



## SECOND QUARTER 2020 AND FIRST HALF YEAR 2020 RESULTS

### Highlights second quarter

- The Awilco LNG Group (Awilco LNG or the Group) reported net freight income of MUS\$ 4.1 (MUS\$ 12.9 in Q1 2020), an EBITDA of MUS\$ 1.4 (MUS\$ 9.9 in Q1 2020) and a loss for the period of MUS\$ 5.3 (profit of MUS\$ 2.7 in Q1 2020).
- Vessel utilisation of 99 % compared to 100 % in Q1 2020.

### Covid-19 update

The ongoing Covid-19 pandemic has severely impacted global economic activity and energy demand. Activity and rates in the LNG shipping are no exception. Shipping rates have been weak since April this year and only lately started to climb following early signs of demand recovery coupled with seasonal effects as usually seen towards winter in the Northern Hemisphere. In this difficult and uncertain 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. Crew changes are vital for the safety and efficient operation of our vessels but are very challenging due to lockdowns, strict port state rules and the pandemic's effects on air travel. So far, the Company has been able to accommodate reasonable rotation and both vessels are fully operational with no Covid-19 cases reported in the Company to date.

### Key financial figures

USD million	Q2'20	Q1'20	Q4'19	2019
Freight income	5.1	14.0	17.2	37.1
Voyage related expenses	0.9	1.1	0.9	3.4
EBITDA	1.4	9.9	13.0	25.2
Net profit/(loss)	(5.3)	2.7	4.7	(8.3)
Total assets	363.1	375.8	377.4	377.4
Total equity	104.7	110.0	107.3	107.3
Gross Interest-bearing debt	258.6	262.8	260.6	260.6
Cash and cash equivalents	14.8	21.9	23.5	23.5
Book equity ratio	29 %	29 %	28 %	28 %

## FINANCIAL REVIEW

### *Income statement second quarter 2020*

Freight income for the quarter was MUS\$ 5.1, down from MUS\$ 14.0 in Q1 2020, following a marked drop in spot market rates due to muted end-user demand and historically low gas price curves. Despite these factors spot market fixture activity in general remained high and fleet utilisation for the quarter ended at 99 % compared to 100 % in Q1 2020. Voyage related expenses amounted to MUS\$ 0.9, down from MUS\$ 1.1 in Q1 2020.

Operating expenses were MUS\$ 2.1 in the quarter compared to MUS\$ 2.2 in Q1 2020. Administration expenses were MUS\$ 0.6 in Q2, down from MUS\$ 0.8 in Q1 2020, as a result of strict cost control implemented following the pandemic and foreign currency movements.

EBITDA for the quarter was MUS\$ 1.4 (MUS\$ 9.9 Q1 2020) and depreciation for the quarter was MUS\$ 3.1, same as in the previous quarter.

Net financial expenses were MUS\$ 3.6, down from MUS\$ 4.1 in Q1 due to lower interest charge on the lease agreements for WilForce and WilPride, which are subject to floating 3-month USD libor interest. Interest expenses towards the vessel lease obligations amounted to MUS\$ 3.3 in Q2, down from MUS\$ 3.6 in Q1. A total of MUS\$ 0.2 in transaction fees incurred from the refinancing of the vessels was amortised with no cash effect in the quarter, same as in Q1 2020.

Loss for the period was MUS\$ 5.3 compared to a profit of MUS\$ 2.7 in Q1 2020.

### *Income statement first half year 2020*

For the first half of 2020 freight income was MUS\$ 19.1 compared to MUS\$ 13.2 same period last year. Voyage related expenses were MUS\$ 2.0 (MUS\$ 2.1), operating expenses MUS\$ 4.3 (MUS\$ 4.8), other income related to insurance claims NIL (MUS\$ 7.0), provisions for vessel repairs NIL (MUS\$ 6.7) and administration expenses were MUS\$ 1.5 (MUS\$ 1.7). EBITDA in the first half of 2020 was MUS\$ 11.3 compared to MUS\$ 4.8 in the first half of 2019. Net loss for the period was MUS\$ 2.6 compared to MUS\$ 11.9 in the first half of 2019.

