



FIRST QUARTER 2023 RESULTS

HIGHLIGHTS ¹⁾

- Awilco LNG achieved a net result of USD 9.0 million and profit per share of USD 0.07 in first quarter, up from a net result of USD 4.9 million and USD 0.04 per share in fourth quarter 2022
- Net freight income of USD 20.5 million in first quarter 2023, up from USD 16.2 million in fourth quarter 2022
- EBITDA first quarter 2023 ended at USD 16.6 million, up from USD 12.1 million in fourth quarter 2022
- Vessel utilization was 100% in first quarter, up from 93% for previous quarter, with a net TCE of USD 113,800 per day
- In March the Company paid out NOK 0.50 per share in dividend, corresponding to USD 6.4 million
- On May 23, 2023 the Board authorized a cash dividend payment of NOK 0.50 per share to be paid in June

KEY FINANCIAL FIGURES ¹⁾

In USD millions, unless stated otherwise

	Q1 2023	Q4 2022	2022
Freight income	20.7	16.8	51.5
Voyage related expenses	0.2	0.6	6.2
EBITDA	16.6	12.1	31.1
Net profit/(loss)	9.0	4.9	5.8
Total assets	348.0	348.1	348.1
Total equity	129.1	126.4	126.4
Gross interest-bearing debt	206.3	211.0	211.0
Cash and cash equivalents	28.0	26.1	26.1
Book equity ratio (in %)	37.4%	36.3%	36.3%

Jon Skule Storheill, Chief Executive Officer, commented:

“We are pleased to report a strong first quarter profit of USD 9.0 million as both vessels have traded on fixed rate contracts with no off-hire throughout the entire period. These contracts ensure solid earnings for the Company in a volatile LNG transportation market. Despite low spot rates in this shoulder season we see interest and rate levels for period charters holding firm and focus from charterers seems to be very much on security of supply going forward. The fixed earnings contracts enable the company to return value to our shareholders and the board resolved and declared a quarterly dividend of NOK 0.50 payable in June 2023”

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

FINANCIAL REVIEW

Income statement first quarter 2023

Both WilForce and WilPride traded on fixed rate contracts for the entire quarter. WilForce ended a previous contract and delivered on her next employment in direct continuation resulting in 100% utilization for both vessels in the quarter. This compares to 93% utilization in previous quarter which was due to an idle period between contracts on the WilPride. TCE earnings for first quarter ended at USD 113,800 per day, up from USD 88,100 per day in fourth quarter 2022.

Freight income for the quarter totaled USD 20.7 million, up from USD 16.8 million in fourth quarter 2022, due to higher rates on the present charter contracts compared to the previous contracts. Voyage related expenses, decreased to USD 0.2 million, down from USD 0.6 million in fourth quarter 2022 as both vessels were on time charter contracts with no idle periods. Net freight income for the quarter ended at USD 20.5 million compared to USD 16.2 million in fourth quarter 2022.

Operating expenses came in at USD 3.0 million in first quarter compared to USD 2.9 million in previous quarter. Administration expenses were USD 0.9 million in first quarter 2023 compared to USD 1.3 million in fourth quarter 2022. EBITDA for the quarter ended at USD 16.6 million, up from USD 12.1 million in fourth quarter 2022. Depreciation charges for the quarter were USD 3.2 million, slightly up from USD 3.1 million in the previous quarter as capitalization and amortization of overhaul of one main engine commenced.

Net financial expenses were USD 4.4 million in first quarter 2023, up from USD 4.0 million fourth quarter 2022. Interest expense on the vessels' financing in first quarter 2023 amounted to USD 4.6 million, up from USD 4.2 million in the previous quarter due to continued increased floating interest rates.

Profits and profit per share for the quarter ended at USD 9.0 million and USD 0.07 respectively, up from USD 4.9 million in fourth quarter 2022.

Liquidity and financial position

Cash and cash equivalents increased to USD 28.0 million at the end of first quarter, up from USD 26.1 million at the end of 2022. The increase is related to higher achieved rates in first quarter compared to fourth quarter 2022 offset by the dividend payment of USD 6.4 million in March 2023.

