

**ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON****Enheten**

Organisasjonsnummer: 996 564 894  
Organisasjonsform: Allmennaksjeselskap  
Foretaksnavn: AWILCO LNG ASA  
Forretningsadresse: Haakon VIIIs gate 1  
0161 OSLO

**Regnskapsår**

Årsregnskapets periode: 01.01.2023 - 31.12.2023

**Konsern**

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

**Regnskapsregler**

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

**Årsregnskapet fastsatt av kompetent organ**

Bekreftet av representant for selskapet: Per Heiberg  
Dato for fastsettelse av årsregnskapet: 16.04.2024

**Grunnlag for avgivelse**

År 2023: Årsregnskapet er elektronisk innlevert  
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 03.08.2025



### Resultatregnskap

Beløp i: NOK	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	6	12 758 000	7 925 000
<b>Sum inntekter</b>		<b>12 758 000</b>	<b>7 925 000</b>
<b>Kostnader</b>			
Avskrivning på varige driftsmidler og immaterielle eiendeler		-3 000	9 000
Administrasjonskostnader	3	33 823 000	27 268 000
<b>Sum kostnader</b>		<b>33 820 000</b>	<b>27 277 000</b>
<b>Driftsresultat</b>		<b>-21 062 000</b>	<b>-19 352 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	4	16 472 000	19 878 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi	4		3 599 000
<b>Sum finansinntekter</b>		<b>16 472 000</b>	<b>23 477 000</b>
Annen finanskostnad	4	15 633 000	1 331 000
<b>Sum finanskostnader</b>		<b>15 633 000</b>	<b>1 331 000</b>
<b>Netto finans</b>		<b>839 000</b>	<b>22 146 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-20 223 000</b>	<b>2 794 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-20 223 000</b>	<b>2 794 000</b>
<b>Årsresultat</b>		<b>-20 223 000</b>	<b>2 794 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-20 222 000	2 795 000
Repaid share premium		-132 549 000	-66 274 000
Transferred from share premium		132 549 000	66 274 000
<b>Sum overføringer og disponeringer</b>		<b>-20 222 000</b>	<b>2 795 000</b>



## Balanse

Beløp i: NOK	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		46 000	63 000
<b>Sum varige driftsmidler</b>		<b>46 000</b>	<b>63 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	6	679 665 000	679 665 000
Pensjonsinnskudd	3	5 052 000	4 944 000
<b>Sum finansielle anleggsmidler</b>		<b>684 717 000</b>	<b>684 609 000</b>
<b>Sum anleggsmidler</b>		<b>684 763 000</b>	<b>684 672 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer		746 000	695 000
Konsernfordringer	6	734 000	7 681 000
<b>Sum fordringer</b>		<b>1 480 000</b>	<b>8 376 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	7	208 103 000	169 399 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>208 103 000</b>	<b>169 399 000</b>
<b>Sum omløpsmidler</b>		<b>209 583 000</b>	<b>177 775 000</b>
<b>SUM EIENDELER</b>		<b>894 346 000</b>	<b>862 447 000</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital

#### Innskutt egenkapital



### Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Selskapskapital	8	13 255 000	13 255 000
Overkurs		404 222 000	682 574 000
Annen innskutt egenkapital	8	419 800 000	419 800 000
<b>Sum innskutt egenkapital</b>		<b>837 277 000</b>	<b>1 115 629 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		423 570 000	403 027 000
<b>Sum opptjent egenkapital</b>		<b>-423 570 000</b>	<b>-403 027 000</b>
<b>Sum egenkapital</b>		<b>413 707 000</b>	<b>712 602 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	3	5 537 000	5 614 000
<b>Sum avsetninger for forpliktelser</b>		<b>5 537 000</b>	<b>5 614 000</b>
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	6	153 472 000	
<b>Sum annen langsiktig gjeld</b>		<b>153 472 000</b>	
<b>Sum langsiktig gjeld</b>		<b>159 009 000</b>	<b>5 614 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		78 000	234 000
Kortsiktig konserngjeld	6	180 023 000	72 307 000
Annen kortsiktig gjeld		141 527 000	71 689 000
<b>Sum kortsiktig gjeld</b>		<b>321 628 000</b>	<b>144 230 000</b>
<b>Sum gjeld</b>		<b>480 637 000</b>	<b>149 844 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>894 344 000</b>	<b>862 446 000</b>



### Konsernets resultatregnskap

Beløp i: USD	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	3,4,5	79 444 000	45 310 000
Annen driftsinntekt	6	4 998 000	367 000
<b>Sum inntekter</b>		<b>84 442 000</b>	<b>45 677 000</b>
<b>Kostnader</b>			
Avskrivning på varige driftsmidler og immaterielle eiendeler	10	12 906 000	12 720 000
Operating expences	6	11 307 000	10 977 000
Administration expences	7	4 241 000	3 574 000
<b>Sum kostnader</b>		<b>28 454 000</b>	<b>27 271 000</b>
<b>Driftsresultat</b>		<b>55 988 000</b>	<b>18 406 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	16	1 232 000	457 000
<b>Sum finansinntekter</b>		<b>1 232 000</b>	<b>457 000</b>
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	16		163 000
Annen finanskostnad	16	18 929 000	12 900 000
<b>Sum finanskostnader</b>		<b>18 929 000</b>	<b>13 063 000</b>
<b>Netto finans</b>		<b>-17 697 000</b>	<b>-12 606 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>38 291 000</b>	<b>5 800 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>38 291 000</b>	<b>5 800 000</b>
<b>Årsresultat</b>		<b>38 291 000</b>	<b>5 800 000</b>
<b>Overføringer og disponeringer</b>			
Udekket tap		38 291 000	5 800 000
Repaid share premium		-19 967 000	
Transferred from share premium		19 967 000	
<b>Sum overføringer og disponeringer</b>		<b>38 291 000</b>	<b>5 800 000</b>



## Konsernets balanse

Beløp i: USD	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Skip	10	317 310 000	317 087 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		12 000	36 000
<b>Sum varige driftsmidler</b>		<b>317 322 000</b>	<b>317 123 000</b>
<b>Finansielle anleggsmidler</b>			
Pensjonsinnskudd		497 000	502 000
<b>Sum finansielle anleggsmidler</b>		<b>497 000</b>	<b>502 000</b>
<b>Sum anleggsmidler</b>		<b>317 819 000</b>	<b>317 625 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	12	204 000	233 000
<b>Sum varer</b>		<b>204 000</b>	<b>233 000</b>
<b>Fordringer</b>			
Kundefordringer	11	2 806 000	3 774 000
Andre fordringer	13	1 946 000	419 000
<b>Sum fordringer</b>		<b>4 752 000</b>	<b>4 193 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	14	27 094 000	26 058 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>27 094 000</b>	<b>26 058 000</b>
<b>Sum omløpsmidler</b>		<b>32 050 000</b>	<b>30 484 000</b>
<b>SUM EIENDELER</b>		<b>349 869 000</b>	<b>348 109 000</b>

## BALANSE - EGENKAPITAL OG GJELD



## Konsernets balanse

Beløp i: USD	Note	2023	2022
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	18	1 976 000	1 976 000
Overkurs		113 418 000	133 384 000
Annen innskutt egenkapital	18	65 588 000	65 588 000
<b>Sum innskutt egenkapital</b>		<b>180 982 000</b>	<b>200 948 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		36 270 000	74 562 000
<b>Sum opptjent egenkapital</b>		<b>-36 270 000</b>	<b>-74 562 000</b>
<b>Sum egenkapital</b>		<b>144 712 000</b>	<b>126 386 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	7	544 000	569 000
<b>Sum avsetninger for forpliktelser</b>		<b>544 000</b>	<b>569 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	21	170 782 000	188 831 000
<b>Sum annen langsiktig gjeld</b>		<b>170 782 000</b>	<b>188 831 000</b>
<b>Sum langsiktig gjeld</b>		<b>171 326 000</b>	<b>189 400 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		1 649 000	771 000
Kortsiktig rentebærende gjeld	21	18 750 000	18 804 000
Andre avsetninger	15	13 431 000	12 745 000
<b>Sum kortsiktig gjeld</b>		<b>33 830 000</b>	<b>32 320 000</b>
<b>Sum gjeld</b>		<b>205 156 000</b>	<b>221 720 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>349 868 000</b>	<b>348 106 000</b>



## Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 10.06.2011	Vår dato 27.06.2011
Telefon 22078139	Deres referanse Jon Skule Storheill	Vår referanse 2011/588981

AWILCO LNG AS  
Beddingen 8  
0250 OSLO

## Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for Awilco LNG AS, org. nr. 996 564 894

Det vises til deres brev av 10. juni 2011 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Awilco LNG AS.

### Bakgrunn

Awilco LNG AS er et relativt nyetablert selskap innen skipsfartsnæringen. Selskapets hovedaktiviteter er å eie og operere LNG tankskip for internasjonal transport av LNG. All kommunikasjon med selskapets kunder, leverandører og øvrige samarbeidspartnere er på engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk og rapporterer all informasjon på engelsk.

Selskapet har for øyeblikket ingen gjeld, men ønsker å kunne henvende seg til det internasjonale finansmarkedet for å hente inn fremtidig finansiering. Den norske versjonen utarbeides kun for å tilfredsstillere regnskapsloven.

### Skattedirektoratets vurdering og konklusjon

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		



Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "*informative regnskaper for ulike grupper av regnskapsbrukere*". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

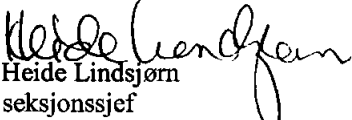
Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapets virksomhet er utpreget internasjonal og arbeidsspråket er engelsk. Selskapet har for øyeblikket ingen gjeld, men ønsker å kunne henvende seg til det internasjonale finansmarkedet for å hente inn fremtidig finansiering.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering Awilco LNG AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

  
Heide Lindsjorn  
seksjonssjef  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Torstein Kinden Helleland



Statsautoriserte revisorer  
Ernst & Young AS  
Stororvet 7, 0155 Oslo  
Postboks 1156 Sentrum, 0107 Oslo

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www.ey.no  
Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Awilco LNG ASA

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Awilco LNG ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2023 and the income statement, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 13 years since incorporation on 2 February 2011 (with a renewed election on 24 May 2022).



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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

### Accounting estimates related to vessels

#### *Basis for the key audit matter*

As per 31 December 2023, the Group owned two 2013 built 156,000 cbm TFDE LNG carriers. The accounting estimates for these assets require management's judgement and have material impact for the group due to the assets' cumulative value and long-lived nature. The key estimates include assessment of useful lives and evaluation of indicators of impairment. If impairment indicators are present, testing of carrying values for impairment is based on estimated recoverable amounts. As these estimates have material impact on the Group, this was considered a key audit matter. Management did not identify indicators of impairment for any of the vessels. Management has changed the estimate of useful life for the vessels from 40 to 35 years.

#### *Our audit response*

We compared the estimates of useful life to industry practice, assessed the risk of assets becoming stranded, and considered the estimate in light of the group's strategy and future expectations to environmental requirements. We further recalculated depreciations for the year. We assessed potential indicators of impairment for each vessel and evaluated management's assessment of indicators. Finally, we read the disclosures regarding this assessment, which are included in note 2 and note 10 to the Group's consolidated financial statements.

## Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

Independent auditor's report - Awilco LNG ASA 2023

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: E3D4H-EUSA-3T8TN-0PKW0-7MLOZ-PMZOB



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We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

## Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

Independent auditor's report - Awilco LNG ASA 2023

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Penneo Dokumentnøkkel: E3D4H-EUSA-3T8TN-0PKW0-7MLOZ-PMZOB



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirement

### Report on compliance with regulation on European Single Electronic Format (ESEF)

#### *Opinion*

As part of the audit of the financial statements of Awilco LNG ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXJO5C34-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

#### *Management's responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

#### *Auditor's responsibilities*

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance

Independent auditor's report - Awilco LNG ASA 2023

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: E3D4H-EUSA-3T8TN-0PKW0-7MLOZ-PMZOB



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about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 16 April 2024  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan Lid Nordby  
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: E3D4H-EUSA-3T8TN-0PKW0-7MLOZ-PMZOB



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"By my signature I confirm all dates and content in this document."

## Nordby, Johan Lid

State Authorised Public Accountant (Norway)

On behalf of: EY

Serial number: no\_bankid:9578-5997-4-729076

IP: 147.161.xxx.xxx

2024-04-16 19:13:34 UTC



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# Annual Report 2023

LNG transportation through safety and environmental excellence.





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# About Awilco LNG

The Awilco LNG Group (the Group or Awilco LNG) is a fully integrated owner and operator of LNG vessels. The Group owns two 156,000 cbm 2013-built LNG TFDE membrane vessels, WilForce and WilPride.

Awilco LNG ASA (the Company) was incorporated in February 2011 by Awilco AS, a company in the Awilhelmsen Group, for the purpose of acquiring three second-hand LNG vessels.

The three LNG vessels WilGas, WilPower and WilEnergy were acquired for an aggregate price of USD 67 million in 2011, financed through private placements and shareholder loans that were subsequently converted to equity. The three vessels were sold in 2015 and 2016 for combined net proceeds of USD 50 million.

In May 2011 Awilco LNG signed shipbuilding contracts for the construction of two LNG carriers, which were part financed through a private placement of NOK 534.8 million.

In September 2011 the Company's shares were listed on the Oslo Stock Exchange under the ticker ALNG.

In September and November 2013, the Group took delivery of its two vessels, WilForce and WilPride.

Both vessels were financed through sale/ leaseback arrangements, financing about 75 % of the delivered cost.

In 2017 a comprehensive refinancing was completed, comprising an amended and more flexible financial lease agreement for WilForce and WilPride, and an equity issue of USD 26.8 million to re-establish a robust financial platform.

In January 2020 WilForce and WilPride were refinanced with a new 10-year sale-leaseback facility at improved terms. The Group have purchase options on the vessels starting in January 2023 and a purchase obligating at the end of the period in 2030.

In December 2023 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.



# Organisation

Awilco LNG had six employees at the end of 2023. The Group handles commercial and technical operations of the vessels from its office in Oslo.

The Group purchases certain administrative services from Awilhelmsen Management AS, a company in the Awilhelmsen Group, and technical sub-management services from Integrated Wind Solutions (IWS) which have the same main shareholder as the Group, Awilco AS.

## **Jon Skule Storheill**

*Chief Executive Officer*

Prior to his appointment as CEO of Awilco LNG ASA Mr. Storheill was Managing Director of Awilco AS, Director of S&P/Projects with Frontline Management and Director/ Partner of shipbroking company P.F. Bassøe AS. Mr. Storheill has also been the Chairman of the Board of Wilhelmsen Marine Services AS in addition to serving with various board positions in the industry. Mr. Storheill has more than 30 years of shipping experience and is a Norwegian citizen.

## **Per Heiberg**

*Chief Financial Officer*

Prior to joining Awilco LNG ASA as CFO Mr. Heiberg served as CFO in Golden Ocean Group Limited, a US listed drybulk ship owner, since April 2016. Mr. Heiberg was with Golden Ocean since 2005. Prior to joining Golden Ocean, he worked in the Nordic Power market and held various positions within Statkraft SF and Electrabel Nordic. Mr. Heiberg is a Norwegian citizen.