### *Statement of financial position*

Book value of vessels was MUS\$ 344.2 as at 30 June 2020 (MUS\$ 347.3 Q1 2020).

Total current assets were MUS\$ 18.5 as at 30 June 2020 (MUS\$ 28.5 Q1 2020), including insurance claims of MUS\$ 1.0 relating to repairs and loss of hire claims expected to be settled in Q3/Q4 2020 presented as other short term assets (MUS\$ 1.0 Q1 2020) and cash and cash equivalents MUS\$ 14.8 (MUS\$ 21.9 Q1 2020).

Total equity as at 30 June 2020 was MUS\$ 104.7 (MUS\$ 110.0 Q1 2020).

Both WilForce and WilPride are financed with sale/leaseback arrangements with CCB Financial Leasing Co. Ltd. (CCBFL). 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. The gross lease liability as at 30 June 2020 was MUS\$ 257.8 (MUS\$ 262.5 Q1 2019), of which MUS\$ 233.8 is presented as long-term interest bearing debt net of unamortised transaction costs of MUS\$ 5.3 and MUS\$ 18.8 as short-term interest bearing debt representing scheduled amortisation for the 12 months subsequent to 30 June 2020.

At current forward interest rates Awilco LNG's bareboat rate for the remainder of 2020 is estimated to about USD 39,000 per day per vessel, falling to about USD 38,500 per day in 2021, of which amortisation USD 25,700 per day per vessel. Bareboat hire is payable quarterly in arrears.

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 10.0 and positive consolidated working capital. On 22 June 2020 the Company and CCBFL agreed to make certain temporary amendments to financial covenants in the sale/leaseback facilities for both vessels. The required minimum consolidated cash and cash equivalents financial covenant of MUSD 10.0 has been reduced to MUSD 2.0 and the required consolidated positive working capital financial covenant has been waived, both effective for a six-month period from 1 July 2020 to 31 December 2020. As at 30 June 2020 the Group was in compliance with financial covenants in the facilities.

### *Liquidity*

Liquidity at 30 June 2020 stood at MUSD 14.8. Gas prices and LNG shipping spot rates have shown an increasing trend in August as the Northern Hemisphere moves towards winter heating season, and gas forward curves together with LNG forward freight agreement levels are both indicating a firmer LNG shipping market the next few months. Still, the ongoing Covid-19 pandemic continues to create uncertainty in global gas demand, and on this basis there is a risk of Awilco LNG not being in compliance with the original terms of the CCBFL financial covenants after coming back into effect on 1 January 2021.

## **MARKET UPDATE**

The Covid-19 pandemic and lockdowns has reduced global economic activity together with energy demand. Due to less flexibility on the LNG supply side global LNG prices continued their downward trajectory in Q2 to new all-time lows. Far east gas prices (JKM) started the quarter at USD 2.4/MMBTU and ended at USD 2.1/MMBTU, whereas European TTF started Q2 at USD 2.2/MMBTU and closed at USD 1.9/MMBTU. US Henry Hub opened at USD 1.7/MMBTU and closed at same.

According to Fearnleys LNG total LNG imports amounted to 89 MT in Q2 2020, down 14 % from 102 MT in Q1 2020. LNG imports in Q2 2020 to China and Europe were up 11 % and 4 % y-o-y respectively, which partly alleviated lower demand from major importers Japan, India and South Korea which were down by 10 %, 8 % and 5 % y-o-y respectively. Reduced demand was primarily met by lower US volumes. According to S&P Platts a total of about 170 US cargoes have been cancelled in the period April to October 2020.

Reflecting lower global LNG imports in the quarter, total shipping demand as expressed by tonne-miles was down 10.3 % quarter-on-quarter according to Fearnleys LNG. However, following increased floating storage and slow steaming due to the LNG supply overhang, combined with a 3.9 % increase in average sailing distances, the reduction in tonne-time was limited to 2.6 % in Q2 vs Q1. Fleet growth was 1.4 % quarter-on-quarter. Spot and multi-month fixing activity increased by over 20 % y-o-y and utilisation of the LNG fleet reached close to 80 % in Q2 2020, a five-year high for a second quarter, confirming the fleet's value as flexibility in the LNG value chain in periods of mismatch between supply and demand. According to Fearnleys LNG the headline TFDE spot day rate started the quarter at USD 45,500 pd, which gradually fell to USD 31,500 pd end Q2. The average rate for Q2 2020 was USD 35,000 pd, down from USD 48,000 pd in Q2 2019.

