



## FIRST QUARTER 2020 RESULTS

### Highlights first quarter

- The Awilco LNG Group (Awilco LNG or the Group) reported net freight income of MUS\$ 12.9 (MUS\$ 16.3 in Q4 2019), EBITDA of MUS\$ 9.9 (MUS\$ 13.0 in Q4 2019) and a profit for the period of MUS\$ 2.7 (MUS\$ 4.7 in Q4 2019).
- Vessel utilisation of 100 % compared to 95 % in Q4 2019.
- In early January 2020 the CCBFL sale/leaseback facility for WilForce and WilPride was fully executed. Both vessels were sold for a gross consideration per vessel of MUS\$ 175.0 including non-amortizing and non-interest bearing pre-paid charter hire of MUS\$ 43.75 per vessel. The vessels are chartered back on bareboat basis to wholly owned subsidiaries of the Company for a period of up to 10 years.

### Covid-19 pandemic

The ongoing Covid-19 pandemic has severely impacted economic activity in major parts of the world. Activity and rates in the LNG shipping market has until recently been firm compared to same periods in previous years. Although shipping rates have come down the last few weeks it is challenging to determine to what degree this is attributable to the usual shoulder season effects or to temporary demand destruction caused by the pandemic. In this difficult situation the Company's first priority is securing the health and safety of our crew and employees, and to ensure safe and uninterrupted vessel operations. Both vessels are fully operational and no Covid-19 cases have been reported in the Company.

### Key financial figures

USD million	Q1'20	Q4'19	2019
Freight income	14.0	17.2	37.1
Voyage related expenses	1.1	0.9	3.4
EBITDA	9.9	13.0	25.2
Net profit/(loss)	2.7	4.7	(8.3)
Total assets	375.8	377.4	377.4
Total equity	110.0	107.3	107.3
Gross Interest bearing debt	262.8	260.6	260.6
Cash and cash equivalents	21.9	23.5	23.5
Book equity ratio	29 %	28 %	28 %

## FINANCIAL REVIEW

### *Income statement first quarter 2020*

Freight income for the quarter was MUS\$ 14.0, down from MUS\$ 17.2 in Q4 2019, following winter heating season abating and its normal seasonal effects on activity on rates. WilForce was redelivered from an 80-100-day time charter contract in mid-February, whereas WilPride was employed on an 8-month contract until early March. Both vessels have subsequently been employed in the spot market. Fleet utilisation for the quarter ended at 100 % compared to 95 % in Q4 2019. Voyage related expenses amounted to MUS\$ 1.1, up from MUS\$ 0.9 in Q4 2019.

Operating expenses were MUS\$ 2.2 in the quarter compared to MUS\$ 2.6 in Q4 2019. Administration expenses were MUS\$ 0.8 in Q1 compared to MUS\$ 1.2 in Q4 2019.

EBITDA for the quarter was MUS\$ 9.9 (MUS\$ 13.0 Q4 2019) and depreciation for the quarter was MUS\$ 3.1, compared to MUS\$ 3.3 in Q4 2019.

Net financial expenses were MUS\$ 4.1, an improvement from net expenses of MUS\$ 5.0 in Q4 2019, due to both vessels being refinanced in early January at improved terms. Interest expenses on the CCBFL lease obligations amounted to MUS\$ 3.6 in the quarter, compared to MUS\$ 5.1 in the previous quarter arising from the previous financing arrangement. A total of MUS\$ 0.2 in transaction fees incurred from the refinancing of the vessels was amortised in the quarter (NIL in Q4 2019).

Profit for the period was MUS\$ 2.7 compared to MUS\$ 4.7 in Q4 2019.

### *Statement of financial position*

Book value of vessels was MUS\$ 347.3 as at 31 March 2020 (MUS\$ 350.0 Q4 2019).