## **Jan Espen Andersen**

*Head of Operation*

Mr. Andersen was previously Head of Operations at Höegh LNG. He is a certified Master Mariner and has held various shore side marine related positions since 1997 following 7 years at sea. Mr. Andersen has more than 30 years of shipping experience and is a Norwegian citizen.

# Board of Directors

## **Synne Syrrist**

*Chairperson and Non-Executive Director*

Mrs. Syrrist has work experience as an independent consultant for Norwegian companies and as financial analyst in Elcon Securities ASA and First Securities ASA. She has also an extensive non-executive experience from both listed and private companies and is currently among others a member of the boards of Integrated Wind Solutions ASA, ABL Group ASA and Naxs AB. Mrs. Syrrist holds an MSc from NTNU and is a Certified Financial Analyst (AFA) from NHH. Mrs. Syrrist is a Norwegian citizen. Mrs. Syrrist is the Chairperson of the Remuneration Committee and a member of the Audit Committee.

## **Ole Christian Hvidsten**

*Non-Executive Director*

Mr. Hvidsten is Vice President Corporate Finance in the Awilhelmsen group. He has extensive experience from senior positions in investment banking/investment companies and is a board member of Awilco AS. Before joining the Awilhelmsen group in 2011, he worked 11 years in the Corporate Finance department of ABG Sundal Collier. Mr. Hvidsten holds an MSc in Business Administration from NHH / Fuqua School of Business (Duke University). Mr. Hvidsten is a Norwegian citizen and the Chairperson of the Audit Committee.

## **Jens-Julius R. Nygaard**

*Non-Executive Director*

Mr. Nygaard is the CEO of Awilco AS and a member of the Board of Integrated Wind Solutions ASA. He has around 20 years of experience from shipping and investment companies through various positions in the

Awilco group of companies. Mr. Nygaard has a BA Honours in Finance from Strathclyde University and an MSc in Shipping, Trade & Finance from BAYES Business School. Mr. Nygaard is a Norwegian citizen. Mr. Nygaard is a member of the Remuneration Committee.

## **Jon-Aksel Torgersen**

*Non-Executive Director*

Mr. Torgersen is the former CEO of Astrup Fearnley AS, the parent company of a number of investment and broker companies. Mr. Torgersen has extensive board experience from a number of companies in the property, shipping, finance and offshore sectors, and serves as Chairman of the Board of Atlantic Container Line AB. He is also a member of the board of Transportation Recovery Fund and Finnlines Plc. Mr. Torgersen holds an MBA (Finance) from Hochschule St. Gallen. Mr. Torgersen is a Norwegian citizen.

## **Annette Malm Justad**

*Non-Executive Director*

Mrs. Malm Justad previously held positions as CEO in Eitzen Maritime Services, Vice President and Head of Purchasing at Yara International ASA, Vice President and Fleet Manager at Norgas Carriers AS and has held various technical and commercial positions for Norsk Hydro ASA. She serves as Chairman of the Boards of AMSC ASA, Store Norske Spitsbergen Kulkompani AS and Småkraft AS. She also serves as a board member of Torm Plc. and Powercell AB. Mrs. Malm Justad holds a master's in technology management from NTNU/NHH/MIT and a master in chemical engineering from NTNU. Mrs. Malm Justad is a Norwegian citizen.

# Vessel Overview

Awilco LNG owns two 156,000 cbm 2013-built LNG TFDE vessels WilForce and WilPride.

## WilForce

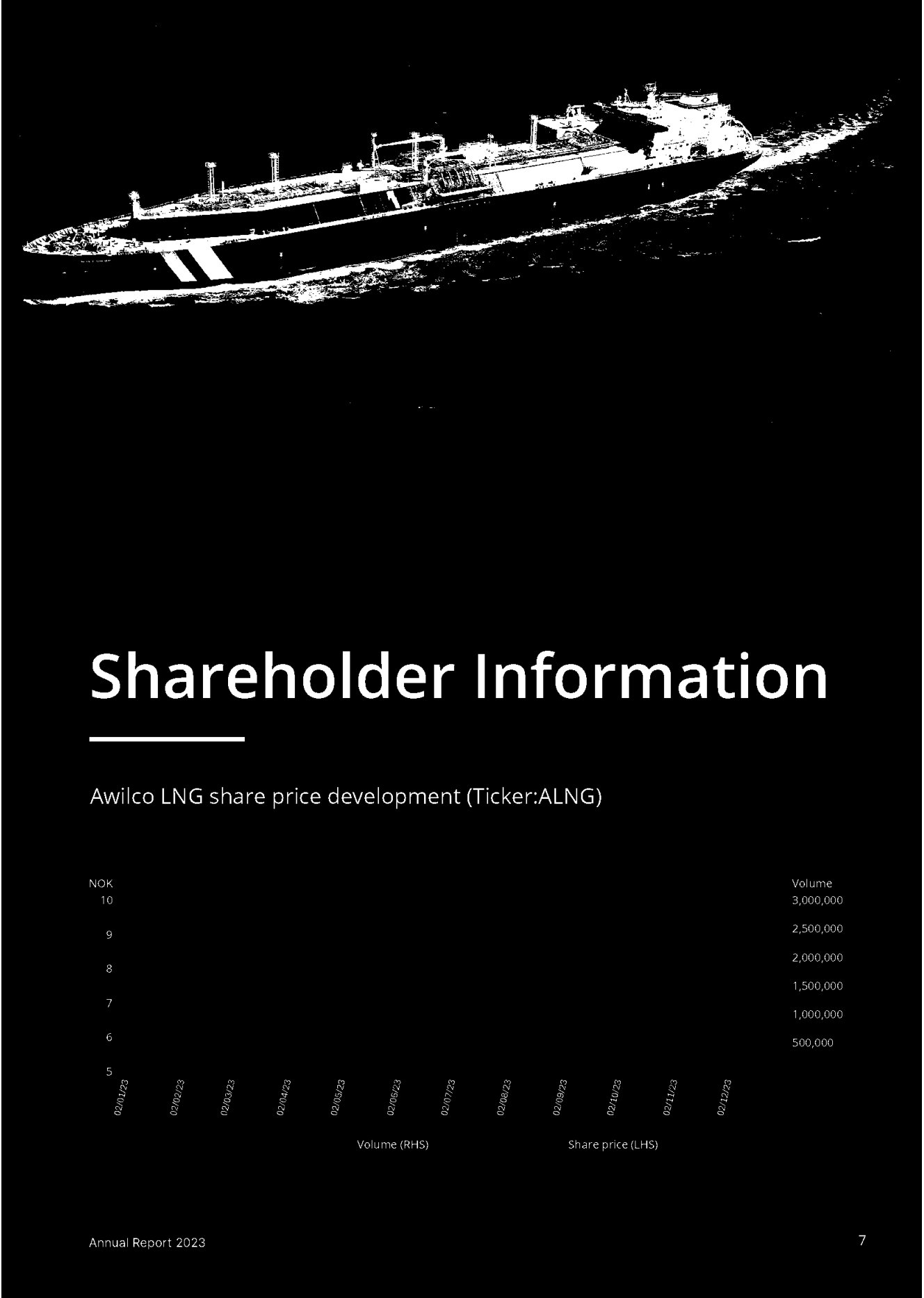


<b>YEAR BUILT</b>	2013	<b>DRAFT</b>	12,521 M
<b>YARD</b>	DSME	<b>MANAGER</b>	ALNG TM
<b>CAPACITY</b>	156,007 M3	<b>FLAG</b>	Malta
<b>DWT</b>	87,750 MT	<b>PROPULSION</b>	TFDE

## Wilpride

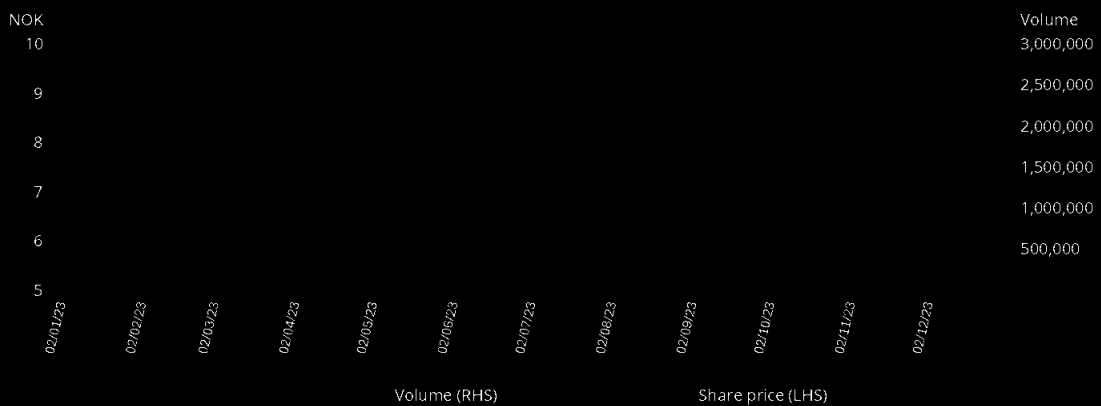


<b>YEAR BUILT</b>	2013	<b>DRAFT</b>	12,521 M
<b>YARD</b>	DSME	<b>MANAGER</b>	ALNG TM
<b>CAPACITY</b>	156,089 M3	<b>FLAG</b>	Malta
<b>DWT</b>	87,677 MT	<b>PROPULSION</b>	TFDE



# Shareholder Information

Awilco LNG share price development (Ticker:ALNG)





# 20 Largest Shareholders

(As per 31.12.2022)

Ownership in percent	Shareholder/ Number of shares	Ownership in percent	Shareholder/ Number of shares
38.56	Awilco AS 51 114 080	0.78	The Bank of New York Mellon 1 028 955
26.26	Morgan Stanley & Co. Int. Plc. 34 812 835	0.76	Union Bancaire Privee, UBP SA 1 010 567
1.76	SEB CMU/SECFIN Pooled Account 2 329 763	0.61	Kilsholmen AS 809 500
1.41	The Bank of New York Mellon SA/NV 1 870 729	0.59	State Street Bank and Trust Comp 786 577
1.32	Vidar Anfin Taranger 1 759 733	0.59	Skips AS Tudor 781 429
1.30	Interactive Brokers LLC 1 729 540	0.57	Nordnet Livsforsikring 752 092
1.17	The Bank of New York Mellon SA/NV 1 547 352	0.48	Jan Olav Prøch 640 000
1.00	Patronia AS 1 322 988	0.40	Morgan Stanley & Co. Int. 534 104
0.95	HSBC Bank Plc. 1 252 648	0.39	Per Olav Sanne 519 000
0.93	Clearstream Banking S.A. 1 229 150		
0.84	The Bank of New York Mellon 1 110 951		



# Board of Directors' report

LNG prices are lower and spot charter rates have seasonally weakened over the last months despite of war in Ukraine and increased tension in the Red Sea disrupting trade through the Suez Canal. 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 gone to Europe, although US-to-Asia trade has picked up lately on lower gas prices. The negative ton-mile effect of the shorter Europe trade is somewhat mitigated by a reduced number of transit slots through the Panama Canal as well as the attacks on merchant ships in the Red Sea leading to a complete halt in LNG carriers transiting the Suez Canal whereby 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 are significantly lower than last year and the European (TTF) and Asian (JKM) prices are well synchronized resulting in limited arbitrage for shipping. The lower gas prices have somewhat changed the fundamentals of the two/three tier market developed during last year. 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 smaller-sized steam vessels are struggling to find employment as cargosizes have increased over the last years. EEXI regulations have forced these vessels to reduce speed and the introduction of the EU-ETS regulation will further penalize these vessels and eventually the CII regulations will inevitably push these vessels out of normal trade. This means that about 1/3rd of the LNGC fleet is forced into niche trades, infrastructure conversions or recycling.

Spot fixing activity was high during 2023 although most fixtures 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 competition with 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 in February 2024. 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% originating from the US.

Both WilForce and WilPride are financed through a sale-leaseback facility with maturity in January 2030 provided by CCB Financial Leasing Co. Ltd. (CCBFL). In December 2023 the Company signed a Term Sheet for refinancing of both vessels which 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.

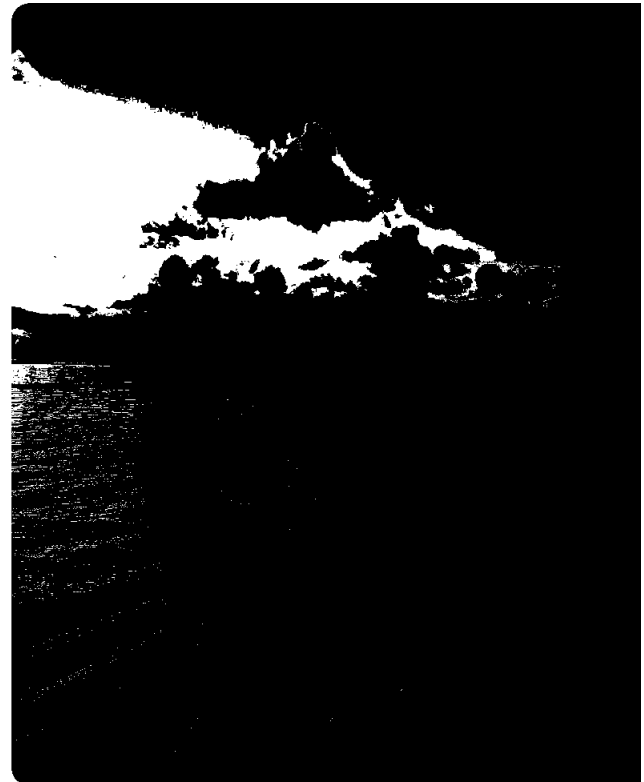
## BUSINESS SUMMARY

The Awilco LNG Group (Awilco LNG, ALNG or the Group) is a fully integrated pure play LNG transportation provider, owning and operating LNG vessels. The Group currently owns two 2013-built TFDE LNG carriers. The parent company Awilco LNG ASA is listed on Euronext Expand with ticker ALNG. Awilco LNG's registered business address is Beddingen 8, Oslo, Norway. Commercial management is

performed by Awilco LNG ASA and technical management of the vessels is performed by a wholly owned subsidiary.

## LNG market

Focus on energy security witnessed last year eased during 2023 as gas storage levels were high following a warm winter in 2022/2023, ample LNG supply and a relatively warm winter 2023/2024. Most US LNG has gone to Europe, although US-to-Asia trade has picked up lately on lower gas prices. The negative ton-mile effect of the shorter Europe trade is somewhat mitigated by a reduced number of transit slots through the Panama Canal as well as attacks on merchant ships in the Red Sea leading to a complete halt of LNG carriers transiting the Suez Canal whereby 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.





During 2023 33 newbuildings were delivered and 68 newbuilding orders were placed according to Fearnley 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, and particularly 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 Fearnley LNG. Limited new LNG production is expected until 2nd 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 remain around USD 260 million for 2027/2028 delivery.

