



# AWILCO LNG

## FOURTH QUARTER AND PRELIMINARY 2023 RESULTS

### HIGHLIGHTS <sup>1)</sup>

- Awilco LNG achieved the best ever quarterly net result of USD 14.9 million and earnings per share of USD 0.11 in the fourth quarter, up from a net result of USD 3.3 million and USD 0.03 per share in the third quarter 2023. The result for the year 2023 ended at an all-time high of USD 38.2 million and USD 0.29 per share
- Net freight income of USD 22.2 million in fourth quarter 2023, up from USD 14.8 million in third quarter 2023. Net freight income for the year 2023 ended at USD 79.4 million
- EBITDA in fourth quarter 2023 ended at USD 22.8 million, up from USD 11.1 million in third quarter 2023. EBITDA for the year 2023 ended at USD 68.9 million
- Vessel utilization was 100% for fourth quarter with net TCE at USD 120,600 compared to 100% utilization and USD 119,500 per day for third quarter (excluding scheduled off-hire). For the full year 2023 utilization was 100% (excluding scheduled off-hire) with a net TCE of 118.500 per day
- In December the Company paid NOK 0.35 per share in dividend, corresponding to USD 4.4 million bringing total paid dividend for the year 2023 to NOK 1.60 per share, corresponding to USD 20.0 million
- In December the Company made a full and final settlement agreement between owners and insurance companies on both sides relating to the collision between WilForce and Western Moscow in May 2019. A compensation of USD 5.0 million is booked as income in fourth quarter 2023
- In December the Company signed a Term Sheet for refinancing of both vessels at significantly improved terms, with longer tenor, lower margin, and longer profile. This refinancing will reduce the Company's finance cost and cash break even substantially. Credit Approval was received in February 2024 and documentation is progressing as expected. Closing of the refinancing is expected during second quarter 2024
- On February 27, 2023, the Board authorized a cash dividend payment of NOK 1.00 per share to be paid in April 2024

### KEY FINANCIAL FIGURES <sup>1)</sup>

*In USD millions, unless stated otherwise*

	Q4 2023	Q3 2023	2023	2022
Freight income	22.4	15.6	80.7	51.5
Voyage related expenses	0.2	0.7	1.3	6.2
EBITDA	22.8	11.1	68.9	31.1
Net profit/(loss)	14.9	3.3	38.3	5.8
Total assets	349.9	348.5	349.9	348.1
Total equity	144.7	134.2	144.7	126.4
Gross interest-bearing debt	192.2	196.7	192.2	211.0
Cash and cash equivalents	27.1	25.0	27.1	26.1
Book equity ratio (in %)	41.4%	38.5%	41.4%	36.3%

<sup>1</sup> Please refer to definitions in Appendix A for descriptions of alternative performance measures



Jon Skule Storheill, Chief Executive Officer, commented:

“Following the second special survey and dry-dock in third quarter both vessels resumed their time charter contracts and generated full earnings without any off-hire in fourth quarter. A full and final settlement of the insurance claim from 2019 for WilForce was also reached and we are thus very pleased to report the best ever net profit of USD 14.9 million for the quarter. With both vessels on fixed rate contracts through first half 2024 we can expect earnings to be in line with first half 2023. The fixed earnings contracts enable the company to continue to return value to our shareholders and the board resolved and declared a dividend of NOK 1.00 for fourth quarter, payable in April 2024”.

## FINANCIAL REVIEW

### *Income statement fourth quarter 2023*

After completion of the scheduled dry-docking in third quarter both vessels resumed their fixed rate contracts with 100% utilization in fourth quarter and full earnings from their charter contracts. TCE earnings for fourth quarter ended at USD 120,600 per day, up from USD 119,500 per day in third quarter 2023.

Freight income for the quarter ended at USD 22.4 million, up from USD 15.6 million in third quarter 2023. Voyage related expenses were USD 0.2 million, down from USD 0.7 million for third quarter 2023 when the off-hire period contributed to the increased cost. Net freight income for the quarter ended at USD 22.2 million compared to USD 14.8 million in third quarter 2023.