Total current assets were MUS\$ 28.5 as at 31 March 2020 (MUS\$ 27.3 Q4 2019), including insurance claims of MUS\$ 1.0 relating to repairs and loss of hire claims on the WilForce expected to be settled in Q2/Q3 2020 (MUS\$ 1.2 Q4 2019) and cash and cash equivalents MUS\$ 21.9 (MUS\$ 23.5 Q4 2019).

Total equity as at 31 March 2020 was MUS\$ 110.0 (MUS\$ 107.3 Q4 2019).

Both vessels were sold for a gross consideration per vessel of MUS\$ 175.0 including non-amortizing and non-interest bearing pre-paid charter hire of MUS\$ 43.75 per vessel, enabling a full take out of the previous sale/leaseback financings. The vessels are chartered back on bareboat basis to wholly owned subsidiaries of the Company for a period of up to 10 years. The facility bears a 14-year straight line amortisation profile and carries a floating interest rate structure based on 3-month USD libor. A total of MUS\$ 5.7 in transactions fees were incurred in the refinancing and is presented net of the lease obligations. The gross lease liability as at 31 March 2020 was MUS\$ 262.5 (MUS\$ 260.2 Q4 2019), of which MUS\$ 238.3 is presented as long-term interest bearing debt net of unamortised transaction costs of MUS\$ 5.5 and MUS\$ 18.8 as short-term interest bearing debt representing scheduled amortisation for the 12 months subsequent to 31 March 2020.

At current forward interest rates Awilco LNG's finance cost is in 2020 expected to be reduced by about MUS\$ 9.0 on a full year basis subject to interest rate fluctuations compared to the previous financing arrangement. At current forward interest rates the bareboat rate, which includes amortisation, is expected at about USD 42,000 on average per day/per vessel in 2020, of which amortisation about USD 25,700 per day/per vessel. Bareboat hire is payable quarterly in arrears, with the first bareboat hire paid in early April 2020.

The Group has rolling repurchase options starting after three years and repurchase obligations at maturity of the facility at MUS\$ 37.5 per vessel.

The facility contains a minimum value clause in addition to financial covenants that require the Awilco LNG Group to maintain consolidated minimum cash and cash equivalents of MUSD 10 and positive consolidated working capital. As at 31 March 2020 the Group was in compliance with these financial covenants.

## **MARKET UPDATE**

The LNG product market continued its strong supply growth in Q1 2020 with close to 12.5 % growth in volumes (12 MT) vs same quarter last year. The winter season 2019/2020 was by far the warmest ever recorded in Europe according to C3S, and temperatures in large parts of Asia were also above average. Due to the mild winter, exacerbated by the ongoing Covid-19 pandemic, LNG supply continued to outstrip demand and global LNG prices fell to all-time lows in the quarter. Far east gas prices (JKM) started the quarter at USD 5.3/MMBTU and ended at USD 2.4/MMBTU, whereas European TTF started Q1 at USD 3.9/MMBTU and closed at USD 2.2/MMBTU. US Henry Hub opened at USD 2.1/MMBTU and closed at USD 1.7/MMBTU.

LNG imports in Q1 2020 to China and Japan were down 7 % and 2 % y-o-y respectively, partly due to lower demand caused by the warm winter and Covid-19 but also due to high LNG import prices caused by oil-indexed offtake agreements. Imports to South Korea and India were up 34 % and 30 % y-o-y respectively, primarily reflecting opportunistic buying at low prices which partly resulted in inventory build in South Korea. With imports up 41 % (~9 MT) in Q1 2020 Europe continued the pattern from 2019 and remained the main buyer of incremental LNG volumes, enabling continued fuel switching but also increasing gas storage to levels consistently above historical seasonal averages.