## Operations

WilPride traded 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 WilForce went off-hire and into drydock in Singapore to perform her scheduled second special survey. The work was completed on time and budget, and the vessel was back on-hire after about 26 days off-hire including positioning and repositioning before and after drydock.

WilPride went off-hire in August for her scheduled second special survey in Spain. The work was completed on time and budget, and the vessel went on-hire after about 34 days off-hire, including positioning and repositioning before and after drydock.

Excluding planned off-hire for the dry-dockings, both WilForce and WilPride traded the entire year with no off-hire and utilisation was 100% compared to 81% for 2022.

## CONSOLIDATED FINANCIAL STATEMENTS

### Income statement

The Group generated net freight income of USD 79.4 million in 2023, up from USD 45.3

million in 2022, mainly caused by fixing both vessels on fixed rate time charter contracts in a strong market during second half of 2022. The vessels were on these contracts during the entire year, interrupted only by off-hire for scheduled dry dockings in third quarter 2023. These numbers equate to TCE earnings of USD 118,500 (excluding days for scheduled dry dock) in 2023 compared to USD 62,000 in 2022. Fleet utilisation for the year ended at 100% compared to 81 % in 2022.

Operating expenses for the year ended at USD 11.3 million in 2023, up from USD 11.0 million in 2022, driven by increased cost for most services during the year.

Other income of USD 5.0 million related to a final settlement related to the collision involving Wilforce in 2019. The settlement was entered into in December 2023.

Administration expenses increased from USD 3.6 million in 2022 to USD 4.2 million in 2023.

Depreciation and amortisation were USD 12.9 million in 2023 compared to USD 12.7 million in 2022.

Net financial expenses were USD 17.7 million in 2023, up from USD 12.6 million in 2022 following continued increase in floating USD rates.

Profit before tax for the period was USD 38.3 million compared to USD 5.8 million in 2022.

### Earnings per share

Basic and diluted earnings per share for the year were USD 0.29, up from USD 0.04 in 2022.

### Financial position

Total assets and total equity for the Group as of December 31, 2023 was USD 349.9 million and USD 144.7 million respectively (USD 348.1 million and USD 126.4 million at December 31, 2022) corresponding to an equity ratio of 41.4%, up from 36.3% at December 31, 2022.

Cash and cash equivalents amounted to USD 27.1 million at December 31, 2023, up from USD 26.1 million at December 31, 2022.



The combined book value of the vessels was USD 317.3 million at December 31, 2023 compared to USD 317.1 at year-end 2022.

Total interest-bearing debt for the Group was USD 189.5 million at December 31, 2023, down from USD 207.6 million at December 31, 2022. The current portion of the interest-bearing debt constituted USD 18.8 million as at December 31, 2023.

### Cash flow statement

The Group generated USD 70.5 million in cash inflow from operating activities in 2023 compared to USD 34.5 million in 2022.

Net cash used in investing activities was USD 13.1 million, up from USD 2.8 million in 2022 as both our vessels went through their second special survey including dry dock in third quarter 2023 at a total cost of USD 12.4 million.

Net cash outflow from financing activities was USD 56.3 million in 2023, constituting of USD 18.8 million in repayment of debt, USD 17.6 million of interest under the finance lease with CCBFL and dividend payments of USD 20.0 million. Net cash outflows from financing activities in 2022 was USD 29.2 million.

Subsequent to the CCBFL refinancing completed in January 2020, cash break-even for each vessel is expected at approximately USD 71,000 per day in 2024, subject to interest rate fluctuations and excluding engine overhauls that will be capitalized. In December 2023 the Company signed a Term Sheet for refinancing of both vessels which will reduce the Company's finance cost and cash break even substantially. Closing of the refinancing is expected during second quarter 2024.

### PARENT COMPANY FINANCIAL STATEMENTS

Operating income for the year amounted to NOK 12.8 million (NOK 7.9 million) and administration expenses NOK 33.8 million (NOK 27.3 million).

Net finance income amounted to NOK 0.8 million (NOK 22.1 million).

Loss for the period was NOK 20.2 million (Profit of NOK 2.8 million).

The Board of Directors propose that the loss for the period of NOK 20.2 million for the Parent Company is transferred from retained earnings. In February 2024 the Company passed a resolution for distributing share premium to the shareholders. This is recorded as dividend per year end and the payment was processed in April 2024.

The Board of Directors approved a revised dividend policy in November 2022. The Board is committed to return value to shareholders and intend to distribute a substantial part of annual free cash flow, paid out quarterly, always subject to debt covenants, capital requirements and a robust cash buffer. A proposal for further dividend payments will be presented to the Annual General Meeting in 2024.

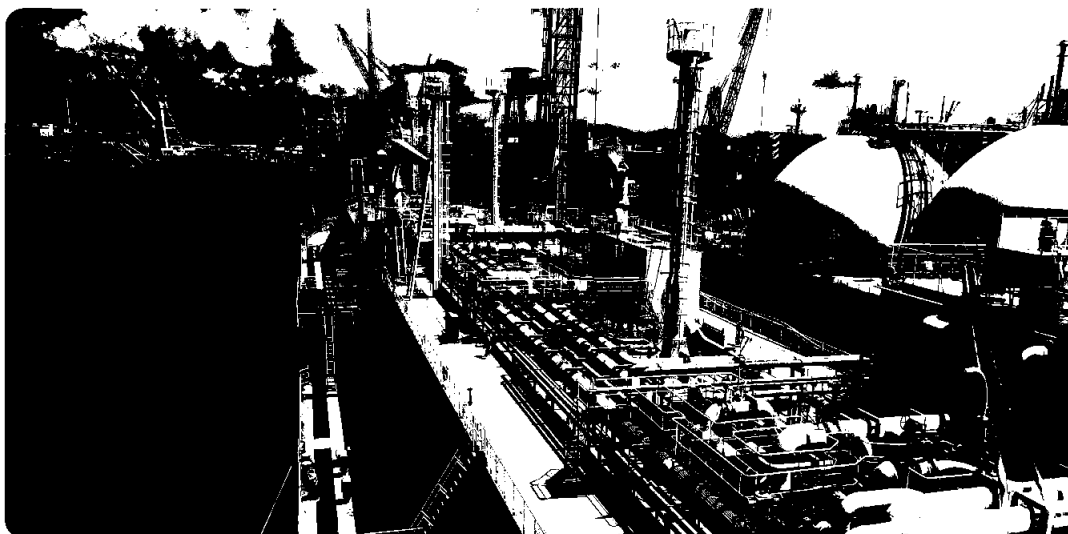
### GOING CONCERN ASSUMPTION

The consolidated financial statements of the Group, and the parent company financial statements of Awilco LNG ASA, have been prepared on a going concern basis pursuant to the Norwegian Accounting Act § 3-3a. In the opinion of the Board of Directors, these financial statements provide a fair presentation of the Company's business, financial results, and outlook.

The Group's ability to continue as a going concern is dependent upon generating sufficient cash flow from operation of the vessels. The Group's vessels are currently trading on mid-term fixed rate contracts but might in the future trade in the spot market which then will expose the Group's financial performance to volatility and seasonality in rates and utilisation.

### RISK FACTORS

Shipping market conditions have historically been volatile and consequently the financial results may vary significantly from year to year. The risk factors in the LNG shipping market can be divided into the following main components: market risk, operational risk and financial risk.



#### **Market risk**

Market risk relates to the supply of LNG vessels and the demand for LNG transportation. In the past there have been periods of oversupply of vessels due to delays in the construction of LNG production plants, with correspondingly low utilisation and depressed market rates, which might occur also in the future. Over time this express the interim risk to balance supply with demand as it goes faster to build vessels than to build LNG production facilities. Currently we see a record high orderbook with peak deliveries in 2025 and 2026. LNG production coming on stream seems to meet the delivery pace and most newbuilding are committed on long term contracts to meet demand from this production capacity. There might be a risk of imbalance in the market during the coming years as demand need to come on stream simultaneously to increased shipping capacity when the newbuildings are delivered.

The demand for LNG is affected by the importing countries' demand for energy as well as the relative pricing of LNG compared to alternative energy sources. A high relative pricing spread between LNG and other energy sources will reduce the demand for LNG and thereby negatively impact demand for LNG transportation. In the longer-term perspective lower gas prices in combination

with the growing supply side is expected to support growth in demand for natural gas as a flexible and clean fuel compared to other fossil alternatives.

Gas price levels in different geographic markets have a significant impact on demand for LNG transportation to execute arbitrage opportunities. During the winter season in 2022/2023 we experienced extreme price differences and going forward the arbitrage is difficult to predict as it is closely linked to the gas price level in Europe, the US and Far East, which again is highly dependent upon several factors including weather, policies and regulations and the price of alternative energy sources.

#### **Operational risk**

##### *Employment risk*

The Group's ability to obtain charters will depend upon the prevailing market conditions. If the Group is unable to employ its vessels, revenue will be substantially reduced.

##### *Laws and regulations*

The Group's operations and vessels are subject to international laws and regulations, which have become more proliferate and stringent in recent years. Although the Group is doing its utmost to comply, changes in laws and



regulations may expose the Group to liability.

*Technical risk*

LNG vessels are highly sophisticated, and there is a risk that equipment may fail despite pre-emptive maintenance. The Group has in place loss of hire insurance, but a technical breakdown will affect earnings for a period of at least 14 days due to the deductible period.

*Piracy, war and cyber risk*

A piracy attack, outbreak of war or cyber-attack may affect the trading and earnings of the vessels.

*Crew*

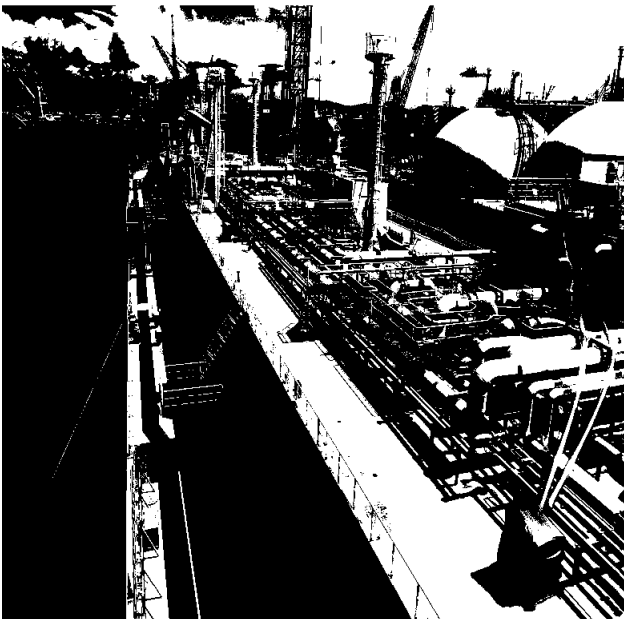
Depending on the pace of older ships exiting the LNG carrier fleet may increase by more than 50 % in the coming years. This exposes the Group to the risk of not being able to attract qualified officers and seafarers. The Group has, and will, continue to take steps to mitigate this risk.

*Bunker price*

The Group is exposed to bunker price risk when the vessels are not on charter.

*Environmental regulations*

From 2023 our vessels are required to comply



with new regulations on energy efficient design ("EEXI") and operation through Carbon Intensity Index ("CII"). EEXI is a one-time certification and both vessels in the fleet have been confirmed to be in compliance.

With respect to CII, this is measured on the vessels' actual emissions over the previous year and thereby rated according to a formula. Both vessels have operated in 2023 with an emission intensity that corresponds to a "C" rating, which is well above the required minimum level. We are continuously working on several efficiency improvements however the main criteria is the vessels' trading pattern which owners have very limited influence on when on time charter. We are therefore dependant and working closely with charterers to ensure that the operation of the vessels is planned and executed in a way that ensures at least C rating is achieved also for 2024 and the coming years.

Starting from 2024, our vessels are required through the EU Emissions Trading System ("ETS") to submit emissions allowances for carbon emissions during voyages to and from EU ports. Monitoring and Reporting of carbon emissions are already in place through our procedures for EU MRV reporting. As the vessels are chartered out on time charter contracts the related costs are for the charterer's account and the financial risk for the Company is limited to idle and off-hire periods.

Due to prevailing longer-term market trends, the normal useful life of The Group's LNG vessels has, from the 1st of January 2024 been revised from an estimation of 40 years to an estimate of 35 years from delivery.

**Financial risk**

*Financing risk*

The WilForce and WilPride financial leases were refinanced in January 2020 with a 10-year sale-leaseback facility provided by CCB Financial Leasing Co. Ltd. (CCBFL). Both vessels were sold for a gross consideration per vessel of USD 175.0 million including non-amortizing and non-interest bearing pre-paid charter hire of USD 43.8 million 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. The Group has rolling repurchase options and repurchase obligations on expiry. In December 2023 the Company signed a Term Sheet for the refinancing of both vessels which will reduce the Company's finance cost and cash break even once finalized and effectuated.

#### *Currency risk*

The companies in the Group have USD as functional currency. Currency risks therefore arise in connection with transactions denominated in other currencies than USD.

The Group is to a certain degree exposed to currency fluctuations, as it is exposed to administration expenses denominated in NOK. The Group may use financial derivatives to reduce short-term currency risk, but as at December 31, 2023 no such instruments were entered into.

#### *Liquidity risk*

The shipping business is capital intensive and insufficient liquidity can severely impact the ability to operate the vessels. The Group's approach to managing liquidity risk is to ensure, as far as possible, always having sufficient liquidity to meet its obligations without incurring unacceptable losses or risking employees' safety or damage to the Group's reputation.

According to the sale-leaseback facility provided by CCBFL, the Awilco LNG Group shall maintain minimum consolidated cash and cash equivalents of USD 10.0 million and positive consolidated working capital. During 2020 the Company and CCBFL agreed to make certain temporary amendments to the financial covenants. As a result of these amendments the Company agreed a permanent restriction from declaring or paying dividends if the consolidated cash position of the Awilco LNG Group is lower than USD 20.0 million on the day of declaration and the day following payment.

#### *Interest rate risk*

The CCBFL sale-leaseback facility completed in January 2020 is subject to a floating interest

rate, and the Group is continuously evaluating using financial derivatives to hedge the interest rate exposure. At yearend 2023 no such derivatives were entered into.

#### *Counterparty- / credit risk*

The Group is exposed to credit risk from its operating activities through freight income trade receivables and from its financing activities, including deposits with banks. The Group aims to do business with creditworthy counterparties only. Charter hire is normally received monthly in advance, effectively reducing the potential exposure to credit risk. Bank deposits are only deposited with internationally recognised financial institutions with a solid credit rating.

#### **HEALTH, SAFETY AND ENVIRONMENT**

Based on the long-term goal of environmental excellence, Awilco LNG works continuously towards minimising the environmental impact from its vessels and operations.

Awilco LNG aims to minimise the emissions of CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>x</sub> from engines, boilers, incinerators, cargo, fuel oil tanks and systems through evaporation. In 2023 there was a positive development in the CO<sub>2</sub> intensity for the vessels measured using the Annual efficiency rate (AER). This is in large part caused by significantly reducing the level of vessel idling and ballast voyages, causing lower emissions per nm. We expect these values to be stable in during 2024.

