

2) AWM provides the Group with administrative and general services including accounting, payroll, legal, secretary function and IT. The Group pays AWM NOK 2.2 million in yearly management fee (approx. USD 0.25 million) based on AWM's costs plus a margin of 5%. The fee is subject to semi-annual evaluation and is regulated according to the consumer price index in Norway. The agreement can be terminated by both parties with three months' notice. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS.

Purchases from related parties

			1.1 – 30.6	1.1 – 30.6
<i>In USD thousands</i>	Q2 2022	Q1 2022	2022	2021
Awilco Technical Services AS	104	118	222	258
Awilhelmsen Management AS	59	64	123	128

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

Note 6 – Provisions and accruals

Provisions and accruals as of June 30, 2022, were USD 5.0 million (USD 4.8 million as of March 31, 2022), of which deferred income constituted USD 1.7 million (USD 0.8 million as of March 31, 2022), accrued interest towards the CCBFL lease obligations was USD 2.5 million (USD 2.1 million as of March 31, 2022) and provisions for inventory USD 0.9 million.

Note 7 – Financial investments

In first quarter 2022 the Company invested USD 7 million by acquiring 700,000 shares in Cool Company Limited, a company listed on Euronext Growth. In June 2022 the Company sold the shares at a net proceed of USD 6.8 million. The realized loss of USD 0.2 million is recognized as net loss of securities through profit or loss.

Note 8 – Events after the balance sheet date

In August the company entered into a six-month contract for the vessels WilForce, commencing immediately. The contract is estimated to contribute with an EBITDA of approximately USD 17 million over the period.

The Company received the judgement to set liability to 75:25 in favour of WilForce in a trial to assess liability between the parties related to a collision involving WilForce in May 2019. The parties are preparing supporting documents to decide on quantum for each party and we will update on progress in due course. Proceeds following a final agreement will be booked when received.

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
- Gross interest-bearing debt: Interest-bearing debt before deduction for unamortized transaction costs
- Book equity ratio: Total equity / Total assets
- TCE (time charter equivalent): Net freight income including loss of hire insurance divided by the number of calendar days less off-hire days not covered by loss of hire insurance

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

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