About 80 % of Asian LNG imports are linked to oil prices. Following the collapse in oil prices since mid-February 2020, both oil-linked and spot LNG prices are now finally competitive with coal in large parts of the world as it has been in parts of Europe for some time. South Korea alone has a potential of over 30 MTPA of coal-to-gas switching which is economical below USD 40/bbl according to Energy Aspects, equivalent to 80 % of South Korea's full year 2019 LNG imports and 8 % of total LNG volumes globally in 2019. Below USD 33/bbl a further 20 MTPA of coal-to-gas switching potential may be unlocked in Japan according to same. Cheap natural gas provided by the shale revolution resulted in the US showing the largest decrease in global energy related CO<sub>2</sub> emissions in 2019 according to IEA, and low global gas prices is expected to spawn a similar energy transformation in other parts of the world, notably major economies in Asia. In the longer perspective low prices and the growing supply of molecules is expected to support growth in demand for natural gas as a flexible and clean fuel compared to other fossil alternatives.

Total shipping demand as expressed by growth in ton-mile was flat quarter-on-quarter, with LNG volume growth matched by reduced average sailing distances as LNG volumes moved intra-basin and US volumes primarily were shipped to Europe. Fleet growth was also muted at ~1% quarter-on-quarter and coupled with floating storage reaching an all-time high in a first quarter of 37 vessels mid-February 2020 shipping rates held up relatively well in the quarter compared to same period last year. Spot and multi-month fixing activity increased by over 40 % y-o-y. According to Fearnleys LNG the average headline spot TFDE day rate started the quarter at USD 91,000 pd, which following the normal seasonal trajectory gradually fell to USD 45,500 pd on average end Q1.

A total of 121 MTPA of new LNG production capacity, representing 33 % of 2019 volumes, is under construction and expected to commence production in 2020 to 2026, although some delays may be expected from the ongoing Covid-19 situation.

Three newbuilding orders have been placed so far in 2020, compared to 14 vessels same period last year. According to shipbrokers the current orderbook end of Q1 2020 for LNG vessels above 150,000 cbm (excl. FSRU and FLNG) was 116 vessels, of which about 35 are assumed available for contract. Four vessels were delivered in Q1 2020 and a further 38 vessels are scheduled for delivery in 2020, 44

in 2021, 27 in 2022 and 7 in 2023. Analogue to the possible delays to new liquefaction capacity coming on stream some slippage may be expected to the newbuild delivery schedule.

## **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 8 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 and WilPride are currently trading in the spot/short term market.

## **OUTLOOK**

The Company recorded solid results in Q4 2019 and Q1 2020 with a TCE of USD 88,200 and 70,800 per day per vessel respectively, and the recent refinancing of the WilForce and WilPride is expected to provide substantial savings on finance expenses going forward. Nevertheless, the ongoing Covid-19 pandemic started to show its consequences on global economic activity and energy demand in the second half of Q1 2020. As the pandemic has spread and escalated, economic analysts forecast a deep global recession. The Board expects the LNG shipping market to be negatively affected, although noting that a potential deep contango in LNG prices may be supportive of storage and slow steaming ahead of summer and winter peak seasons, and demand for LNG carriers as storage may arise to counter market bottlenecks following lockdowns and disruptions, as seen in other shipping segments.

Depending on the pathway to recovery from the Covid-19 pandemic tonnage demand and supply appear balanced going forward due to new liquefaction capacity under construction and expected slippage in newbuild deliveries. However, there is more uncertainty than perhaps ever, and with both vessels employed in the spot market the impact of the current situation on the Company's earnings and financial position is challenging to assess both on a short and longer term basis.