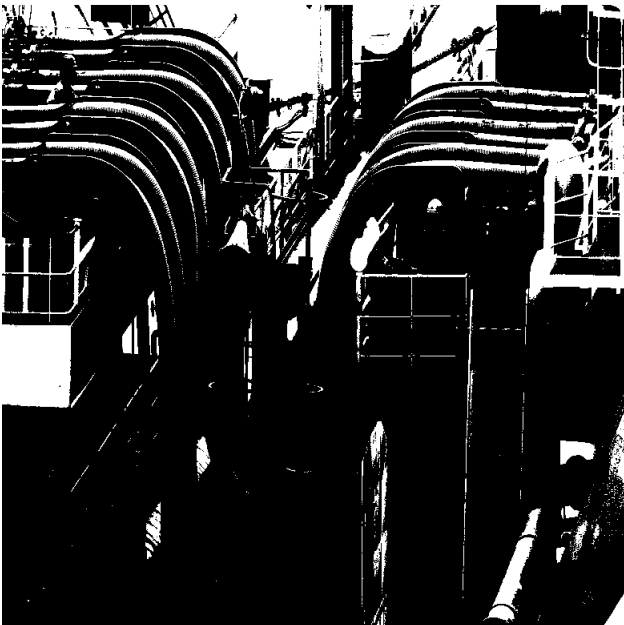
The Group has a zero tolerance for environmental spills, emissions of ozone depleting substances and unauthorised disposal of any type of garbage or waste to the marine environment.

The Group has a lean onshore organisation and has outsourced certain services. At year end 2023 the Group had six onshore employees. There is currently no female representation among management. The Group is aware of this imbalance and is positive to improve this ratio in the future. The Board of Directors of the Company has two female directors, representing 40 % of the Board.



The safety and well-being of Awilco LNG's employees and seafarers has the highest priority. Vessels are to be properly operated and maintained, and safe for crew, cargo, visitors, and the environment. The Group's quality of operations is supported by experienced, educated, and well-trained staff onboard and onshore. The Group adheres to national and international laws and regulations and promotes best practices identified within its own operations and the industry in order to improve the competence of individual crewmembers and vessel safety performance. ALNG's management is actively engaged in monitoring the Group's performance to further encourage and promote positive trends, and to provide advice and take corrective action where negative trends are detected. To ensure retention of personnel, Awilco LNG aims to ensure a stable and motivating work environment for both onshore and offshore employees. The Group is proactively seeking to identify requirements and needs for additional training through regular audits, master and management reviews.

Absence due to illness for onshore employees was 5.4% in 2023 (0.0 % in 2022). No onshore work-related injuries were reported in 2022 or 2023. For seafarers, an LTIF (accidents per one



Annual Report 2023

million-man hours worked) of 0.0 was reported during the year (2.1 in 2022).

For further information please see the Social Responsibility section in the annual report, which complies with the requirements under the Norwegian Accounting Act § 3-3c. The Board of Directors of the Company have approved the Guidelines for embedding the work in connection with the Norwegian Transparency Act which came into effect on July 1, 2022 and the annual report for 2023 will be made available on the Company's website ([www.awilcolng.no](http://www.awilcolng.no)) within June 30, 2024.

### **CORPORATE GOVERNANCE**

Awilco LNG strives to protect and enhance shareholder equity through openness, sustainability, integrity and equal shareholder treatment, and sound corporate governance is a key element in the basis of the Awilco LNG strategy.

The corporate governance principles of the Company are adopted by the Board of Directors. The principles are based on the Norwegian Code of Practice for Corporate Governance as of 14 October 2021 (the «Code of Practice»). Please see the Corporate Governance section in the annual report, and the Company's web site [www.awilcolng.no](http://www.awilcolng.no).

Awilco LNG does have a Director and Officers insurance with a reputable insurer.

### **STRATEGY**

The main strategy for Awilco LNG is to create shareholder value through the provision of a quality, sustainable, reliable and customer-oriented service to the market, in the best manner for its shareholders, employees and business connections. The management team shall safely, efficiently and effectively provide LNG transportation services to customers with an objective to secure the most profitable contracts coupled with the highest achievable vessel utilisation.

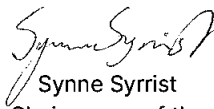
Awilco LNG shall evaluate growth opportunities in terms of vessel acquisitions and disposals which best complement the Group's financial and operational aspirations.



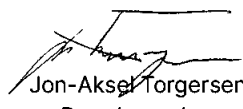
## OUTLOOK

The seasonal softening of the market experienced during fourth quarter 2023 continued into first quarter 2024 due to comfortable storage levels in Europe and increased demand from Asia has been insufficient to drive rates. 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. The first of our vessels 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, April 16, 2024



Synne Syrrist  
Chairperson of the  
Board



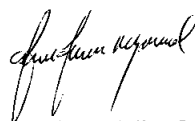
Jon-Aksel Torgersen  
Board member



Ole Christian Hvidsten  
Board member



Annette Malm Justad  
Board member



Jens-Julius R.  
Nygaard  
Board member



Jon Skule Storheill  
CEO



# Statement Of Responsibility

We confirm to the best of our knowledge that the consolidated financial statements for 2023 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that the financial statements for the parent company for 2023 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and profit/(loss) for the period of Awilco LNG ASA and the Awilco LNG Group as a whole.


We also confirm to the best of our knowledge that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of Awilco LNG ASA and the Awilco LNG Group, together with a description of the principal risks and uncertainties that they face.

Oslo, April 16, 2024


  
Synne Syrrist  
Chairperson 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



# Consolidated Financial Statements And Notes

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## Consolidated Income Statement

*In USD thousands*

	Note	2023	2022
Freight income	3,4	80 723	51 541
Voyage related expenses	5	1 279	6 231
<b>Net freight income</b>		<b>79 444</b>	<b>45 310</b>
Other income	6	4 998	367
Operating expenses	6	11 307	10 977
Administration expenses	7	4 241	3 574
<b>Earnings before interest, taxes, depr. and amort. (EBITDA)</b>		<b>68 895</b>	<b>31 126</b>
Depreciation and amortisation	10	12 906	12 720
<b>Earnings before interest and taxes (EBIT)</b>		<b>55 989</b>	<b>18 406</b>
Finance income	16	1 232	457
Net gain/(loss) and valuation adjustment of securities	16	-	(163)
Finance expenses	16	18 929	12 900
<b>Net finance income/(expense)</b>		<b>(17 697)</b>	<b>(12 606)</b>
<b>Profit/(loss) before taxes</b>		<b>38 292</b>	<b>5 800</b>
Income tax expense	9	-	-
<b>Profit/(loss) for the period</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	9	0.29	0.04
Diluted, profit/(loss) for the period	9	0.29	0.04

## Consolidated Income Statement of Comprehensive Income

Profit/(loss) for the period	38 292	5 800
<b>Other comprehensive income:</b>	-	-
Other comprehensive income items	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>38 292</b>	<b>5 800</b>



## Consolidated Statement of Financial Position

In USD thousands

	Note	31.12.2023	31.12.2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Vessels	10	317 310	317 087
Pension assets		497	502
Other fixed assets incl right-of-use assets		12	36
<b>Total non-current assets</b>		<b>317 819</b>	<b>317 624</b>
<b>Current assets</b>			
Trade receivables	11	2 806	3 774
Inventory	12	204	233
Financial investments	16	-	-
Other short term assets	13	1 946	419
Cash and cash equivalents	14	27 094	26 058
<b>Total current assets</b>		<b>32 050</b>	<b>30 483</b>
<b>Total assets</b>		<b>349 869</b>	<b>348 107</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	1 976	1 976
Share premium		113 418	133 384
Other paid-in capital	18	65 588	65 588
Retained earnings		(36 270)	(74 562)
<b>Total equity</b>		<b>144 712</b>	<b>126 387</b>
<b>Non-current liabilities</b>			
Pension liabilities	7	544	569
Long-term interest bearing debt	21	170 782	188 831
<b>Total non-current liabilities</b>		<b>171 326</b>	<b>189 401</b>
<b>Current liabilities</b>			
Short-term interest bearing debt	21	18 750	18 804
Trade payables		1 649	771
Income tax payable	9	-	-
Provisions and accruals	15	13 431	12 745
<b>Total current liabilities</b>		<b>33 831</b>	<b>32 320</b>
<b>Total equity and liabilities</b>		<b>349 869</b>	<b>348 107</b>



## Consolidated Cash Flow Statement

In USD thousands

	Note	2023	2022
<b>Cash Flows from Operating Activities:</b>			
Profit/(loss) before taxes		38 292	5 800
Income taxes paid		-	-
Interest and borrowing costs expensed	16	18 835	12 838
<i>Items included in profit/(loss) not affecting cash flows:</i>			
Depreciation and amortisation	10	12 906	12 720
<i>Changes in operating assets and liabilities:</i>			
Trade receivables, inventory and other short term assets		(526)	1 143
Trade payables, provisions and accruals		943	1 970
<b>i) Net cash provided by / (used in) operating activities</b>		<b>70 450</b>	<b>34 472</b>
<b>Cash Flows from Investing Activities:</b>			
Investment in vessels	10	(13 107)	(2 802)
<b>ii) Net cash provided by / (used in) investing activities</b>		<b>(13 107)</b>	<b>(2 802)</b>
<b>Cash Flows from Financing Activities:</b>			
Dividends paid		(19 967)	-
Repayment of borrowings	21	(18 772)	(18 879)
Interest costs paid		(17 568)	(10 364)
<b>iii) Net cash provided by / (used in) financing activities</b>		<b>(56 306)</b>	<b>(29 243)</b>
<b>Net change in cash and cash equivalents (i+ii+iii)</b>		<b>1 036</b>	<b>2 426</b>
Cash and cash equivalents at start of period	14	26 058	23 637
<b>Cash and cash equivalents at end of period</b>		<b>27 094</b>	<b>26 058</b>



## Consolidated Statement of Changes in Equity

### For the period ended 31 December 2023

*In USD thousands*

	Note	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
<i>Total comprehensive income</i>		-	-	-	38 292	38 292
Dividends paid		-	(19 967)	-	-	(19 967)
<b>Balance as at 31 December 2023</b>		<b>1 976</b>	<b>113 418</b>	<b>65 588</b>	<b>(36 270)</b>	<b>144 712</b>

### For the period ended 31 December 2023

*In USD thousands*

	Note	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)	120 586
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 31 December 2022</b>		<b>1 976</b>	<b>133 384</b>	<b>65 588</b>	<b>(74 562)</b>	<b>126 387</b>



# Notes to the Consolidated Financial Statements

## NOTE 1 // CORPORATE INFORMATION

Awilco LNG ASA (the Company or Parent Company) is a public limited liability company incorporated and domiciled in Norway. Its registered office is Beddingen 8, 0250 Oslo, Norway. The Company was incorporated February 2, 2011 and is listed on Euronext Expand with the ticker ALNG.

The consolidated financial statements of the Company comprise the Company and its subsidiaries, together referred to as the Group or Awilco LNG.

The principal activity of the Group is the investment in and operation of LNG transportation vessels. The Group owns and operates two 2013-built TFDE LNG vessels.

The consolidated financial statements for the period ended 31 December 2023 were authorised for issue by the Board of Directors on April 17, 2024 and will be presented for approval at the Annual General Meeting on May 14, 2024.

## NOTE 2 // SUMMARY OF MATERIAL ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements of Awilco LNG have been prepared in accordance with

IFRS Accounting Standards as adopted by the European Union and the additional applicable disclosure requirements of the Norwegian accounting act. The consolidated financial statements have been prepared on a historical cost basis, except for certain assets, liabilities and financial instruments, which are measured at fair value.

The consolidated financial statements are presented in US Dollars (USD) rounded off to the nearest thousands, except as otherwise indicated. The consolidated financial statements have been prepared based on a going concern assumption. Please see the Board of Directors' report for further information on this matter. The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

### Basis of consolidation

The consolidated financial statements include Awilco LNG ASA and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

### Significant estimates

Estimation risks in determining the amounts to recognise or disclose are associated with sources of uncertainty. We have identified changing business environment, including changes driven by the environmental improving initiatives and transitional climate changes already present or expected in the near future as sources of estimation risks. This impact estimates such as



remaining useful life for vessels and whether vessels are impaired due to shorter useful life, higher cost, regulatory constraints of operations or reduced residual values. These aspects of estimation are further discussed below.

Impairment of vessels also involve a significant degree of estimation uncertainty and complexity and may result in significant variation in amounts. Estimation uncertainty in these areas is partly related to the sources of uncertainty identified above and partly related to other sources of uncertainty discussed in note 10.

### Revenue

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer and is presented as freight income net of off-hire deductions. For single voyages, if entered into, revenue is recognised over time according to the load-to-discharge principle. On time charter contracts payments are usually received monthly in advance whereas performance obligations are satisfied as follows:

Revenue is generated by time charter contracts which contain both a lease element and a vessel management element (service agreement). The lease element is recognised on a straight-line basis over the term of the charter. When the repositioning fees depend upon final redelivery location, they are recognised at a point in time at the end of the charter.

The vessel management elements, including services considered a performance obligations that are satisfied over time, given that the customer simultaneously receives and consumes the benefits provided by the Group.

### Leasing

#### *Awilco LNG's leases*

Awilco uses lease contracts primarily to lease vessels and office space. The Company has assessed that the office rental is a short-term lease for which no right-of-use asset is recognised.

#### *Sale-leaseback arrangements*

No gain or loss was recognised in the income statement related to sale/leaseback arrangements when the vessel was sold and subsequently leased back with repurchase obligations to the Group in 2020. The financial liability is classified as interest bearing debt and 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.

### Foreign currency

The consolidated financial statements are presented in USD, which is also the functional currency of all entities in the Group.

### Vessels

Vessels are carried at historical cost less accumulated depreciation and impairment losses. Costs of vessels include expenditures directly attributable to the acquisition of the vessels. Examples of such costs include supervision costs, site team costs, yard instalments, technical costs and borrowing costs.

Each component of a vessels with a cost that is significant in relation to the total cost is separately identified and depreciated. Components with similar useful lives are grouped into a single component. The vessels are considered as one component, however dry-docking and engine overhauls are identified as separate component of cost of vessels and depreciated separately.

Costs related to major inspections/classifications (dry-docking and engine overhauls) are recognised in the carrying amount of the vessels.

The recognition is made as the dry-docking or overhaul is being performed, and depreciation is recognised from completion of the dry-docking and overhaul until estimated time to the next dry-docking or overhaul. Any remaining carrying amount of the cost of the previous dry-docking or overhaul is de-recognised, and presented as impairment losses in the income statement, upon initiation of the next dry-docking or overhaul.



For the vessels, depreciable amount is calculated as cost less residual value and impairment charges. Residual values are calculated based on the vessels' lightweight tonnage and an estimated scrap rate per ton, less related recycling costs. Estimated residual value per vessel is approximately USD 12 million. Cost of scrapping is estimated to 15% of the scrap value. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Expected useful lives, methods of depreciation and residual values are reviewed yearly.