A total of 18 MTPA of new LNG liquefaction capacity has started production so far in 2020 and a further 103 MTPA of new LNG production capacity is under construction and expected to commence production in 2020 to 2026, although some delays may be expected from the ongoing Covid-19 situation.

Nine newbuilding orders have been placed so far in 2020, all against contract, compared to 27 vessels same period last year, of which 13 speculative. According to shipbrokers the current orderbook for LNG

vessels above 150,000 cbm (excl. FSRU and FLNG) is 112 vessels, of which about 34 are assumed available for contract. 17 vessels have been delivered in 2020 and a further 21 vessels are scheduled for delivery in 2020, 48 in 2021, 28 in 2022 and 15 in 2023. Following likely delays to new liquefaction capacity under construction some slippage may be expected to the newbuilding delivery schedule, as shown by the expected 2020 deliveries falling from 42 to 38 since the Company's Q1 report.

## **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.

WilPride is expected to deliver on a 110-day TC contract in late September 2020.

## **KEY RISKS AND UNCERTAINTIES**

Through its global LNG shipping operations, Awilco LNG is exposed to certain market, operational and financial risks. For a thorough explanation of the risk factors, please refer to the 2019 Annual report pages 15 to 17 and note 20, page 42 to 44.

In addition, the Covid-19 pandemic has introduced uncertainty and a wide range of risks potentially affecting the Company's operational, commercial, administrative and financial activities. There is significant uncertainty regarding near-term LNG demand and tonnage requirements, which may translate into weak shipping rates and earnings until the pandemic abates. In the financial markets, the pandemic has introduced extreme volatility in most markets, which may affect the Company's financial position and cash flow. Covid-19 may negatively affect the health of our crews and the availability of our fleet, particularly if crew members contract Covid-19. Preventive actions and contingencies have been implemented to safeguard employees while ensuring continuity of operations.

## **OUTLOOK**

Although the Company's results in Q2 2020 are not satisfactory to the Board of Directors there is now some cause for optimism. Early signs of demand recovery in key Asian markets have already resulted in fewer US cargo cancellations from October and increasing gas prices, followed by firmer shipping rates. With Northern Hemisphere winter season approaching and an open arbitrage between the Atlantic and the Far East the Company's results are expected to improve.

In the longer-term, tonnage demand and supply appear balanced going forward following new liquefaction capacity under construction and an orderbook which is currently not sufficient to meet the transport requirements from these new volumes. Natural gas is on average currently priced at less than half of oil on an energy equivalent basis. 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 and importantly also as a complement to renewables.

However, near-term uncertainty persists and with both vessels employed in the spot and short-term market the impact of the current situation on the Company's earnings and financial position is challenging to assess.

## **STATEMENT OF RESPONSIBILITY**

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half year of 2020 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, 27 August 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

*In USD thousands, except per share figures*

		Q2	Q1	Q2	1.1 - 30.6	1.1 - 30.6
		2020	2020	2019	2020	2019
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Freight income	2	5 057	14 027	3 853	19 084	13 203
Voyage related expenses	5	911	1 109	1 128	2 020	2 123
<b>Net freight income</b>		<b>4 146</b>	<b>12 918</b>	<b>2 725</b>	<b>17 064</b>	<b>11 080</b>
Other income		-	-	6 131	-	7 001
Operating expenses		2 103	2 168	2 692	4 271	4 842
Vessel repair expenses		-	-	5 617	-	6 739
Administration expenses	5	629	817	714	1 446	1 664
<b>Earnings before interest, taxes, depr. and amort. (EBITDA)</b>		<b>1 414</b>	<b>9 933</b>	<b>(168)</b>	<b>11 347</b>	<b>4 836</b>
Depreciation and amortisation		3 132	3 133	3 269	6 265	6 522
<b>Earnings before interest and taxes (EBIT)</b>		<b>(1 718)</b>	<b>6 800</b>	<b>(3 437)</b>	<b>5 082</b>	<b>(1 687)</b>
Finance income		8	101	124	109	241
Finance expenses		3 599	4 209	5 248	7 808	10 476
<b>Net finance income/(expense)</b>		<b>(3 591)</b>	<b>(4 108)</b>	<b>(5 125)</b>	<b>(7 699)</b>	<b>(10 236)</b>
<b>Profit/(loss) before taxes</b>		<b>(5 309)</b>	<b>2 692</b>	<b>(8 562)</b>	<b>(2 616)</b>	<b>(11 922)</b>
Income tax expense		-	-	-	-	-
<b>Profit/(loss) for the period</b>		<b>(5 309)</b>	<b>2 692</b>	<b>(8 562)</b>	<b>(2 616)</b>	<b>(11 922)</b>
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		(0.04)	0.02	(0.06)	(0.02)	(0.09)
Diluted, profit/(loss) for the period		(0.04)	0.02	(0.06)	(0.02)	(0.09)