Oslo, 4 May 2020

**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	Q4	Q1	2019
	Note	2020	2019	2019	2019
		(unaudited)	(unaudited)	(unaudited)	(audited)
Freight income	2	14 027	17 171	9 351	37 084
Voyage related expenses	5	1 109	904	995	3 406
<b>Net freight income</b>		<b>12 918</b>	<b>16 267</b>	<b>8 355</b>	<b>33 678</b>
Other income		-	(132)	870	11 618
Operating expenses		2 168	2 558	2 150	9 748
Vessel repair expenses		-	(613)	1 121	6 677
Administration expenses	5	817	1 183	950	3 657
<b>Earnings before interest, taxes, depr. and amort. (EBITDA)</b>		<b>9 933</b>	<b>13 006</b>	<b>5 004</b>	<b>25 214</b>
Depreciation and amortisation		3 133	3 276	3 254	13 074
<b>Earnings before interest and taxes (EBIT)</b>		<b>6 800</b>	<b>9 730</b>	<b>1 750</b>	<b>12 140</b>
Finance income		101	95	117	462
Finance expenses		4 209	5 104	5 228	20 870
<b>Net finance income/(expense)</b>		<b>(4 108)</b>	<b>(5 009)</b>	<b>(5 111)</b>	<b>(20 408)</b>
<b>Profit/(loss) before taxes</b>		<b>2 692</b>	<b>4 721</b>	<b>(3 361)</b>	<b>(8 268)</b>
Income tax expense		-	-	-	-
<b>Profit/(loss) for the period</b>		<b>2 692</b>	<b>4 721</b>	<b>(3 361)</b>	<b>(8 268)</b>
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:					
Basic, profit/(loss) for the period		0.02	0.04	(0.03)	(0.06)
Diluted, profit/(loss) for the period		0.02	0.04	(0.03)	(0.06)

## Interim Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	2 692	4 721	(3 361)	(8 268)
<b>Other comprehensive income:</b>				
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>2 692</b>	<b>4 721</b>	<b>(3 361)</b>	<b>(8 268)</b>

## Interim Condensed Consolidated Statement of Financial Position

<i>In USD thousands</i>		<b>31.3.2020</b>	<b>31.12.2019</b>	<b>31.3.2019</b>
	<b>Note</b>	<b>(unaudited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Vessels (right-of-use assets)		347 276	350 000	358 893
Other fixed assets		17	17	12
<b>Total non-current assets</b>		<b>347 293</b>	<b>350 017</b>	<b>358 906</b>
<b>Current assets</b>				
Trade receivables		1 747	120	1 603
Inventory		2 045	1 000	1 204
Other short term assets		2 755	2 674	5 625
Cash and cash equivalents		21 919	23 547	18 653
<b>Total current assets</b>		<b>28 467</b>	<b>27 340</b>	<b>27 085</b>
<b>TOTAL ASSETS</b>		<b>375 760</b>	<b>377 357</b>	<b>385 991</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	3	49 407	49 407	49 407
Share premium	3	133 384	133 384	133 384
Other paid-in capital		18 157	18 157	18 157
Retained earnings		(90 932)	(93 624)	(88 717)
<b>Total equity</b>		<b>110 016</b>	<b>107 324</b>	<b>112 232</b>
<b>Non-current liabilities</b>				
Pension liabilities		350	397	345
Long-term interest bearing debt	4	238 258	-	-
<b>Total non-current liabilities</b>		<b>238 608</b>	<b>397</b>	<b>345</b>
<b>Current liabilities</b>				
Short-term interest bearing debt	4	18 750	260 187	265 868
Trade payables		622	2 344	236
Income tax payable		-	-	-
Provisions and accruals	6	7 763	7 106	7 310
<b>Total current liabilities</b>		<b>27 136</b>	<b>269 636</b>	<b>273 414</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>375 760</b>	<b>377 357</b>	<b>385 991</b>

## Interim Consolidated Statement of Changes in Equity

### For the period ended 31 March 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	-	-	-	2 692	2 692
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	2 692	2 692
<b>Balance as at 31 March 2020 (unaudited)</b>	<b>49 407</b>	<b>133 384</b>	<b>18 157</b>	<b>(90 932)</b>	<b>110 016</b>

### For the period ended 31 December 2019

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2019	49 407	133 384	18 157	(85 356)	115 592
Profit/(loss) for the period	-	-	-	(8 268)	(8 268)
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	(8 268)	(8 268)
<b>Balance as at 31 December 2019 (audited)</b>	<b>49 407</b>	<b>133 384</b>	<b>18 157</b>	<b>(93 624)</b>	<b>107 324</b>