The useful life of the vessels has in the past been estimated to 40 years, and the vessels are depreciated accordingly. As a result of The Group's annual reassessment at the end of 2023 the normal useful life of LNG vessels has from the 1st of January 2024 been revised from an estimation of 40 years to an estimate of 35 years from delivery. The main reason is prevailing longer-term market trends and all else equal this will increase annual depreciation with approximately USD 1.5 million

#### *Significant judgment in accounting for depreciation expense*

Significant judgment is applied in the assessment of the useful life of the vessels. Depreciation is based on Management's estimates of the vessels' major components, useful lives of the components and the vessels' residual values less costs associated with scrapping at the end of the vessels' useful life.

Estimates may change due to changes in scrap value, technological development, competition and environmental and legal requirements.

Management reviews the future useful lives of each significant component and the residual values of the vessels annually, taking into consideration the above-mentioned factors and the observable age for LNG vessels when scrapped. Scrap values are estimated based on forward prices of steel. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively. Physical climate risk such as changes to weather patterns and severity of rain, storms and other events

have not impacted our assessment of the useful life of the vessels.

As of December 31, 2023 the vessels had a carrying value of USD 317.3 million, and total residual value was estimated at USD 24 million. Please see note 10 for further information on impairment assessment of vessels.

#### **Impairment**

Vessels and other fixed assets are assessed for impairment indicators each reporting period. If impairment indicators are identified the recoverable amount is estimated, and if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount an impairment loss is recognised. Each vessel is assessed as a separate cash generating unit (CGU) by Awilco LNG.

In assessing whether there is any indication that a vessel may be impaired, the Company considers internal and external indicators, including but not limited to:

Significant changes in market interest rates, discount rates and inflation that are used in the impairment test and is expected to decrease the recoverable amount below the carrying amount of a vessel.

Significant changes in the market such as decrease in spot rates or significant change in the environmental regulations.

Indications that prices in the second-hand market is below the carrying amount if the vessels.

Evidence that the economic performance of the vessel is, or will be, worse than expected, including decrease in utilization, net cash flows or operating profit are significantly worse than expected.

Evidence is available of obsolescence or physical damage of a vessel.

The recoverable amount is the higher of an asset's fair value less cost to sell (net selling price) and value in use. The fair value is the amount



obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

#### *Significant judgment in accounting for impairment of vessels*

Value in use calculations involve a high degree of estimation and several critical assumptions such as time charter rates, utilisation, operational expenses, dry-dockings, useful life, recycling values and discount rates. The key assumptions used in the impairment assessment are disclosed in note 11, together with sensitivity tables showing the effect on recoverable amount from changes in key assumptions.

Changes in circumstances and assumptions may significantly affect the estimated recoverable amounts, and a weak shipping market may result in future impairment losses. Please see note 11 for further information on impairment of vessels.

#### *Tests performed in 2023 and 2022*

For 2023 the Group identified that the market value of the company was less than the book value of net assets. This is in line with observations made for 2022. As of December 31, 2023, the share price of the company on Euronext Oslo Børs was NOK 8.28, slightly up from the share price December 31, 2022 of NOK 8.18. As a result of the change in USD/NOK currency rate the market value of the company decreased by USD 2 million from USD 109 million to USD 107 million in the same period. Total net assets were 145 million and 126 million, respectively. As a result, the gap between the market value of the company and net assets increased by USD 21 million to USD 38 million.

Despite this observation, a thorough review of operational forecasts and market conditions revealed no significant indicators suggesting an impairment of the two vessels was warranted. Specifically, the Group did not observe any trends indicative of weaker cash inflows or

larger cash outflows than previously projected. This analysis led to the conclusion that there was no indication of impairment for the vessels, negating the need for further recoverable value testing.

In 2022, the Company identified the increase in interest rates, resulting in a heightened cost of capital, combined with the observation that the Company's total net assets were higher than its market capitalisation on the Euronext Oslo Børs, as indicators of potential impairment of the two vessels. Consequently, an impairment test was performed at the year-end values. This test confirmed that no impairment was necessary, as the estimated recoverable amounts of the vessels exceeded their respective carrying amounts. Further elaboration on this analysis is provided in Note 10.

#### **Inventory**

Inventories consist of bunkers and lube oil on board the vessels. Cost is determined in accordance with the first-in-first-out principle (FIFO), and expenses related to inventory are presented as voyage related expenses in the income statement.

#### **Taxes**

The income tax expense consists of current The income tax expense consists of current income tax and changes in deferred tax.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax assets and liabilities is determined using tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax liabilities and deferred tax assets are recognised at



nominal values and classified as non-current liabilities and non-current assets in the statement of financial position.

For Group companies subject to tonnage tax regimes, incurred tonnage tax is recognised as an operating expense.

### **Financial instruments**

#### *Financial assets*

Financial instruments represent a contractual right by Awilco LNG to receive cash or another financial asset in the future. Financial assets include trade receivables and cash and cash equivalents.

Financial assets are classified at initial recognition and subsequently measured at either amortised cost or fair value through profit or loss.

Trade receivables are initially recognized at transaction price at the date when they are originated. Subsequent measurement is at amortized cost using the effective interest method (EIR), and trade receivables are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Group applies a simplified approach in calculating impairments and recognises a loss allowance based on lifetime expected credit losses (ECLs) at each reporting date. The Group considers a financial asset in default when contractual payments are 90 days past due. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.



## *Financial liabilities*

Financial liabilities represent a contractual obligation by Awilco LNG to deliver cash in the future and are classified as either short- or long-term. Financial liabilities include trade payables and interest-bearing debt.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. Trade payables and interest bearing debt are classified as financial liabilities measured at amortised cost and are recognised initially at fair value, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

## **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## **Dividends**

Dividend payments are recognised as a liability in the Group's financial statements from the date when the dividend is approved by the General Meeting. A corresponding amount is recognised towards equity as return of paid in capital.

## **Cash flow statement**

The cash flow statement is presented using the indirect method.

## **New and amended standards and interpretations**

### *Amendments and changes to IFRS*

The group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2023:

- i. Material accounting principles – amendments to IAS 1. Effect on information included in accounting principle, however no effect on recognised amount.



## Note 3 // Freight Income

In USD thousands

<b>Freight income</b>	<b>2023</b>	<b>2022</b>
WilForce	50 503	25 221
WilPride	30 220	26 320
<b>Total freight income</b>	<b>80 723</b>	<b>51 541</b>

Freight income consists of revenues from time charter contracts with customers, and includes time charter hire, ballast bonuses, misc. income and bunkers compensation. MUSD 0.2 of freight income relates to bunkers compensation received from charterers' on single voyages, which is presented gross in the income statement (MUSD 0.7 in 2022).

Time charter freight income is split into a lease element and a service element. For accounting purposes the latter is recognised as revenue, as the Group satisfies its performance obligation of delivering LNG shipping services over time according to the time charter party, concurrent with recognition of the lease element. The following specifies total freight income split into the lease element and the service element:

<b>Freight income</b>	<b>2023</b>	<b>2022</b>
Lease element	68 850	40 015
Service element	11 872	11 526
<b>Total freight income</b>	<b>80 723</b>	<b>51 541</b>

<b>Contract balances</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Trade receivables from charterers	2 806	3 774
Contract assets	-	-
Contract liabilities	7 533	6 216
Provision sale of inventory	-	1 407

Contract liabilities arise from prepayment of time charter hire from charterers (deferred revenue). Time charter hire is usually paid monthly in advance and is recognised as revenue as the Group's performance obligations are satisfied over time. Contract assets are reclassified to trade receivables upon invoicing of charter hire.

The following specifies the contractual lease element income assessed as operational lease agreements to be received from 1 January 2024 based on firm charter contracts as per December 31, 2023:

<b>Contracted future freight income</b>	<b>&lt; 6 mon.</b>	<b>6 mon. - 1 yr</b>	<b>&gt; 1 yr</b>	<b>Total</b>
WilForce	27 603	-	-	27 603
WilPride	16 471	16 652	28 779	61 902
<b>Total contracted future freight income</b>	<b>44 074</b>	<b>16 652</b>	<b>28 779</b>	<b>89 505</b>

The charterer on WilPride have the option to extend the charter period for two years after the first three year firm period. Optionan period to be declared within August 1, 2025.



## Note 4 // Segment information

### Operating segments

The Group currently owns and operates two LNG vessels which operate globally. For internal reporting and management purposes the Group's business is organized 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. The Group does not consider the domicile of its customers as a relevant decision making guideline and hence does not consider it relevant to allocate performance to specific geographical locations. Revenue from the Group's country of domicile, Norway, was NIL in 2023, same as in 2022.

### Information about major customers

In 2023 the Group had two major customers individually contributing with more than 10 % of the Group's revenues at 37 and 59% of total revenue, compared to four in 2022 contributing 12, 17, 29 and 31%.

## Note 5 // Voyage related expenses

<b>Voyage related expenses</b>	<b>2023</b>	<b>2022</b>
Bunkers consumption	599	5 003
Commissions	634	568
Other voyage expenses	45	660
<b>Total voyage related expenses</b>	<b>1 279</b>	<b>6 231</b>

Bunker consumption relates to periods where the vessels have been idle or repositioning related to special survey and dry-dock, and for single voyage charters where bunkers consumption has been reimbursed by the charterers (see note 3). When the vessels are on time charter contracts bunker consumption is for the charterer's expense.

## Note 6 // Operating expenses and other income

<b>Operating expenses</b>	<b>2023</b>	<b>2022</b>
Crew expenses	5 625	5 789
Other operating expenses	4 373	3 954
Insurance expenses	1 281	1 202
Tonnage tax	28	32
<b>Total operating expenses</b>	<b>11 307</b>	<b>10 977</b>

<b>Other income</b>	<b>2023</b>	<b>2022</b>
<b>Total other income</b>	<b>4 998</b>	<b>367</b>

In May 2019 WilForce was involved in a collision with another vessel outside Singapore and in a trial related to liability Awilco LNG returned with a verdict of 75:25 in the Company's favor. In December 2023 a full and final settlement agreement was entered into between all parties. As no effects of the claim have been reflected in Awilco LNG's financial statements until the awarded compensation which was accounted for in fourth quarter 2023.

In 2023 there were a total of 730 trading days and 60 off-hire days related to the second special survey, including dry-dock of both vessels (730 trading days in 2022 and one off-hire day).

<b>Number of seafarers</b>	<b>2023</b>	<b>2022</b>
Seafarers at year-end	57	60



## Note 7 // Administration expenses

<b>Administration expenses</b>	<b>2023</b>	<b>2022</b>
Salaries and other remuneration	2 040	1 770
Social security cost	421	278
Pension	183	137
Other employee related expenses	21	(78)
<b>Total employee related expenses</b>	<b>2 665</b>	<b>2 108</b>
Management fees	724	665
Consultant, legal and auditor's fees	193	211
Other administrative expenses	659	591
<b>Total administration expenses</b>	<b>4 241</b>	<b>3 574</b>

Information regarding remuneration to key management, management fees to related parties, fees to the Board of Directors and auditor's fees is provided in note 20.

<b>Number of onshore employees</b>	<b>2023</b>	<b>2022</b>
Onshore employees year end	6	7
Average number of onshore work years	6,9	6,9

### Pensions

The Group has a defined contribution plan for onshore employees which complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). The pension plan is a defined contribution plan. Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are transferred to a separately administered scheme and pledged towards the participating employees. As at 31 December 2023 the Group's pension liability was KUSD 544 (31 December 2022 KUSD 569)

## Note 8 // Earnings per share

Basic earnings per share are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive ordinary shares to ordinary shares. The Company did not have any potentially dilutive ordinary shares as per 31 December 2023 or 31 December 2022.

<b>Earnings per share</b>	<b>2023</b>	<b>2022</b>
Profit/(loss) for year attributable to ordinary equity holders (KUSD)	38 292	5 800
Weighted average number of shares outstanding, basic and diluted	132 548 611	132 548 611
Basic/diluted earnings per share (USD)	0,29	0,04



## Note 9 // Income taxes

### Tax regimes

The Company's subsidiaries in which the vessels are held are subject to Norwegian tonnage tax (NTT). Companies subject to NTT are exempt from ordinary tax on income derived from operations in international waters. The subsidiaries subject to NTT are taxed on a notional basis based on the net tonnage of the companies' vessels. Income and expenses not derived from the operation of vessels in international waters, such as finance income and expenses, are taxed according to ordinary corporate tax in Norway based on the relative composition of financial assets to total assets of the subsidiaries' balance sheets.

The Parent Company and the subsidiaries Awilco LNG Technical Management AS, Awilco LNG 1 AS, Awilco LNG 2 AS and Awilco LNG 3 AS are subject to ordinary corporation tax in Norway.

<b>Income tax expense</b>	<b>2023</b>	<b>2022</b>
Current income tax	-	-
Changes in deferred tax	-	-
<b>Total income tax expense / (income)</b>	<b>-</b>	<b>-</b>

<b>Specification of basis for deferred tax</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Other fixed assets	-	0
Gain/loss account	947	1 222
Net pension assets	48	68
Currency effects on long term debt	-	-
Tax loss carry forward	36 443	27 982
<b>Basis for deferred tax asset / (liability)</b>	<b>37 438</b>	<b>29 272</b>
Not recognised deferred tax assets (basis)	(37 438)	(29 272)
<b>Basis for deferred tax asset / (liability)</b>		
Tax rate	22 %	22 %
<b>Deferred tax asset / (liability)</b>	<b>-</b>	<b>-</b>

Recognition of deferred income tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unutilised tax losses can be used. Based on these requirements and an assessment by the Group, deferred tax assets arising from tax loss carry forward has not been recognised. Utilisation of the tax loss carry forward is not limited in time.

<b>Reconciliation of effective tax rate</b>	<b>2023</b>	<b>2022</b>
Profit/(loss) before taxes	38 292	5 800
Tax based on ordinary tax rate (22 %)	8 424	1 276
<i>Effects from:</i>		
Profit subject to tonnage tax	(10 499)	(1 699)
Permanent differences	-	(44)
Not recognised deferred tax asset	1 796	467
Currency effects	279	-
<b>Total income tax expense / (income)</b>	<b>-</b>	<b>-</b>

<b>Income tax payable</b>	<b>2023</b>	<b>2022</b>
Current tax payable recognised in income statement	-	-
Current tax payable recognised directly in equity	-	-
<b>Total income tax payable</b>	<b>-</b>	<b>-</b>



## Note 10 // Vessels and other fixed assets

<b>Vessels</b>	<b>2023</b>	<b>2022</b>
Cost as at 1 January	421 854	420 809
+Capitalised dry-docking	13 129	2 934
- Disposals	(8 066)	(1 890)
<b>Cost as at 31 December</b>	<b>426 917</b>	<b>421 854</b>
Accumulated depreciation and impairment as at 1 January	104 767	93 937
- Depreciation	12 906	12 720
- Disposals	(8 066)	(1 890)
- Impairment		
<b>Accumulated depreciation and impairment as at 31 December</b>	<b>109 607</b>	<b>104 767</b>
<b>Carrying amount as at 31 December</b>	<b>317 310</b>	<b>317 087</b>
Estimated useful lives:		
Vessel main components	35 years	40 years
Vessel indirect leasing expenses	2 - 5 years	2 - 5 years
Dry-dock and engine overhauls	4 - 5 years	4 - 5 years
Multi-period spares	10 years	10 years
Estimated remaining useful life	26 years	32 years
Depreciation method	Straight line	Straight line

Both WilForce and WilPride are financed by sale/leaseback agreements. In the sale leaseback arrangement the company have an purchase obligation in at the end of the charter period in 2030 and the vessels is by that classified as fixed assets.