In December 2023 the Company, together with the insurance companies, made a full and final settlement agreement related to the collision between WilForce and Western Moscow in the Singapore Straits in May 2019. As the claim has been considered a contingent asset and not reflected in the financial statements the Company has booked an income of USD 5.0 million in fourth quarter 2023 related to the settlement.

Operating expenses came in at USD 3.1 million in fourth quarter compared to USD 2.8 million in previous quarter and administration expenses were USD 1.3 million in fourth quarter 2023 compared to USD 1.0 million in third quarter 2023. EBITDA for the quarter ended at USD 22.8 million, up from USD 11.1 million in third quarter 2023. Depreciation charges for the quarter were USD 3.4 million, slightly up from USD 3.2 million in the previous quarter, which reflect full amortization of the capitalized cost related to the second special survey and dry-docking of both vessels during third quarter. These costs are capitalized and will be amortized over five years.

Net financial expenses were USD 4.5 million in fourth quarter 2023, the same as for third quarter. Interest expense on the vessels' financing in fourth quarter 2023 amounted to USD 4.8 million, the same as in the previous quarter.

Profits and earnings per share for the quarter ended at USD 14.9 million and USD 0.11 respectively, up from USD 3.3 million and USD 0.03 per share in third quarter 2023.

### *Income statement full year 2023*

Freight income for the full year amounted to USD 80.7 million compared to USD 51.5 million in 2022. Fleet utilisation ended at 100% (excluding scheduled off-hire related to the special survey, and dry dock of both vessels) compared to 81% utilization in 2022, as both vessels traded on fixed rate contracts throughout the entire 2023. Voyage related expenses decreased from USD 6.2 million in 2022 to USD 1.3 million in 2023 as voyage related cost was mainly limited to fuel consumption during the dry-dock period, including positioning and repositioning.



Operating expenses for the year were USD 11.3 million, slightly up from USD 11.0 million in 2022.

Administration expenses were USD 4.2 million in 2023, up from USD 3.6 million in 2022

Net financial expenses were USD 17.7 million in 2023, a significant increase from USD 12.6 million in 2022 which is due to increased USD interest rates experienced throughout the year.

### *Liquidity and financial position*

Cash and cash equivalents increased to USD 27.1 million at the end of fourth quarter, up from USD 25.0 million at the end of third quarter 2023. Cash flow from operation was USD 19.6 million in fourth quarter, up from USD 14.0 million in third quarter. Investment in vessels, mainly related to the remaining payment for dry-docking both vessels in third quarter, ended at USD 3.9 million in the quarter and USD 13.1 million for the year in total. The total capitalized cost for dry-docking both vessels ended at USD 12.4 million. In addition, the Company paid USD 4.4 million in dividend to shareholders during fourth quarter and USD 20.0 million for 2023 in total.

Interest-bearing debt net of capitalized and amortizing transaction costs was reduced by USD 4.5 million in the quarter to USD 189.5 million on December 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 December 31, 2023. This is based on existing financing of the vessels and does not incorporate any changes resulting from the ongoing refinancing.

The total book value of WilForce and WilPride was on December 31, 2023, USD 317.3 million after depreciation of USD 3.4 million and capitalization of USD 0.5 million related to the second special survey and drydock of both vessels and overhaul of one main engine planned for during first quarter 2024.

Book equity on December 31, 2023 was USD 144.7 million and total assets were USD 349.9 million, resulting in an equity ratio of 41.4% at quarter-end, up from 38.5% as of September 30, 2023.

### *Corporate development*

On February 27, 2024 the Board authorized a cash dividend payment of NOK 1.00 per share to the shareholders on record as of March 19, 2024. The shares in Awilco LNG ASA will be traded ex. dividend from and including March 18, 2024, and dividend will be paid on or about April 3, 2024. The dividend is classified as return of paid in capital.