## Interim Condensed Consolidated Cash Flow Statement

<i>In USD thousands</i>	Q1 2020 (unaudited)	Q4 2019 (unaudited)	2019 (audited)	2018 (audited)
<b>Cash Flows from Operating Activities:</b>				
Profit/(loss) before taxes	2 692	4 721	(8 268)	(11 435)
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	4 065	5 093	20 709	21 543
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	3 133	3 276	13 074	12 989
<i>Changes in operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	(2 754)	3 568	5 104	(2 221)
Trade payables, provisions and accruals	(4 701)	(65)	(1 439)	5 656
<b>i) Net cash provided by / (used in) operating activities</b>	<b>2 434</b>	<b>16 592</b>	<b>29 180</b>	<b>26 532</b>
<b>Cash Flows from Investing Activities:</b>				
Investment in vessels / sale of vessels	(409)	35	(969)	(11 182)
<b>ii) Net cash provided by / (used in) investing activities</b>	<b>(409)</b>	<b>35</b>	<b>(969)</b>	<b>(11 182)</b>
<b>Cash Flows from Financing Activities:</b>				
Proceeds from borrowings	262 500	-	-	-
Repayment of borrowings	(256 272)	(2 280)	(7 635)	(2 735)
Interest and borrowing costs paid	(9 881)	(4 804)	(19 570)	(19 053)
<b>iii) Net cash provided by / (used in) financing activities</b>	<b>(3 653)</b>	<b>(7 084)</b>	<b>(27 205)</b>	<b>(21 788)</b>
<b>Net change in cash and cash equivalents (i+ii+iii)</b>	<b>(1 628)</b>	<b>9 543</b>	<b>1 007</b>	<b>(6 438)</b>
Cash and cash equivalents at start of period	23 547	14 004	22 540	28 979
<b>Cash and cash equivalents at end of period</b>	<b>21 919</b>	<b>23 547</b>	<b>23 547</b>	<b>22 540</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) 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 for preparation**

The Statements for the three months ended 31 March 2020 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 Statements have not been subject to audit or review. The Statements do 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 31 December 2019, which includes a detailed description of the applied accounting policies.

#### **Significant accounting policies**

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 2019, with the exception of the following clarification regarding accounting for lease obligations arising from sale/leaseback arrangements with repurchase obligations:

Sale/leaseback arrangements whereby the seller-lessee has repurchase obligations at maturity of the lease period are not considered as a sale of asset, and the seller-lessee recognises a financial liability equal to the transfer proceeds and the resulting lease obligation net of pre-paid charter hire is accounted for as a financial liability according to IFRS 9. The financial liability is subsequently measured according to amortised cost using the effective interest method. Associated costs incurred in arranging the lease agreement is amortised over the lease period and presented net of the lease liability in the statement of financial position.

### **Note 2 - Segment information**

#### **Operating segments**

The Group owns and operates two LNG vessels. For internal reporting and management purposes the Group's business is organised into one reporting segment, LNG transportation. Performance is not evaluated by geographical region as the vessels trade globally and revenue is not dependent on any specific country. Revenue from the Group's country of domicile, Norway, was NIL in Q1 2020, same as in Q4 2019.

#### **Information about major customers**

The Group had three customer contributing with more than 10 per cent of the Group's freight income in Q1 2020, at 13, 40 and 42 % of total revenue, and three in Q4 2019 at 13, 43 and 44 % of total revenue.

### **Note 3 - Share capital**

The number of issued shares was 132,548,611 as at 31 March 2020. There were no changes in shares issued in Q1 2020. The share capital is denominated in NOK, and the nominal value per share is NOK 2.5. All issued shares are of equal rights.

## Note 4 - Financing

The WilForce and WilPride financial leases with Teekay were refinanced in early January 2020 with a new 10-year sale/leaseback facility provided by CCB Financial Leasing Co. Ltd. (CCBFL), a wholly owned subsidiary of China Construction Bank (CCB). CCBFL is a leading leasing house in China and CCB is one of the largest banks in the world.