**Interest expense, cash outflow etc on lease liabilities:** please see note 16 and note 21.

**Impairment:** Vessels and other fixed assets are assessed for impairment indicators each reporting period. The only potential impairment indicator the Group have identified is that the market value of the company at 31. December 2023 was less than the book value of net assets. The gap has increased compared with the difference at the end of 2022. The Group have not identified other factors that indicates weaker cash inflows or larger cash outflows. Based on this, management has concluded that there is no indication of impairment of the two vessels, and as a result, no further testing of the recoverable value of the vessels has been performed. Reassessment of useful life from 40 years to 35 years is not considered an impairment indicator as it does not impact Net Present value significantly.

## Note 11 // Trade receivables

<b>Trade receivables</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Trade receivables	2 806	3 774
Allowance for doubtful debts	-	-
<b>Trade receivables carrying value</b>	<b>2 806</b>	<b>3 774</b>

According to contract terms freight income is generally paid in advance, and thus the Group has limited amounts of trade receivables. No losses have been realized on trade receivables in 2023 or 2022. See note 3 regarding contract assets and note 19 regarding management of credit risk.



## Note 11 // Trade receivables cont

### Ageing analysis trade receivables

	Total	Neither past due / impaired	Past due but not impaired			
			< 30 days	30-60 days	61-90 days	> 90 days
31.12.2023	2 806	2 806	-	-	-	-
31.12.2022	3 774	3 774	-	-	-	-

## Note 12 // Inventory

Inventory	31.12.2023	31.12.2022
Bunkers and lube oils	204	233
<b>Total inventory</b>	<b>204</b>	<b>233</b>

## Note 13 // Other short term assets

Other short term assets	31.12.2023	31.12.2022
Prepaid expenses	1 057	279
VAT-receivable	73	58
Insurance claims	498	-
Other short term receivables	317	81
<b>Total other short term assets</b>	<b>1 946</b>	<b>419</b>

Please see note 6 for further information on insurance claims. The insurance claims are considered as virtually certain contingent assets.

## Note 14 // Cash and cash equivalents

Currency	Code	31.12.2023		31.12.2022	
		FX rate	Carrying value	FX rate	FX rate
US dollars	USD	1	26 259	1	24 996
Norwegian kroner	NOK	10,1724	835	9,8573	1 062
<b>Total cash and cash equivalents</b>			<b>27 094</b>		<b>26 058</b>

As at 31 December 2023 KUSD 4 643 was restricted cash related to the vessel leases (KUSD 4 355 as at 31 December 2022), KUSD 400 was restricted cash related to employee withholding tax (KUSD 288 as at 31 December 2022), KUSD 82 was restricted cash related to requirements from operating the vessels (KUSD 78 as at 31 December 2022) and KUSD 0 was restricted cash provided as deposit towards the office lease (KUSD 38 as at 31 December 2022).



## Note 15 // Provisions and accruals

<b>Provisions and accruals</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Accrued expenses, invoice not received	545	685
Accrued interest	4 398	3 848
Deferred revenue (see note 3)	7 533	6 216
Provision sale of inventory	-	1 407
Salary related provisions	818	590
Other accruals and provisions	138	-
<b>Total provisions and accruals</b>	<b>13 431</b>	<b>12 745</b>

Deferred revenue relates to time charter hire for January invoiced in December of USD 7.5 million. Please see note 3 for contract liabilities.

## Note 16 // Finance income and expenses

<b>Finance income</b>	<b>2023</b>	<b>2022</b>
Interest income	1 092	256
Currency gains	138	198
Other finance income	0	2
<b>Total finance income</b>	<b>1 232</b>	<b>457</b>

<b>Net gain/(loss) and valuation adjustment of securities</b>	<b>2023</b>	<b>2022</b>
Net gain/(loss) and valuation adjustment of securities	-	(163)
<b>Total Net gain/(loss) and valuation adjustment of securities</b>	<b>-</b>	<b>(163)</b>

<b>Finance expenses</b>	<b>2023</b>	<b>2022</b>
Interest expenses finance lease liabilities	18 823	12 838
Interest and fees overdraft facility		
Currency losses	81	39
Other finance expenses	25	23
<b>Total finance expenses</b>	<b>18 929</b>	<b>12 900</b>

For further information on finance lease liabilities please see note 21.



## Note 17 // Financial instruments

### Financial assets at amortised cost

	Carrying amount		Fair value	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Trade receivables	2 806	3 774	2 806	3 774
Other short term assets	889	139	889	139
Cash and cash equivalents	27 094	26 058	27 094	26 058
<b>Total</b>	<b>30 789</b>	<b>29 972</b>	<b>30 789</b>	<b>29 972</b>

### Financial liabilities at amortised cost

	Carrying amount		Fair value	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Lease liabilities	189 532	207 614	189 532	207 614
Other non-current liabilities				
Trade payables	1 649	771	1 649	771
<b>Total</b>	<b>191 182</b>	<b>208 385</b>	<b>191 182</b>	<b>208 385</b>

### Fair value of financial instruments

Fair value of trade receivables, other short term assets, cash and cash equivalents and trade payables approximate their carrying amounts due to the short-term maturities of these instruments, all categorised in fair value level 2.

The fair value of lease liabilities and other non-current liabilities is estimated by discounting future cash flows using rates for debt on similar terms, credit risk and remaining maturities, categorised in fair value level 3. The fair value of these approximates the carrying amounts. While SOFR has increased the margin has been reduced and we estimate that the sum of the two have not significantly changed for similar debt financing between the date of securing the debt financing and the reporting date.

## Note 18 // Share capital and shareholders

Share capital	Number of shares	Par value NOK	Share capital USD
Share capital as at 31 December 2021	132 548 611	0.10	1 976
Share capital reduction	-	-	-
Issued shares	-	-	-
<b>Share capital as at 31 December 2022</b>	<b>132 548 611</b>	<b>0.10</b>	<b>1 976</b>
Share capital as at 31 December 2022	132 548 611	0.10	1 976
Share capital reduction	-	-	-
Issued shares	-	-	-
<b>Share capital as at 31 December 2023</b>	<b>132 548 611</b>	<b>0.10</b>	<b>1 976</b>

The share capital is denominated in NOK. All issued shares are of equal rights.



## Note 18 // Share capital and shareholders cont

### Overview of shareholders as at 31 December 2023

Shareholder	Number of shares	In %
Awilco AS	51 114 080	38,6%
Morgan Stanley & Co. Int. Plc.	34 812 835	26,3%
SEB CMU/SECFIN Pooled Account	2 329 763	1,8%
The Bank of New York Mellon SA/NV	1 870 729	1,4%
Vidar Anfin Taranger	1 759 733	1,3%
Interactive Brokers LLC	1 729 540	1,3%
The Bank of New York Mellon SA/NV	1 547 352	1,2%
Patronia AS	1 322 988	1,0%
HSBC Bank Plc.	1 252 648	0,9%
Clearstream Banking S.A.	1 229 150	0,9%
The Bank of New York Mellon	1 110 951	0,8%
The Bank of New York Mellon	1 028 955	0,8%
Union Bancaire Privee, UBP SA	1 010 567	0,8%
Kilsholmen AS	809 500	0,6%
State Street Bank and Trust Comp	786 577	0,6%
Skips AS Tudor	781 429	0,6%
Nordnet Livsforsikring AS	752 092	0,6%
<b>Total &gt; 0.5%</b>	<b>105 248 889</b>	<b>79,4%</b>
Other shareholders	27 299 722	20,6%
<b>Total</b>	<b>132 548 611</b>	<b>100,0%</b>

## Note 19 // Capital and financial risk management

### Capital management

A key objective in Awilco LNG's capital management is to ensure that the Group maintains a capital structure in order to support its business, maintain investor and creditor confidence and maximise shareholder value. The Group evaluates its capital structure in light of current and projected cash flow, the relative strength of the shipping markets, new business opportunities and the Group's financial commitments. As part of the Group's long term capital management strategy, the Company is listed on Euronext Expand. Capital is managed on Group level, although each vessel owning company has a capital structure addressing company specific financial and operational requirements and risks.

The Group monitors its capital using the book equity ratio:

Equity ratio	31.12.2023	31.12.2022
Book equity	144 712	126 387
Total assets	349 869	348 107
Book equity ratio	41 %	36 %

### Dividend policy

The Group's intention is to pay regular dividends in support of the Group's main objective of maximising returns to shareholders. The Board of Directors approved a revised dividend policy in November 2022. The Board is committed to return value to shareholders and intend to continue to distribute a substantial part of annual free cash flow, paid out quarterly, always subject to debt covenants, capital requirements and a robust cash buffer.



## Note 19 // Capital and financial risk management cont

### Financial risk management

The Group is in its business exposed to financial risks such as market risk, credit risk and liquidity risk. The Group's management identifies, evaluates and implements necessary actions to manage and mitigate these risks. The Board of Directors reviews and agrees to the policies for managing each of these risks, which are summarised below.

### Market risk

Market risk from financial instruments is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments held by the Group are affected by market risk. The Group does not enter into any financial instruments, including financial derivatives, for trading purposes.

**Interest rate risk:** At the balance sheet date the Group had outstanding lease liabilities on the vessels of MUSD 189.5 that was subject to a floating interest charge (USD SOFR). Each 100 bps change in USD SOFR would have an effect on the profit/(loss) for the reporting period of MUSD 1.9 and no direct effect on equity. The Group also had bank deposits subject to floating NIBOR and SOFR rates. No interest rate derivatives have been entered into to mitigate the floating interest rate risk. The Group continually assess the need for hedging interest rate risk.

**Foreign currency risk:** The functional currency of all the entities in the Group is USD, and the Group has limited currency risk arising from operations, as income and the majority of operating expenses and vessel investments are denominated in USD. However, the Group has exposure to NOK, as administration expenses and parts of cash and cash equivalents, other short term assets, trade payables and provisions and accruals are denominated in NOK. Financial instruments denominated in currencies other than USD at 31 December 2023 include trade payables, other short term assets and bank deposits in NOK, which represents a net long exposure to NOK. Based on these financial instruments denominated in NOK at 31 December 2023, a 10 % change in the USD/NOK rate would have an effect on the profit/(loss) for the reporting period of KUSD 45 and no direct effect on equity (KUSD 42 in profit/(loss) effect in 2022).

**Price risk:** The Group will normally have limited exposure to risks associated with price fluctuations on bunker oil, as the bunkers is for the charterers account when the vessels are on contract. The Group has currently not entered into any bunkers derivatives, however this is subject to continuous assessments.

The Group is also subject to price risk related to the spot/short term charter market for chartering LNG carriers, which is uncertain and volatile and will depend upon, among other things, the natural gas prices, tonnage supply and energy markets which the Group cannot predict. Currently, no financial instruments has been entered into to reduce this risk.

### Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities through trade receivables and from its financing activities, including deposits with banks.

The Group aims to do business with creditworthy counterparties only. Prior to entering into a charterparty the Group evaluates the credit quality of the customer, assessing its financial position, credit rating, past experience and other factors. If the counterparty is not assessed as of adequate credit quality the Group may demand guarantees and/or prepayment of charter hire to reduce credit risk to an acceptable level. Charter hire is generally paid in advance, effectively reducing the potential exposure to credit risk. The credit quality of outstanding trade receivables as at 31 December 2023 is assessed as very good. The Group has measured the expected credit loss for the coming twelve months and estimated it to NIL. Furthermore, as disclosed in note 12, none of the trade receivables outstanding as at 31 December 2023 are past due. Bank deposits are deposited with internationally recognised financial institutions with a high credit rating. Currently, bank deposits are with banks rated Aa3 by Moody's, hence the assessed credit risk is minimal.

Awilco LNG has not provided any material guarantees for third parties' liabilities, and the maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

### Liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity and/or undrawn committed credit facilities at all times to meet its obligations without incurring unacceptable losses or risking damage to the

## Note 19 // Capital and financial risk management cont

Group's reputation. To ensure this, the Group continuously monitors the maturity of the financial assets and liabilities and projected cash flows from operations. Please see the liquidity risk section in the Board of Directors' report for further information.

The WilForce and WilPride sale/leaseback facilities provided by CCB Financial Leasing Co. Ltd.(CCBFL) 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 USD 10.0 million and positive consolidated working capital. During 2020 the Company and CCBFL agreed to make certain amendments to financial covenants including a restriction from declaring or paying dividends if the consolidated cash position of the Awilco LNG Group is lower than USD 20 million on the day of declaration and the day following the payment. The Company is in compliance with all covenants.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

### Per 31 December 2023

	< 3 months	3-12 months	1-5 years	> 5 years	Total
Trade payables	1 649	-	-	-	1 649
Interest-bearing debt	4 688	14 064	75 008	95 772	189 532
Minimum interest payment	4 535	12 810	51 771	10 429	79 545
<b>Total</b>	<b>10 872</b>	<b>26 874</b>	<b>126 779</b>	<b>106 202</b>	<b>270 726</b>

### Per 31 December 2022

	< 3 months	3-12 months	1-5 years	> 5 years	Total
Trade payables	771	-	-	-	771
Interest-bearing debt	4 688	14 064	75 008	113 854	207 614
Minimum interest payment	3 968	11 250	46 879	16 542	78 639
<b>Total</b>	<b>9 427</b>	<b>25 314</b>	<b>121 887</b>	<b>130 397</b>	<b>287 024</b>

## Note 20 // Related parties

To provide the Group with access to important and required knowledge and services, the Group has entered into the following agreements and transactions with related parties:

Related party	Description of service	No.
Awilco Technical Services AS (ATS)	Technical Sub-management Services	1
Awilhelmsen Management AS (AWM)	Administrative Services	2

<sup>(1)</sup> Until August 7, 2023 the Group's in-house technical manager, Awilco LNG Technical Management AS (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 was terminated and ended on August 7, 2023. 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.

<sup>(2)</sup> AWM provides the Group with administrative and general services including accounting, payroll, legal, secretary function and IT. The Group pays AWM a management fee 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.



## Note 20 // Related parties cont

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.

<b>Purchases from related parties</b>	<b>2023</b>	<b>2022</b>
Awilco Technical Services AS	244	428
Awilhelmsen Management AS	288	235

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

<b>Balances with related parties (liabilities)</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Awilco Technical Services AS	-	-
Awilhelmsen Management AS	-	-

Balances with related parties (liabilities) are presented as Trade payables or Provisions and accruals in the statement of financial position.

<b>Balances with related parties (assets)</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Awilco Technical Services AS	-	142
Awilhelmsen Management AS	-	5

Balances with related parties (assets) are presented as Trade receivables in the statement of financial position.