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. A proposal for any further dividends will be presented for the next Annual General Meeting, scheduled for May 14, 2024.

In December the Company made a full and final settlement agreement between owners and insurance companies on both sides related to the collision between WilForce and Western Moscow in the Singapore Straits in May 2019. A compensation of USD 5.0 million is booked as income in fourth quarter 2023. The Company received USD 4.5 million in December 2023 and USD 0.5 million in mid February 2024.

## **MARKET UPDATE**

Despite of the war in Ukraine continues and increased tension in the Red Sea, disrupting trade through the Suez Canal, LNG prices are low and spot charter rates have weakened substantially over the last months. The focus on energy security witnessed last year has eased as gas storage levels are high following a warm winter in 2022/2023, ample LNG supply and so far a relatively warm winter 2023/24 according to Fearnley LNG. Most US LNG has



continued to go to Europe, although US-to-Asia trade has picked up lately on lower gas prices. The negative ton-mile effect of this is somewhat mitigated by a reduced number of transit slots through the Panama Canal as the Panama Canal Authority has been forced to reduce slots due to reduced rainfall in the area. The attacks on merchant ships in the Red Sea have led to a complete halt of LNG carriers transiting the Suez Canal and all vessels now go the longer route around Africa. This effectively doubles the time used for a Qatar to Europe voyage and if the situation persists will increase demand for LNG vessels.

Gas prices have stayed significantly lower than last year and the European (TTF) and Asian (JKM) prices are well synchronized resulting in limited arbitrage for shipping. The fundamentals of the two/three tier market vessels saw develop during last year, as the fleet of larger 2-stroke vessels has increased, has changed somewhat with the fall in gas prices. On purely financial terms the 2-stroke vessels have less of an economic advantage vs the somewhat smaller TFDE vessels with lower gas prices. On the other hand, the much smaller-sized steam vessels are struggling to find employment, particularly in the Atlantic where cargo sizes have increased over the years, as EEXI regulations forced these vessels to reduce speed and finally the introduction of the EU-ETS regulation will further penalize these vessels. This means that about 1/3<sup>rd</sup> of the LNGC fleet is forced into niche trades in other geographical areas or infrastructure conversions.

Spot fixing activity was high during 2023 although most of these were sublets from traders and portfolios as very few independent owners had open vessels. Towards the end of 2023 and so far in 2024 some independent owners have shown open positions as vessels fixed 1-3 years ago are being redelivered. In addition, quite a few sublets from charterers who have had very good earnings in 2022/23 are showing availability for 2024 into 2025 when new LNG production is starting up, putting pressure on short-term charter rates. Current broker quotes are around USD 60,000-65.000 for a 1-year time charter for a TFDE vessel which is up from the lows seen some weeks back. Fewer vessels are available from 2026 and beyond leading to higher rates for longer-term fixtures.

In 2023 the United States became the world's largest exporter of LNG, a position previously held by Qatar. 86 MT of LNG was lifted from the US, an increase of 10 MT compared to 2022. The increase was largely driven by the return of the Freeport plant throughout the year. China has regained its position as the world's largest importer, although still lower than the pre-covid record high import in 2021. Most LNG to China came from Australia and Qatar, with less than 5% coming from the US.

The live fleet of LNGC's stood at 634 vessels at yearend 2023, 33 newbuildings were delivered and 68 newbuilding orders were placed according to Fearnleys LNG. This is significantly down from the 145 orders placed in 2022, but still the orderbook to fleet ratio stood at 45% at the end of the year. 2024, 2025 and 2026 are set to be record high with respect to deliveries, but only 21 out of the total orderbook of 286 vessels are charter-free according to Fearnleys LNG. Limited new LNG production is expected until 2<sup>nd</sup> half of 2025 and 2026 so the high delivery during this time point to a challenging period going forward unless ton-miles increase. Newbuilding prices are stable and contract prices for Korean built vessels stay around USD 260 million for 2027/2028 delivery.