## Interim Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	(5 309)	2 692	(8 562)	(2 616)	(11 922)
<b>Other comprehensive income:</b>					
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>(5 309)</b>	<b>2 692</b>	<b>(8 562)</b>	<b>(2 616)</b>	<b>(11 922)</b>

## Interim Condensed Consolidated Statement of Financial Position

<i>In USD thousands</i>		<b>30.6.2020</b>	<b>31.3.2020</b>	<b>31.12.2019</b>	<b>30.6.2019</b>
	<b>Note</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Vessels (right-of-use assets)		344 187	347 276	350 000	356 477
Other fixed assets incl right-of-use assets		360	17	17	12
<b>Total non-current assets</b>		<b>344 547</b>	<b>347 293</b>	<b>350 017</b>	<b>356 490</b>
<b>Current assets</b>					
Trade receivables		440	1 747	120	776
Inventory		1 812	2 045	1 000	2 963
Other short term assets		1 429	2 755	2 674	9 885
Cash and cash equivalents		14 823	21 919	23 547	16 438
<b>Total current assets</b>		<b>18 504</b>	<b>28 467</b>	<b>27 340</b>	<b>30 062</b>
<b>TOTAL ASSETS</b>		<b>363 051</b>	<b>375 760</b>	<b>377 357</b>	<b>386 552</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	3	49 407	49 407	49 407	49 407
Share premium	3	133 384	133 384	133 384	133 384
Other paid-in capital		18 157	18 157	18 157	18 157
Retained earnings		(96 241)	(90 932)	(93 624)	(97 278)
<b>Total equity</b>		<b>104 708</b>	<b>110 016</b>	<b>107 324</b>	<b>103 670</b>
<b>Non-current liabilities</b>					
Pension liabilities		396	350	397	369
Long-term interest bearing debt	4	234 011	238 258	-	-
<b>Total non-current liabilities</b>		<b>234 407</b>	<b>238 608</b>	<b>397</b>	<b>369</b>
<b>Current liabilities</b>					
Short-term interest bearing debt	4	18 870	18 750	260 187	264 074
Trade payables		709	622	2 344	6 758
Income tax payable		-	-	-	-
Provisions and accruals	6	4 357	7 763	7 106	11 682
<b>Total current liabilities</b>		<b>23 936</b>	<b>27 136</b>	<b>269 636</b>	<b>282 513</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>363 051</b>	<b>375 760</b>	<b>377 357</b>	<b>386 552</b>

## Interim Consolidated Statement of Changes in Equity

### For the period ended 30 June 2020

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2020	49 407	133 384	18 157	(93 624)	107 324
Profit/(loss) for the period	-	-	-	(2 616)	(2 616)
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	(2 616)	(2 616)
<b>Balance as at 30 June 2020 (unaudited)</b>	<b>49 407</b>	<b>133 384</b>	<b>18 157</b>	<b>(96 241)</b>	<b>104 708</b>

### For the period ended 30 June 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	-	-	-	(11 922)	(11 922)
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	(11 922)	(11 922)
<b>Balance as at 30 June 2019 (unaudited)</b>	<b>49 407</b>	<b>133 384</b>	<b>18 157</b>	<b>(97 278)</b>	<b>103 670</b>