### Remuneration to key management

<b>2023 Remuneration</b>	<b>Salary</b>	<b>Bonus</b>	<b>Pensions</b>	<b>Other</b>	<b>Total</b>
CEO Jon Skule Storheill	374	349	60	30	814
CFO Per Heiberg	248	118	39	22	426
<b>Total</b>	<b>622</b>	<b>467</b>	<b>99</b>	<b>52</b>	<b>1 240</b>

<b>2022 Remuneration</b>	<b>Salary</b>	<b>Bonus</b>	<b>Pensions</b>	<b>Other</b>	<b>Total</b>
CEO Jon Skule Storheill	368	172	52	30	622
CFO Per Heiberg	239	77	31	22	369
<b>Total</b>	<b>607</b>	<b>249</b>	<b>83</b>	<b>52</b>	<b>991</b>

### Loans, advances and guarantees

Awilco LNG has not provided any loans, advances or guarantees to key management.

### The Board of Directors' guidelines regarding remuneration to leading persons

The guidelines regarding remuneration to leading persons have been prepared by the board of directors in accordance with section 6-16 a of the Norwegian Public Limited Liability Companies Act and was adopted by the Annual General Meeting in 2021. Awilco LNG will present a report on remuneration to leading persons to be approved by the Annual general meeting in 2024.

The guidelines set out for determination of salaries and other remuneration applies to leading persons in the Company.



## Note 20 // Related parties cont

The following guidelines were applied in 2021:

**General policy:** The Company shall offer competitive terms of compensation for senior executives to enable the Company to recruit, motivate and retain senior executives. Competitive terms are defined as terms at the same level as those offered by comparable businesses. The total remuneration shall reflect the responsibility and obligations of senior executives, and promote added value to the Company and its shareholders. The remuneration should not be of such a nature or extent that it may negatively impact the Company's reputation. It is the view of the Board that these objectives are important to the Company's business strategy and long-term interests.

The Board determines the remuneration of the chief executive officer. The chief executive officer determines the remuneration of other senior executives. The remuneration of the members of the Board is determined by the Company's general meeting.

**Salary and remuneration:** Remuneration to senior executives consists of fixed and variable compensation. The fixed compensation consists of a base salary and also includes insurance and pension schemes, car allowance, parking, newspaper and communications to the extent deemed appropriate. The fixed compensation will normally constitute the main part of the remuneration to senior executives.

The Company offers a defined contribution plan whereby pension contributions towards salary up to 12G are funded in a life insurance company. Contributions towards salary above 12G are funded by the Company and transferred to a separately administered scheme and pledged towards the participating employees. The plan complies with the requirements in the Mandatory Occupational Pension Act in Norway. The Company's senior executives are covered by this defined contribution plan. The Company does not have any other pension arrangements for senior executives.

The variable compensation consists of variable bonus. Bonus to senior executives shall be related to collective and individual goals, partly based on defined parameters (KPIs) and partly a discretionary evaluation of the Company's and employee's performance. Bonus payments shall reflect the values brought to the Company and its shareholders, as well as individual achievements. The potential bonus to the CEO is not limited, while the potential bonus to the CFO is limited to 12 months salary. The Company's CEO and CFO has an agreement of 18 and 12 months severance payment respectively including a six month period of notice in case of involuntary resignation or by redundancy.

The Company has no current plans to offer senior executives warrants, options or other forms of remuneration related to shares or the development of the share price in the Company or other companies within the Awilco LNG Group. Issue of shares or granting of share-based payments to senior executives shall only take place upon the General Meeting's approval. This shall not prevent senior executives from taking part in equity issues on the same terms as other investors.

The remuneration of the members of the Board will consist of an annual fixed fee unless the general meeting of the Company decides otherwise. No member of the Board is entitled to any variable remuneration or any compensation upon termination of the membership of the Board.

The Company has no current plans to offer senior executives warrants, options or other forms of remuneration related to shares or the development of the share price in the Company or other companies within the Awilco LNG Group. Issue of shares or granting of share-based payments to senior executives shall only take place upon the General Meeting's approval. This shall not prevent senior executives from taking part in equity issues on the same terms as other investors.

Evaluation of compensation to key management in the previous year: The compensation to key management in the previous year was in accordance with the same principles described above. Further details regarding remuneration to key management is specified above.



## Note 20 // Related parties cont

### Remuneration to Board of Directors

Remuneration to the Board of Directors consists of a Director's fee which is fixed for the year depending on the role on the Board as well as compensation for other Board elected committees. The Board's fees are approved by the Annual General Meeting.

#### 2023 Remuneration

	Director's fee	Audit committee fee	Remuneration committee fee	Total
Synne Syrrist	43	5	5	52
Annette Malm Justad	28			28
Jens-Julius Nygaard	28		5	33
Jon-Aksel Torgersen	28			28
Ole Christian Hvidsten	28	5		33
<b>Total compensation for the period</b>	<b>156</b>	<b>9</b>	<b>9</b>	<b>175</b>

#### 2022 Remuneration

	Director's fee	Audit committee fee	Remuneration committee fee	Total
Synne Syrrist	36	5	5	47
Annette Malm Justad	21			21
Jens-Julius Nygaard	21		5	26
Jon-Aksel Torgersen	21	5		26
Ole Christian Hvidsten*	10			10
<b>Total compensation for the period</b>	<b>109</b>	<b>10</b>	<b>10</b>	<b>130</b>

\* Elected at Annual General Meeting on May 24, 2022

### Directors' and key management's shares in the Company as of April 17, 2024

Board of Directors	Ordinary shares
Synne Syrrist	-
Annette Malm Justad	-
Jens-Julius Nygaard	-
Jon-Aksel Torgersen	243 158
Ole Christian Hvidsten	-
<b>Total</b>	<b>243 158</b>

Key management	Ordinary shares
CEO Jon Skule Storheill	140 000
CFO Per Heiberg	-
<b>Total</b>	<b>140 000</b>

Auditor's fee	2023	2022
Statutory audit (expensed)	70	68
Other assurance services	-	-
Tax advisory	-	-
<b>Total fees to auditor, excl. VAT</b>	<b>70</b>	<b>68</b>



## Note 21 // Interest-Bearing debt

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 2023.

The facility 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.

During 2020 the Company and CCBFL agreed to make certain amendments to financial covenants, and as a result of these amendments the Company agreed a permanent restriction from declaring or paying dividends if the consolidated cash position of the Awilco LNG Group is lower than USD 20 million on the day of declaration and the day following the payment. The temporarily amended cash covenant of USD 2.0 million ended on June 30, 2021 and the Company is in compliance with all ordinary reinstated covenants.

### Carrying amount

The net carrying amount of the lease liabilities and other interest bearing debt is presented as follows:

	31.12.2023	31.12.2022
Short-term interest bearing debt	18 750	18 804
Long-term interest bearing debt	170 782	188 831
<b>Total</b>	<b>189 532</b>	<b>207 635</b>

Interest bearing debt is presented net of capitalized transaction costs which are amortised over the repayment period for the debt.

### Payments towards lease liabilities

	2023		
	Principal	Interest	Total
Lease payments WilForce	9 375	8 805	18 180
Lease payments WilPride	9 375	8 762	18 137
<b>Total</b>	<b>18 750</b>	<b>17 567</b>	<b>36 317</b>

	2022		
	Principal	Interest	Total
Lease payments WilForce	9 375	5 192	14 567
Lease payments WilPride	9 375	5 172	14 547
<b>Total</b>	<b>18 750</b>	<b>10 364</b>	<b>29 114</b>



## Note 21 // Interest-Bearing debt cont

### Future minimum lease payments and their present value

#### Per 31 December 2023

	< 1 year	1-5 yrs	> 5 yrs	Total
Minimum lease payments	18 750	75 002	98 434	192 186
Present value of min. lease payments	18 117	57 810	57 143	133 070

#### Per 31 December 2022

	< 1 year	1-5 yrs	> 5 yrs	Total
Minimum lease payments	18 750	75 002	117 185	210 936
Present value of min. lease payments	18 241	60 858	71 795	150 894

### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Total
	Interest payable	Other non-current liabilities	Long-term interest bearing debt	Short-term interest bearing debt	
<b>Balance as at 1 January 2023</b>	-	-	188 831	18 804	207 635
Repayment of borrowings	-	-	-	(18 750)	(18 750)
Interest costs paid	(17 567)	-	-	-	(17 568)
<b>Total changes from financing cash flows</b>	<b>(17 567)</b>	<b>-</b>	<b>-</b>	<b>(18 750)</b>	<b>(36 318)</b>

#### Liability related changes

Reclass from short-term to long-term			(18 750)	18 750	-
Non-cash movements			701	(54)	
<b>Balance as at 31 December 2023</b>			<b>170 782</b>	<b>18 750</b>	<b>189 532</b>

	Liabilities				Total
	Interest payable	Other non-current liabilities	Long-term interest bearing debt	Short-term interest bearing debt	
<b>Balance as at 1 January 2022</b>	-	-	206 906	18 890	225 796
Repayment of borrowings	-	-	-	(18 750)	(18 750)
Interest costs paid	(10 364)	-	-	-	(10 364)
<b>Total changes from financing cash flows</b>	<b>(10 364)</b>	<b>-</b>	<b>-</b>	<b>(18 750)</b>	<b>(29 114)</b>

#### Liability related changes

Reclass from short-term to long-term			(18 750)	18 750	-
Non-cash movements			675	(86)	
<b>Balance as at 31 December 2022</b>			<b>188 831</b>	<b>18 804</b>	<b>207 635</b>

"Non cash movements" includes the effect of reclassification of non-current portion of amortizing borrowing costs, and lease liabilities to current due the passage of time. The Group classifies interest cost paid as cash flow from operation activities.



## Note 22 // Subsidiaries

Company name	Country	Principal activity	Date incorporated	Ownership/ voting share
Awilco LNG 1 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 2 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 3 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 4 AS	Norway	Owner of LNG/C WilForce	6 May 2011	100 %
Awilco LNG 5 AS	Norway	Owner of LNG/C WilPride	6 May 2011	100 %
Awilco LNG Technical Management AS	Norway	Technical management	17 September 2012	100 %

The subsidiaries' registered office is Beddingen 8, 0250 Oslo. All subsidiaries are included in the consolidated financial statement from their respective dates of incorporation.

## Note 23 // Commitments, contingencies and guarantees

### Operating lease commitments

The Group has no operating lease commitments as at 31 December 2023.

### Contingent assets

As disclosed in note 7 WilForce was involved in a collision in May 2019 which caused hull damage, but with no harm to life or the environment. In a trial related to liability Awilco LNG returned with a verdict of 75:25 in the Company's favor. In December 2023 a full and final settlement agreement was entered into between all parties. As no effects of the claim have been reflected in Awilco LNG's financial statements until the awarded compensation the USD 5 million obtained in the settlement was accounted for in fourth quarter 2023.

## Note 24 // Events after the reporting date

### Dividend

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 traded ex. dividend from and including March 18, 2024, and dividend of USD 12.5 million (NOK 132.5 million) was paid in April 2024. The dividend is classified as return of paid in capital.

### Refinancing

December 2023 the Company signed a Term Sheet for refinancing of both vessels. The refinancing will reduce the Company's finance cost and cash break even substantially once completed. As credit approval was received in February 2024 there are no effect on the 2023 accounts related to the refinancing. Closing of the refinancing is expected at the end of second quarter 2024.



# Parent Company Financial Statements and Notes

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## Income Statement

*In NOK thousands*

	Note	2023	2022
Operating income	6	12 758	7 925
Administration expenses	3	33 823	27 268
<b>Earnings before interest, taxes, depr. and amort. (EBITDA)</b>		<b>(21 065)</b>	<b>(19 342)</b>
Depreciation and amortisation		(3)	9
<b>Earnings before interest and taxes</b>		<b>(21 062)</b>	<b>(19 351)</b>
Finance income	4	16 472	19 878
Net gain/(loss) and valuation adjustment of securities	4	-	3 599
Finance expenses	4	15 633	1 331
<b>Net finance income/(expense)</b>		<b>839</b>	<b>22 146</b>
<b>Profit/(loss) before taxes</b>		<b>(20 222)</b>	<b>2 795</b>
Income tax expense	5	-	-
<b>Profit/(loss) for the period</b>		<b>(20 222)</b>	<b>2 795</b>
<b>Allocations/transfers of profit/(loss) for the period:</b>			
Allocated to/(transferred from) retained earnings		(20 222)	2 795
Repaid share premium repaid in 2024		(132 549)	(66 274)
Transferred from share premium		132 549	66 274
<b>Total allocations and transfers</b>		<b>(20 222)</b>	<b>2 795</b>



## Parent Company Statement of Financial Position

*In NOK thousands*

	Note	31.12.2023	31.12.2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Pension assets	3	5 052	4 944
Other fixed assets		46	63
Shares in subsidiaries	6	679 665	679 665
<b>Total non-current assets</b>		<b>684 764</b>	<b>684 672</b>
<b>Current assets</b>			
Short term receivables subsidiaries	6	734	7 681
Other short term assets		746	695
Cash and cash equivalents	7	208 103	169 399
<b>Total current assets</b>		<b>209 582</b>	<b>177 775</b>
<b>Total assets</b>		<b>894 346</b>	<b>862 448</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	13 255	13 255
Share premium		404 222	682 574
Other paid-in capital	8	419 800	419 800
Retained earnings		(423 570)	(403 027)
<b>Total equity</b>		<b>413 707</b>	<b>712 603</b>
<b>Non-current liabilities</b>			
Pension liabilities	3	5 537	5 614
Loans from subsidiaries	6	153 472	-
<b>Total non-current liabilities</b>		<b>159 010</b>	<b>5 614</b>
<b>Current liabilities</b>			
Short term payables subsidiaries	6	6 118	1 360
Inter company debt	6	173 905	70 947
Trade payables		78	234
Provisions and accruals	9	141 527	71 689
<b>Total current liabilities</b>		<b>321 629</b>	<b>144 231</b>
<b>Total equity and liabilities</b>		<b>894 346</b>	<b>862 447</b>



## Cash Flow Statement

*In NOK thousands*

	Note	2023	2022
<b>Cash Flows from Operating Activities:</b>			
Profit (loss) before taxes		(20 222)	2 795
<i>Items included in profit/(loss) not affecting cash flows:</i>			
Depreciation and amortisation of property, plant and equipment		(3)	9
<i>Changes in operating assets and liabilities:</i>			
Other short term assets		746	695
Short term receivables/payables subsidiaries		114 663	(70 152)
Trade payables, provisions and accruals		(63 051)	66 995
<b>i) Net cash provided by / (used in) operating activities</b>		<b>32 133</b>	<b>343</b>
<b>Cash Flows from Investing Activities:</b>			
Loans from subsidiaries	6	153 472	85 603
<b>ii) Net cash provided by / (used in) investing activities</b>		<b>153 472</b>	<b>85 603</b>
<b>Cash Flows from Financing Activities:</b>			
Dividend paid		(145 803)	(66 274)
<b>iii) Net cash provided by / (used in) financing activities</b>		<b>(145 803)</b>	<b>(66 274)</b>
<b>Net change in cash and cash equivalents (i+ii+iii)</b>		<b>38 703</b>	<b>19 108</b>
Cash and cash equivalents at start of period	7	169 399	150 291
<b>Cash and cash equivalents at end of period</b>	<b>7</b>	<b>208 103</b>	<b>169 399</b>
		<b>208 103</b>	<b>169 399</b>

## Statement of Changes in Equity

**For the period ended 31 December 2023**

<i>In NOK thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2023	13 255	682 575	419 800	(403 350)	712 279
Profit/(loss) for the period	-	-	-	(20 222)	(20 222)
Share premium reduction <sup>1)</sup>	-	(278 352)	-	-	(278 350)
<b>Balance as at 31 December 2023</b>	<b>13 255</b>	<b>404 222</b>	<b>419 800</b>	<b>(423 573)</b>	<b>413 707</b>

<sup>1)</sup>In February 2024 the Board of directors used the authority given by the Annual General Meeting in 2023 to pass a resolution for distribution share premium to the shareholders. This is recorded as dividend per yearend. The dividend payment was processed in April 2024

**For the period ended 31 December 2022**

<i>In NOK thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2022	13 255	748 849	419 800	(406 146)	775 758
Profit/(loss) for the period	-	-	-	2 795	2 795
Share premium reduction <sup>1)</sup>	-	(66 274)	-	-	(66 274)
<b>Balance as at 31 December 2022</b>	<b>13 255</b>	<b>682 575</b>	<b>419 800</b>	<b>(403 350)</b>	<b>712 279</b>

<sup>1)</sup>In March 2023 the Board of directors used the authority given by the Annual General Meeting to pass a resolution for distribution share premium to the shareholders. This is recorded as dividend per yearend. The dividend payment was processed in March 2023

# Parent Company Notes to the Financial Statements

## NOTE 1 // CORPORATE INFORMATION

Awilco LNG ASA (the Company) is a public limited liability company incorporated and domiciled in Norway. Its registered office is Beddingen 8, 0250 Oslo, Norway. The Company was incorporated 2 February 2011 and is listed on Euronext Expand with the ticker ALNG.