Both vessels were sold for a gross consideration per vessel of MUSD 175.0 including non-amortising and non-interest bearing pre-paid charter hire of MUSD 43.75 per vessel, enabling a full take out of the previous sale/leaseback financings. The vessels are chartered back on bareboat basis to wholly owned subsidiaries of the Company for a period of up to 10 years. The facility bears a 14-year straight line amortisation profile and carries a floating interest rate structure based on 3-month USD libor. A total of MUSD 5.7 in transactions fees were incurred in the refinancing, which are presented net of lease obligations in the statement of financial position and amortised over the lease period and presented as finance expenses. A total of MUSD 0.2 in transaction fees was amortised in Q1 2020 and presented as finance expenses in the income statement. Based on criteria in IFRS 16 the lease agreements are not considered to represent sale of assets. Consequentially the vessels are accounted for at continuity and the agreements are considered as financing transactions.

At current forward interest rates Awilco LNG's finance cost is in 2020 expected to be reduced by about MUSD 9.0 on a full year basis subject to interest rate fluctuations compared to the previous financing arrangement. At current forward interest rates the bareboat rate, which includes amortisation, is expected at about USD 42,000 on average per day/per vessel in 2020, of which amortisation about USD 25,700 per day/per vessel. Bareboat hire is payable quarterly in arrears, with the first bareboat hire paid in early April 2020.

The Group has rolling repurchase options starting after three years and repurchase obligations at maturity of the facility at MUSD 37.5 per vessel.

The facility contains a minimum value clause in addition to financial covenants that require the Awilco LNG Group to maintain consolidated minimum cash and cash equivalents of MUSD 10 and positive consolidated working capital. As at 31 March 2020 the Group was in compliance with these financial covenants.

## Note 5 - Related party transactions

### Agreements

Related party	Description of service	Note
Awilco Technical Services AS (ATS)	Technical Sub-management Services	1
Awilhelmsen Management AS (AWM)	Administrative Services	2
Fearnleys AS	Ship Brokering Services	3

(1) The Group'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. The sub-management services also include management for hire of the managing director in ALNG TM. ALNG TM pays ATS a management fee based on ATS' costs plus a margin of 7 %, cost being time accrued for the sub-manager's employees involved. The fee is subject to quarterly evaluation, and is regulated according to the consumer price index in Norway. The agreement can be terminated by both parties with three months notice. ATS is 100 % owned by Awilco AS.

(2) AWM provides the Group with administrative and general services including accounting and payroll, legal, secretary function and IT. The Group pays AWM MNOK 2.1 in yearly management fee (approx. MUSD 0.2) 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 a competitive basis to the Group.

## Note 5 - Related party transactions - continued

### Purchases from related parties

<i>In USD thousands</i>	Q1	Q4	
Related party	2020	2019	2019
Awilco Technical Services AS	108	192	629
Awilhelmsen Management AS	56	56	230
Fearnleys AS	76	81	94

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 31 March 2020 were MUSD 7.8 (MUSD 7.1 as at 31 December 2019), of which deferred income MUSD 1.6 (MUSD 5.5) and accrued interest towards the CCBFL lease obligation MUSD 3.6 (NIL).

## Note 7 - Events after the balance sheet date

There were no material events after the balance sheet date.

## Appendix 1

### ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APMs), ie 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\*: freight income – voyage related expenses
- EBIT: Net freight income - operating expenses - administration expenses - depreciation and amortisation - impairments
- EBITDA: EBIT + depreciation and amortisation + impairments
- Interest bearing debt: long-term interest bearing debt + short-term interest bearing debt + pension liabilities + other non-current liabilities
- Book equity ratio: Total equity divided by total assets
- TCE (time charter equivalent): net freight income including loss of hire insurance divided by the number of calendar days less off-hire days not covered by loss of hire insurance

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