## Interim Condensed Consolidated Cash Flow Statement

<i>In USD thousands</i>	Q2 2020 (unaudited)	Q1 2020 (unaudited)	1.1 - 30.6 2020 (audited)	1.1 - 30.6 2019 (unaudited)
<b>Cash Flows from Operating Activities:</b>				
Profit/(loss) before taxes	(5 309)	2 692	(2 616)	(11 922)
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	3 570	4 065	7 635	10 428
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	3 132	3 133	6 265	6 522
<i>Changes in operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	2 867	(2 754)	112	(2 339)
Trade payables, provisions and accruals	(2 959)	(4 701)	(7 660)	5 136
<b>i) Net cash provided by / (used in) operating activities</b>	<b>1 300</b>	<b>2 434</b>	<b>3 735</b>	<b>7 825</b>
<b>Cash Flows from Investing Activities:</b>				
Investment in vessels / sale of vessels	-	(409)	(409)	(890)
<b>ii) Net cash provided by / (used in) investing activities</b>	<b>-</b>	<b>(409)</b>	<b>(409)</b>	<b>(890)</b>
<b>Cash Flows from Financing Activities:</b>				
Proceeds from borrowings	-	262 500	262 500	-
Repayment of borrowings	(4 688)	(256 272)	(260 959)	(3 162)
Interest and borrowing costs paid	(3 710)	(9 881)	(13 591)	(9 875)
<b>iii) Net cash provided by / (used in) financing activities</b>	<b>(8 398)</b>	<b>(3 653)</b>	<b>(12 051)</b>	<b>(13 037)</b>
<b>Net change in cash and cash equivalents (i+ii+iii)</b>	<b>(7 097)</b>	<b>(1 628)</b>	<b>(8 725)</b>	<b>(6 103)</b>
Cash and cash equivalents at start of period	21 919	23 547	23 547	22 540
<b>Cash and cash equivalents at end of period</b>	<b>14 823</b>	<b>21 919</b>	<b>14 823</b>	<b>16 438</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 and first half year ended 30 June 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 Q2 2020, same as in Q1 2020.

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

The Group had three customer contributing with more than 10 per cent of the Group's freight income in Q2 2020, at 16, 17 and 49 % of total revenue, and three in Q1 2020 at 13, 40 and 42 % of total revenue.

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

The number of issued shares was 132,548,611 as at 30 June 2020. There were no changes in shares issued in Q2 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 and liquidity

On 22 June 2020 Awilco LNG ASA and CCB Financial Leasing Co. Ltd. (CCBFL), the lessor of the WilForce and the WilPride, agreed to make certain temporary amendments to financial covenants in the sale/leaseback facilities for both vessels.

The minimum consolidated cash and cash equivalents financial covenant of USD 10.0 million has been reduced to USD 2.0 million and the consolidated positive working capital financial covenant has been waived, both effective for a six-month period from 1 July 2020 to 31 December 2020.

The amendments to covenants are a precautionary measure as a result of the weak market conditions in LNG transportation in Q2 and Q3 2020 as a consequence of Covid-19. The pandemic continues to create uncertainty in global gas demand, and on this basis there is a risk of Awilco LNG not being in compliance with the original terms of the CCBFL financial covenants after coming into effect on 1 January 2021.

As at 30 June 2020 the Group was in compliance with financial covenants in the facilities.

## 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.

### Purchases from related parties

<i>In USD thousands</i>	Q2	Q1	1.1 - 30.6	1.1 - 30.6
Related party	2020	2020	2020	2019
Awilco Technical Services AS	120	108	228	296
Awilhelmsen Management AS	55	56	112	118
Fearnleys AS	-	76	76	13

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

## Note 6 - Provisions and accruals

Provisions and accruals as at 30 June 2020 were MUSD 4.4 (MUSD 7.8 as at 31 March 2020), of which deferred income MUSD 0.2 (MUSD 1.6) and accrued interest towards the CCBFL lease obligations MUSD 3.2 (MUSD 3.6).

## Note 7 - Events after the balance sheet date

On 17 September 2020 an extraordinary general meeting of the Company is scheduled, whereby a reduction in the Company's share capital of NOK 318,116,666.90 is proposed through a reduction of the nominal amount of the shares in the Company from NOK 2.50 to NOK 0.1.

## 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.