Interest-bearing debt net of capitalized and amortizing transaction costs was reduced by USD 4.5 million in the quarter to USD 203.1 million on March 31, 2023 in accordance with the repayment profile of the leases. The current portion of the interest-bearing debt constituted USD 18.8 million at quarter-end and represents the scheduled amortization for the 12 months after March 31, 2023.

Total book value of WilForce and WilPride was at March 31, 2023, USD 315.3 million after depreciation of USD 3.2 million. In first quarter the Company completed a scheduled overhaul of one main engine on WilForce. This cost has been capitalized and will be amortized over the next four years. One additional overhaul is scheduled during 2023 together with scheduled second special survey and drydock of both vessels in third quarter 2023. Capitalized cost for engine overhaul and initial costs for the upcoming drydocking in third quarter of USD 1.4 million was added in first quarter.

Book equity on March 31, 2023 was USD 129.1 million and total assets was USD 348.0 million, giving an equity ratio of 37.1% at quarter-end, up from 36.3% as of December 31, 2022.

Corporate development

On May 23, 2023 the Board authorized a cash dividend payment of NOK 0.50 per share to the shareholders on record as of June 1, 2023. The shares in Awilco LNG ASA will be traded ex. dividend from and including May 31, 2023, and dividend will be paid on, or about June 15, 2023. The dividend is classified as return of paid in capital.

The dividend resolved for first quarter 2023 is at the same level as for the previous quarter. The Annual General Meeting has given the Board authority to declare quarterly dividends according to the Company's cash flow, subject to debt covenants, capital requirements and a robust cash buffer. Due to both vessels upcoming dry docking in the third quarter 2023 the Board will adjust dividend payments in the next quarter according to the guidelines above.

The process to agree on quantum related to the collision involving WilForce back in 2019 is slowly moving forward but with no outcome during this quarter. No effects of the claim will be reflected in Awilco LNG's financial statements until the awarded compensation is determined and received.

MARKET UPDATE

In first quarter 2023 the market went into the regular seasonal weakening as a result of a milder than anticipated winter in the Northern hemisphere. The softening spot market continued through the quarter and so far into the current quarter although showing signs of finding a floor at the time of writing. Lower charter rates have increased liquidity and the activity in the spot market increased since the end of 2022. The mild winter in Europe led to higher than feared gas storage and continued low ton-mile as Europe continue to be the main destination for US cargoes. This again reduces fleet utilization and put pressure on spot charter rates.

Gas prices have also continued to fall to current levels of around \$10/mmBtu. Although historically still high for this time of year, they are substantially lower than the last two years. Also, interesting to note that JKM (Far East prices) are currently higher than European gas prices which should increase ton-mile in the short term.

During first quarter 2023 we have seen some lower medium-term rates (1-3 year) done on limited activity. Interest and activity have however increased somewhat lately. Broker assessments for 1-year charter rates are currently above USD 130,000 as charterer see through the current soft spot market and focus on securing tonnage for longer term commitments. These medium-term rates are also supported by increased long term charter rate.

As Freeport LNG in the US restarted and is ramping up production, we have seen a record number of loadings in March 2023 which will only be seen in the statistics for second quarter. The total volume of discharged LNG in first quarter came in at the same level as last year of 101 MT according to Fearnley LNG. Japan remains the top LNG importer and most other Asian importing countries are at similar levels as first quarter last year although China is seen to have increased imports in April 2023. US export continues to mainly flow to Europe and ton-time continues to support shipping as floating cargoes and low speed are above average.

Nine newbuildings were delivered and three LNGC vessels have been sold for recycling during first quarter 2023. This brings the total fleet at the end of the quarter to 610 ships according to Fearnley LNG. According to the same source a total of 19 orders were placed at Korean and Chinese yards during the quarter bringing the total orderbook to 282 ships, which corresponds to 46% of the current fleet. For the remaining three quarters of 2023 and in 2024 we will see a relatively moderate number of newbuilding deliveries with 24 and 65 respectively, while 2025 and 2026 are expected to see record high deliveries. For orders placed so far this year we see continued increase in prices and current yard prices are exceeding USD 260 million.

ORGANISATION

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

VESSEL STATUS

WilPride has traded the entire quarter on a fixed rate contract that commenced in December 2022 for a minimum of 3 years. The charterer has the option to extend the charter for two years at the same rate. WilForce commenced an 18-month contract late January 2023.