## 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 had six employees as per the end of fourth quarter 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 completing their second special survey, including dry-dock, both WilForce and WilPride traded the entire fourth quarter with no off-hire. WilForce is employed under the current charterparty until third quarter 2024. For WilPride the current charter party lasts until late 2025, while the charterer has an option to extend the charterparty for two more years at the existing rate. Notice to be given approximately six months prior to expiry of the fixed period.

## OUTLOOK

The seasonal softening of the market experienced during fourth quarter continued into first quarter due to comfortable storage levels in Europe and demand from Asia has been insufficient to drive rates. Lower exports from the US due to cold weather contributed to this development. LNG carriers taking the longer voyage around Africa due to the attacks in the Red Sea and the reduced availability of the Panama Canal has increased utilization and we see a seasonal improvement in rates. The short term market has also improved from the recent lows although the large orderbook and limited new production capacity in 2024 does require an increase in ton-miles to improve rates. Awilco LNG expects to continue to post strong results over the coming quarters. The first vessel is coming open in the third quarter 2024, and we are well positioned for the next winter period when rate levels should improve. Long term focus continues to be on excellent technical and operational performance and to return cash to our shareholders.

Oslo, February 27, 2024

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

		Q4 2023	Q3 2023	Q4 2022	2023	2022
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
<i>In USD thousands, except per share figures</i>						
Freight income	2	22,362	15,590	16,838	80,723	51,541
Voyage related expenses	5	177	743	632	1,279	6,231
<b>Net freight income</b>		<b>22,185</b>	<b>14,847</b>	<b>16,205</b>	<b>79,444</b>	<b>45,310</b>
Other income		4,998	-	-	4,998	367
Operating expenses		3,130	2,773	2,866	11,307	10,977
Administration expenses	5	1,254	1,016	1,279	4,241	3,574
<b>Earnings before interest, taxes, depr. and amort. (EBITDA)</b>		<b>22,800</b>	<b>11,057</b>	<b>12,060</b>	<b>68,895</b>	<b>31,126</b>
Depreciation and amortisation		3,427	3,191	3,143	12,906	12,720
<b>Earnings before interest and taxes (EBIT)</b>		<b>19,373</b>	<b>7,867</b>	<b>8,916</b>	<b>55,989</b>	<b>18,406</b>
Finance income		293	273	171	1,232	457
Net gain/(loss) and valuation adjustment of securities		-	-	-	-	(163)
Finance expenses		4,808	4,795	4,179	18,929	12,900
<b>Net finance income/(expense)</b>		<b>(4,515)</b>	<b>(4,522)</b>	<b>(4,008)</b>	<b>(17,697)</b>	<b>(12,606)</b>
<b>Profit/(loss) before taxes</b>		<b>14,858</b>	<b>3,344</b>	<b>4,908</b>	<b>38,292</b>	<b>5,800</b>
Income tax expense						-
<b>Profit/(loss) for the period</b>		<b>14,858</b>	<b>3,344</b>	<b>4,908</b>	<b>38,292</b>	<b>5,800</b>
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		0.11	0.03	0.04	0.29	0.04
Diluted, profit/(loss) for the period		0.11	0.03	0.04	0.29	0.04

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit/(loss) for the period	14,858	3,344	4,908	38,292	5,800
<b>Other comprehensive income:</b>					
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>14,858</b>	<b>3,344</b>	<b>4,908</b>	<b>38,292</b>	<b>5,800</b>