In August and September 2023 both vessels will drydock for their scheduled second special survey. The docking cost is expected to be about USD 12 million in total and in addition the vessels will be off-hire for approximately 50 days in total depending on positioning and repositioning time.

The company completed overhaul on one main engine in first quarter 2023 and the corresponding cost will be depreciated over a four-year period. We expect one additional overhaul later in 2023. Cash cost is estimated to be approximately USD 1 million for both overhauls in total. No off-hire is expected during engine overhauls as they are performed during regular operation of the vessel.

OUTLOOK

Seasonal low demand following a mild winter with high gas storage in Europe led to a significant drop in LNG spot charter rates that lasted throughout the quarter although there are signs of the market bottoming out. The term market has maintained a healthy level and we see charterers willing to secure long-term tonnage as the focus on energy security is high throughout the world. Several new Final Investment Decisions for new LNG production capacity have been made lately and we continue to see strong long-term demand for LNG shipping despite a large orderbook. The Company's vessels are chartered out on fixed rate time charters, with the first vessel coming open in third quarter 2024 and the Company will continue to focus on performance and return of cash to our shareholders.

Oslo, May 23, 2023

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

<i>In USD thousands, except per share figures</i>		Q1 2023 (unaudited)	Q4 2022 (unaudited)	Q1 2022 (unaudited)	2022 (audited)
	Note				
Freight income	2	20,655	16,838	14,314	51,541
Voyage related expenses	5	178	632	198	6,231
Net freight income		20,477	16,205	14,116	45,310
Other income		-	-	367	367
Operating expenses		2,989	2,866	2,651	10,977
Administration expenses	5	888	1,279	849	3,574
Earnings before interest, taxes, depr. and amort. (EBITDA)		16,600	12,060	10,983	31,126
Depreciation and amortisation		3,156	3,143	3,116	12,720
Earnings before interest and taxes (EBIT)		13,444	8,916	7,867	18,406
Finance income		189	171	12	457
Net gain/(loss) and valuation adjustment of securities		-	-	498	(163)
Finance expenses		4,587	4,179	2,408	12,900
Net finance income/(expense)		(4,398)	(4,008)	(1,898)	(12,606)
Profit/(loss) before taxes		9,046	4,908	5,969	5,800
Income tax expense				-	-
Profit/(loss) for the period		9,046	4,908	5,969	5,800
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:					
Basic, profit/(loss) for the period		0.07	0.04	0.05	0.04
Diluted, profit/(loss) for the period		0.07	0.04	0.05	0.04

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit/(loss) for the period	9,046	4,908	5,969	5,800
Other comprehensive income:				
Other comprehensive income items	-	-	-	-
Total comprehensive income/(loss) for the period	9,046	4,908	5,969	5,800

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In USD thousands</i>	Note	31.03.2023 (unaudited)	31.12.2022 (unaudited)	31.03.2022 (unaudited)
ASSETS				
Non-current assets				
Vessels		315,305	317,087	325,097
Pension assets		525	502	513
Other fixed assets incl right-of-use assets		14	36	133
Total non-current assets		315,843	317,624	325,743
Current assets				
Trade receivables		3,687	3,774	989
Inventory		144	233	167
Financial investments		-	-	7,498
Other short term assets		337	419	792
Cash and cash equivalents		28,032	26,058	18,792
Total current assets		32,200	30,483	28,238
TOTAL ASSETS		348,043	348,107	353,981
EQUITY AND LIABILITIES				
Equity				
Share capital	3	1,976	1,976	1,976
Share premium	3	127,004	133,384	133,384
Other paid-in capital		65,588	65,588	65,588
Retained earnings		(65,516)	(74,562)	(74,393)
Total equity		129,053	126,387	126,555
Non-current liabilities				
Pension liabilities		599	569	586
Long-term interest bearing debt	4	184,349	188,831	202,372
Total non-current liabilities		184,948	189,401	202,958
Current liabilities				
Short-term interest bearing debt	4	18,750	18,804	18,892
Trade payables		1,466	771	772
Provisions and accruals	6	13,827	12,745	4,804
Total current liabilities		34,042	32,320	24,468
TOTAL EQUITY AND LIABILITIES		348,043	348,107	353,981