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31.12.2023	30.09.2023	31.12.2022
<i>In USD thousands</i>	<b>Note</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Vessels		317,310	320,233	317,087
Pension assets		497	436	502
Other fixed assets incl right-of-use assets		12	12	36
<b>Total non-current assets</b>		<b>317,819</b>	<b>320,681</b>	<b>317,624</b>
<b>Current assets</b>				
Trade receivables		2,806	2,387	3,774
Inventory		204	165	233
Other short term assets		1,946	244	419
Cash and cash equivalents		27,094	25,011	26,058
<b>Total current assets</b>		<b>32,050</b>	<b>27,808</b>	<b>30,483</b>
<b>TOTAL ASSETS</b>		<b>349,869</b>	<b>348,489</b>	<b>348,107</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	3	1,976	1,976	1,976
Share premium	3	113,418	117,773	133,384
Other paid-in capital		65,588	65,588	65,588
Retained earnings		(36,270)	(51,128)	(74,562)
<b>Total equity</b>		<b>144,712</b>	<b>134,209</b>	<b>126,387</b>
<b>Non-current liabilities</b>				
Pension liabilities		544	479	569
Long-term interest bearing debt	4	170,782	175,309	188,831
<b>Total non-current liabilities</b>		<b>171,326</b>	<b>175,788</b>	<b>189,401</b>
<b>Current liabilities</b>				
Short-term interest bearing debt	4	18,750	18,750	18,804
Trade payables		1,649	1,943	771
Provisions and accruals	6	13,431	17,799	12,745
<b>Total current liabilities</b>		<b>33,831</b>	<b>38,493</b>	<b>32,320</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>349,869</b>	<b>348,489</b>	<b>348,107</b>



## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Q4 2023	Q3 2023	2023	2022
<i>In USD thousands</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
<b>Cash Flows from Operating Activities:</b>				
Profit/(loss) before taxes	14,858	3,344	38,292	5,800
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	4,772	4,802	18,835	12,838
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	3,427	3,191	12,906	12,720
<i>Changes in pension assets, operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	(2,220)	1,671	(526)	1,143
Trade payables, provisions and accruals	(1,203)	1,003	943	1,970
<b>i) Net cash provided by/(used in) operating activities</b>	<b>19,634</b>	<b>14,011</b>	<b>70,450</b>	<b>34,472</b>
<b>Cash Flows from Investing Activities:</b>				
Investment in vessels	(3,869)	(6,103)	(13,107)	(2,802)
<b>ii) Net cash provided by/(used in) investing activities</b>	<b>(3,869)</b>	<b>(6,103)</b>	<b>(13,107)</b>	<b>(2,802)</b>
<b>Cash Flows from Financing Activities:</b>				
Dividends paid	(4,355)	(3,099)	(19,967)	-
Repayment of borrowings	(4,688)	(4,688)	(18,772)	(18,879)
Interest and borrowing costs paid	(4,639)	(4,531)	(17,568)	(10,364)
<b>iii) Net cash provided by/(used in) financing activities</b>	<b>(13,682)</b>	<b>(12,318)</b>	<b>(56,306)</b>	<b>(29,243)</b>
<b>Net change in cash and cash equivalents (i+ii+iii)</b>	<b>2,083</b>	<b>(4,410)</b>	<b>1,036</b>	<b>2,426</b>
Cash and cash equivalents at start of period	25,011	29,421	26,058	23,637
<b>Cash and cash equivalents at end of period</b>	<b>27,094</b>	<b>25,011</b>	<b>27,094</b>	<b>26,058</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the period ended December 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	-	-	-	38,292	38,292
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	38,292	38,292
Dividends paid	-	(19,967)	-	-	(19,967)
<b>Balance as at December 31, 2023 (unaudited)</b>	<b>1,976</b>	<b>113,417</b>	<b>65,588</b>	<b>(36,270)</b>	<b>144,712</b>

### For the period ended December 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	-	-	-	5,800	5,800
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	5,800	5,800
<b>Balance as at December 31, 2022 (audited)</b>	<b>1,976</b>	<b>133,384</b>	<b>65,588</b>	<b>(74,562)</b>	<b>126,387</b>



## 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 December 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 fourth quarter 2023, same as in third quarter 2023.