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

<i>In USD thousands</i>	Q1 2023 (unaudited)	Q4 2022 (unaudited)	Q1 2022 (unaudited)	2022 (audited)
Cash Flows from Operating Activities:				
Profit/(loss) before taxes	9,046	4,908	5,969	5,800
Interest and borrowing costs expensed	4,566	4,170	2,394	12,838
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	3,156	3,143	3,116	12,720
Valuation adjustment of securities, net	-	-	(498)	-
<i>Changes in pension assets, operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	235	(2,896)	3,608	1,143
Trade payables, provisions and accruals	1,437	827	(4,162)	1,970
i) Net cash provided by/(used in) operating activities	18,439	10,152	10,428	34,472
Cash Flows from Investing Activities:				
Investment in vessels / sale of vessels	(1,353)	(364)	(1,307)	(2,802)
Investment in/sale of financial assets	-	-	(7,000)	-
ii) Net cash provided by/(used in) investing activities	(1,353)	(364)	(8,307)	(2,802)
Cash Flows from Financing Activities:				
Dividends paid	(6,380)	-	-	-
Repayment of borrowings	(4,709)	(4,720)	(4,720)	(18,879)
Interest and borrowing costs paid	(4,023)	(3,315)	(2,246)	(10,364)
iii) Net cash provided by/(used in) financing activities	(15,112)	(8,035)	(6,966)	(29,243)
Net change in cash and cash equivalents (i+ii+iii)	1,974	1,753	(4,845)	2,426
Cash and cash equivalents at start of period	26,058	24,308	23,637	23,637
Cash and cash equivalents at end of period	28,032	26,058	18,792	26,058

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended March 31, 2023

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2023	1,976	133,384	65,588	(74,562)	126,387
Profit/(loss) for the period	-	-	-	9,046	9,046
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	9,046	9,046
Dividends paid	-	(6,380)	-	-	(6,380)
Balance as at March 31, 2023 (unaudited)	1,976	127,004	65,588	(65,516)	129,053

For the period ended March 31, 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	-	-	-	5,969	5,969
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	5,969	5,969
Balance as at March 31, 2022 (unaudited)	1,976	133,384	65,588	(74,393)	126,556

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate information

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

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

Basis of preparation

The Statements for the three months ended March 31, 2023, 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, 2022. 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, 2022, 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 organized 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 first quarter 2023, same as in fourth quarter 2022.

Information about major customers

The Group had three customers contributing with more than 10 per cent of the Group's freight income in first quarter 2023, at 45, 39 and 15% of total revenue, and three in fourth quarter 2022 at 60, 29 and 11% of total revenue.

Note 3 – Share capital

There were no changes in the number of issued shares during fourth quarter 2022. The number of issued shares was 132,548,611 on March 31, 2023. The share capital is denominated in NOK and all issued shares are of equal rights.

On March 9, 2023 the Company paid a dividend of NOK 0.50 / USD 0.048 per share with a total amount of NOK 66.3 million / USD 6.4 million.

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 that started in January 2023, 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 March 31, 2023 the Group had cash and cash equivalents of USD 28.0 million compared to USD 26.1 million on December 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*
- 3) Integrated Wind Solutions ASA (IWS) – *Technical sub-management 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 2.4 million in yearly management fee (approx. USD 0.23 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) 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

<i>In USD thousands</i>	Q1 2023	Q4 2022	Q1 2022	2022
Awilco Technical Services AS	99	111	118	428
Awilhelmsen Management AS	57	57	64	235
Integrated Wind Solutions ASA	2	2	0	2

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 March 31, 2023, were USD 13.8 million (USD 12.7 million as of December 31, 2022), of which deferred income constituted USD 7.3 million (USD 6.4 million as of December 31, 2022), accrued interest towards the CCBFL lease obligations was USD 4.2 million (USD 3.8 million as of December 31, 2022) and provisions for inventory USD 2.0 million.

Note 7 – Events after the balance sheet date

On May 23, 2023 the Board authorized a cash dividend payment of NOK 0.50 per share to the shareholders on record as of June 1, 2023. The shares in Awilco LNG ASA will be traded ex. dividend from and including May 31, 2023, and dividend will be paid on or about June 15, 2023. The dividend is classified as return of paid in capital.

APPENDIX 1 – ALTERNATIVE PERFORMANCE MEASURES

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

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

Awilco LNG's financial APMs:

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

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

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