#### *Information about major customers*

The Group had two customers contributing with more than 10 per cent of the Group's freight income in fourth quarter 2023, at 63 and 37% of total revenue, the same as in third quarter at 65, and 34% of total revenue.

### Note 3 – Share capital

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

On December 7, 2023 the Company paid a dividend of NOK 0.35 / USD 0.033 per share with a total amount of NOK 46.4 million / USD 4.4 million. Total dividend paid during 2023 was NOK 1.60 / USD 0.15 per share with a total amount of NOK 212.1 / USD 20.0 million.



## Note 4 – Financing and liquidity

Under the sale/leaseback arrangements with CCB Financial Leasing Co. Ltd. (CCBFL), commencing 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 from the commencement. 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.

In December the Company signed a Term Sheet for refinancing both vessels at significantly improved terms. Documentation of the refinancing is progressing well and the Company expects to utilize the repurchase options and close the new financing during second quarter 2024.

As US LIBOR rates ceased to exist as a reference rate from July 1, 2023 the floating element of the Bareboat hire changed reference from LIBOR to SOFR from the start of third quarter.

The sale/leaseback facilities provided by CCBFL contain 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 December 31, 2023 the Group had cash and cash equivalents of USD 27.1 million compared to USD 25.0 million on September 30, 2023 and USD 26.1 on December 31, 2022. The Group is in compliance with all financial covenants regarding 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) Until August 7, 2023 Awilco LNG's in-house technical manager, ALNG TM, had a sub-management agreement with ATS, whereby ATS assisted ALNG TM in management of the Group's fleet. ALNG TM paid 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 was subject to quarterly evaluation and is regulated according to the consumer price index in Norway. The agreement could be terminated by both parties with three months' notice. ATS is 100% owned by Awilco AS.

From August 8, 2023 the employees of ATS was employed by Integrated Wind Solution AS (IWS) and from that day ALNG TM buy the same services from IWS instead of ATS. ALNG TM will pay IWS a management fee based on an agreed hourly rate for the employees involved. The agreement can be terminated by both parties with six months' notice. IWS and the Company have the same main shareholder, Awilco AS. As Awilco AS don't have control in either the Group or in IWS, IWS is not considered a related party under IFRS.

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 (USD 0.22 million) based on AWM's costs plus a margin of 5%. The fee is subject to semi-annual evaluation and is regulated according to the consumer price index in Norway. The agreement can be terminated by both parties with three months' notice. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS.

As from June 1, 2023 Awilco LNG moved from offices owned by a non-related party into offices owned by AWM. Subsequently the Company have entered into an agreement to rent offices from AWM at an annual cost of NOK 1.2 million (USD 0.11 million), including common cost and to be adjusted annually according to the consumer price index



in Norway. The agreement can be terminated by both parties with six months' notice and is booked as Administration expenses and no right-of-use assets or lease liability is booked in relation to this agreement. AWM is 100% owned by Awilhelmsen AS, which owns 100% of Awilco AS.

#### *Purchases from related parties*

<i>In USD thousands</i>	<b>Q4 2023</b>	<b>Q3 2023</b>	<b>2023</b>	<b>2022</b>
Awilco Technical Services AS	0	38	244	428
Awilhelmsen Management AS	84	85	288	235

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 December 31, 2023, were USD 13.4 million (USD 17.8 million as of September 30, 2023), of which deferred income constituted USD 7.5 million (USD 8.1 million as of September 30, 2023), accrued interest towards the CCBFL lease obligations was USD 4.4 million (USD 4.4 million as of September 30, 2023) and other provisions were USD 1.5 million.

#### **Note 7 – Events after the balance sheet date**

On February 27, 2024 the Board authorized a cash dividend payment of NOK 1.00 per share to the shareholders on record as of March 19, 2023. The shares in Awilco LNG ASA will be traded ex. dividend from and including March 18, 2023, and dividend will be paid on or about April 3, 2024. 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<sup>1)</sup>: 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.

<sup>1)</sup> 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.