Awilco LNG ASA is through its subsidiaries engaged in the operation of and investments in LNG transportation vessels.

## NOTE 2 // SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis for preparation**

The financial statements of Awilco LNG ASA have been prepared in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The financial statements are presented in Norwegian kroner (NOK) rounded off to the nearest thousands, except as otherwise indicated. The financial statements are prepared in English, as approved by the Norwegian Directorate of Taxes.

The principal accounting policies applied in the preparation of these financial statements are set out below.

### **Shares in subsidiaries**

Shares in subsidiaries are measured at cost less accumulated impairment losses. Such assets are impaired to fair value when the decrease in value is for reasons not considered being of a temporary nature and must be deemed necessary based on generally accepted accounting principles. Impairment losses are reversed when the rationale for the recognised impairment loss no longer applies. Dividends, group contributions and other distributions from subsidiaries are recognised in the same period as they are recognised in the financial statement of the subsidiary. If dividends and group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital and will be deducted from the carrying value of the subsidiary in the balance sheet of the Company.

### **Foreign currency**

The functional currency of the Company is USD whereas the accounting and presentation currency is NOK. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated at the exchange rate applicable at the balance sheet date. Realised and unrealised foreign currency gains or losses on monetary items are presented as finance income or finance expense.

### **Revenue recognition**

Revenues from the sale of services are recognised in the income statement once services have been rendered.



**Other fixed assets**

Other fixed assets are capitalised and depreciated linearly over the estimated useful life. Costs for maintenance are expensed as incurred. If the carrying value of other fixed assets exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the higher of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are used.

**Classification of items in the balance sheet**

Current assets and current liabilities include items that fall due for payment within one year after the balance sheet date. The short-term part of long-term debt is classified as short-term debt.

**Loans and receivables**

Loans and receivables are initially recognised

at fair value net of any transaction costs. The assets are subsequently carried at amortised cost using the effective interest method, if the amortisation effect is material, and the carrying amount is subsequently reduced by any impairment losses.

**Taxes**

The income tax expense consists of current income tax and changes in deferred tax. Current income tax is the expected tax payable or receivable on the taxable income or loss for the year.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statement.

Deferred tax liabilities are recognised for all



taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Deferred income tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company.

Current income tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

#### **Pensions**

The Company is required to provide a pension plan towards its onshore employees and has implemented a defined contribution plan. The plan, which is fully funded, complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary above 12G are transferred to a separately administered scheme and pledged towards the participating employees. G refers to the Norwegian National Insurance basic amount.

Contributions to the pension plan are recognised as an employee benefit expense in the income statement when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is expected. The Company has no further payment obligations once the contributions have been paid.

The liability arising from the plan > 12G is classified as a non-current liability in the statement of financial position. Changes in the liability are recognised as employee benefit expenses in the income statement in the periods during which services are rendered by employees. The liability becomes payable to the employee upon termination, voluntary or involuntary, of the employment.

#### **Cash and cash equivalents**

Cash represents cash on hand and deposits with banks that are repayable on demand. Cash includes restricted employee taxes withheld. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

#### **Dividends**

Proposed dividend payments from the Company are recognised as a liability in the financial statements on the reporting date 31 December the current year. This includes dividend proposed in the period after year-end but prior to issuing the financial statements.

#### **Cash flow statement**

The cash flow statement is presented using the indirect method.



## Note 3 // Administration expenses

<b>Administration expenses</b>	<b>2023</b>	<b>2022</b>
Salaries and other remuneration	18 321	14 799
Social security cost	3 907	2 482
Pension	1 671	1 248
Other employee related expenses	186	83
<b>Total employee related expenses</b>	<b>24 084</b>	<b>18 612</b>
Management fees	1 698	1 586
Consultant, legal and auditor's fees	1 209	1 367
Other administration expenses	6 619	4 429
<b>Total administration expenses</b>	<b>33 611</b>	<b>25 995</b>

Information regarding management fees to related parties is provided in note 6.

<b>Number of employees</b>	<b>2023</b>	<b>2022</b>
Employees year end	4	5
Average number of work years	4,6	5

### Pensions

The Company has a defined contribution plan for its employees which complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenstepensjon"). Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are transferred to a separately administered scheme and pledged towards the participating employees. G refers to the Norwegian National Insurance basic amount.

### Remuneration to key management

Please see note 20 in the consolidated financial statements for disclosures regarding remuneration to key management.

### Remuneration to Board of Directors

Please see note 20 in the consolidated financial statements for disclosures regarding remuneration to Board of Directors.

<b>Auditor's fee</b>	<b>2023</b>	<b>2022</b>
Statutory audit	459	386
Other assurance services	-	-
Tax advisory	-	-
<b>Total fees to auditor, excl. VAT</b>	<b>459</b>	<b>386</b>



## Note 4 // Finance income and expenses

<b>Finance income</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Interest income		10 268	2 103
Interest income group companies	6	102	1 527
Currency gain		5 041	8 950
Dividends and group contributions from subsidiaries		726	6 986
Other finance income group companies		335	312
<b>Total finance income</b>		<b>16 472</b>	<b>19 878</b>
<b>Net gain/(loss) and valuation adjustment of securities</b>		<b>2023</b>	<b>2022</b>
Net gain/(loss) and valuation adjustment of securities		-	3 599
<b>Total Net gain/(loss) and valuation adjustment of securities</b>		<b>-</b>	<b>3 599</b>
<b>Finance expenses</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Interest expense		20	132
Interest expense group companies	6	13 012	1 240
Currency loss		2 418	0
Other finance expenses		183	27
<b>Total finance expenses</b>		<b>15 633</b>	<b>1 399</b>

Currency gains and losses mainly relate to translation effects from bank accounts and balances with subsidiaries denominated in USD and translated into NOK at the balance sheet date. See note 6 for a specification of finance income and expense payable from/to group companies.

## Note 5 // Income taxes

### Tax regime

The Company is subject to ordinary corporation tax in Norway at a tax rate of 22 % in 2023.

<b>Income tax expense</b>	<b>2023</b>	<b>2022</b>
Current income tax	-	-
Changes in deferred tax	-	-
<b>Total income tax expense / (income)</b>	<b>-</b>	<b>-</b>

<b>Specification of basis for deferred tax</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Other fixed assets	0	3
Pension assets	(5 052)	(4 944)
Pension liabilities	5 537	5 614
Tax loss carry forward	81 475	60 956
<b>Basis for deferred tax asset / (liability)</b>	<b>81 960</b>	<b>61 629</b>
Not recognised deferred tax assets (basis)	(81 960)	(61 629)
<b>Basis for deferred tax asset / (liability)</b>		
Tax rate	22 %	22 %
<b>Deferred tax asset / (liability)</b>	<b>-</b>	<b>-</b>

Recognition of deferred income tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unutilised tax losses can be used. Based on these requirements and an assessment by the Company deferred tax assets arising from tax loss carry forward has not been recognised. Utilisation of the tax loss carry forward is not limited in time.



## Note 5 // Income taxes cont

Reconciliation of effective tax rate	2023	2022
Profit/(loss) before taxes	(20 211)	2 795
Tax based on ordinary tax rate (22 %)	(4 446)	615
<i>Effects from:</i>		
Permanent differences	(160)	(419)
Not recognised deferred tax assets	4 606	(196)
Effect of change in tax rate		
<b>Total income tax expense / (income)</b>	<b>0</b>	<b>(0)</b>

Income tax payable	2023	2022
Current tax payable recognised in income statement	-	-
Current tax payable recognised directly in equity	-	-
<b>Total income tax payable</b>	<b>-</b>	<b>-</b>

## Note 6 // Related parties and investments in group companies

### Transactions with related parties

To provide the Company with access to important and required knowledge and services, the Company has entered into various agreements with related parties. Information regarding these contracts and the transactions and balances with related parties, except for transactions and balances with subsidiaries, is provided in note 20 in the consolidated financial statement. Transactions with subsidiaries are disclosed below.

### Subsidiaries

As at 31 December 2023 the Company has the following subsidiaries:

Company name	Country	Principal activity	Date incorporated	Ownership/ voting share
Awilco LNG 1 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 2 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 3 AS	Norway	Former vessel SPV	2 February 2011	100 %
Awilco LNG 4 AS	Norway	Owner of LNG/C WilForce	6 May 2011	100 %
Awilco LNG 5 AS	Norway	Owner of LNG/C WilPride	6 May 2011	100 %
Awilco LNG Technical Management AS	Norway	Technical management	17 September 2012	100 %

The subsidiaries' registered office is Beddingen 8, 0250 Oslo, Norway.

Company name	Ownership/ voting share	Carrying amount 31.12.2023	Carrying amount 31.12.2022
Awilco LNG 1 AS	100 %	8 692	8 692
Awilco LNG 2 AS	100 %	1 146	1 146
Awilco LNG 3 AS	100 %	10 008	10 008
Awilco LNG 4 AS	100 %	373 800	373 800
Awilco LNG 5 AS	100 %	275 900	275 900
Awilco LNG Technical Management AS	100 %	10 120	10 120
<b>Total carrying amount 31 December</b>		<b>679 665</b>	<b>679 665</b>



## Note 6 // Related parties and investments in group companies cont

### Balances with subsidiaries

The Company provides financing to its subsidiaries through both long-term and short-term loans. Interest on both long-term loans and short-term receivables/payables is agreed to SOFR + 3 % for USD denominated loans and NIBOR + 3 % for NOK denominated loans. See below for interest income from subsidiaries.

#### Balances with subsidiaries as at 31 December 2023

Subsidiary	Long-term loans (+) / borrowings (-)	Short-term receivables	Short-term payables
Awilco LNG 1 AS	-	-	2
Awilco LNG 2 AS	-	-	2
Awilco LNG 3 AS	-	7	-
Awilco LNG 4 AS	(153 472)	-	4 707
Awilco LNG 5 AS	-	-	23
Awilco LNG Technical Management AS	-	726	1 384
<b>Total</b>	<b>(153 472)</b>	<b>734</b>	<b>6 118</b>

Short-term receivable TNOK 726 towards Awilco LNG Technical Management AS relates to group contribution.

#### Balances with subsidiaries as at 31 December 2022

Subsidiary	Long-term loans (+) / borrowings (-)	Short-term receivables	Short-term payables
Awilco LNG 1 AS	-	-	3
Awilco LNG 2 AS	-	-	3
Awilco LNG 3 AS	-	-	3
Awilco LNG 4 AS	-	1 570	-
Awilco LNG 5 AS	-	1 106	-
Awilco LNG Technical Management AS	-	5 005	1 350
<b>Total</b>	<b>-</b>	<b>7 682</b>	<b>1 360</b>

### Cash pool deposits subsidiaries

Company name	Note	31.12.2023	31.12.2022
Awilco LNG 1 AS		11 766	10 896
Awilco LNG 2 AS		1 851	1 753
Awilco LNG 3 AS		32 248	29 777
Awilco LNG 4 AS		108 455	10 303
Awilco LNG 5 AS		577	(353)
Awilco LNG Technical Management AS		19 009	19 009
<b>Total</b>	<b>7</b>	<b>173 905</b>	<b>71 386</b>

### Transactions with subsidiaries

#### Commercial management fee

Awilco LNG ASA provides commercial management services to the vessel owning subsidiaries. The commercial management fees are based on a fixed fee of USD 100 000 per vessel per year a fixed percentage of gross freight income of 1.25 %.



## Note 6 // Related parties and investments in group companies cont

<b>Subsidiary</b>	<b>2023</b>	<b>2022</b>
Awilco LNG 4 AS	7 737	3 874
Awilco LNG 5 AS	5 021	4 052
<b>Total</b>	<b>12 758</b>	<b>7 925</b>

### **Project management fee Awilco LNG Technical Management AS**

A subsidiary of the Company, Awilco LNG Technical Management AS, provides project management services to the Company. In 2023 the Company paid a fee of TNOK 857 for these services (TNOK 801 in 2022).

### **Guarantee commission from subsidiaries**

The Company has issued guarantees towards the lessor of WilForce and WilPride on behalf of lessees' Awilco LNG 4 AS and Awilco LNG 5 AS respectively, see note 11. A guarantee commission of TNOK 168 was charged each of the two subsidiaries in 2023 (TNOK 156 each in 2022).

### **Interest income from subsidiaries**

<b>Subsidiary</b>	<b>2023</b>	<b>2022</b>
Awilco LNG 1 AS	-	2
Awilco LNG 2 AS	0	0
Awilco LNG 3 AS	-	6
Awilco LNG 4 AS	21	821
Awilco LNG 5 AS	76	691
Awilco LNG Technical Management AS	6	6
<b>Total</b>	<b>102</b>	<b>1 527</b>

### **Interest expenses subsidiaries**

<b>Subsidiary</b>	<b>2023</b>	<b>2022</b>
Awilco LNG 1 AS	590	178
Awilco LNG 2 AS	94	29
Awilco LNG 3 AS	1 615	487
Awilco LNG 4 AS	8 193	40
Awilco LNG 5 AS	1 531	204
Awilco LNG Technical Management AS	990	302
<b>Total</b>	<b>13 012</b>	<b>1 240</b>



## Note 7 // Cash and cash equivalents

Currency	Code	31.12.2023		31.12.2022	
		FX rate	Carrying value	FX rate	Carrying value
US dollars	USD	10.1724	28 149	9.8573	89 440
Norwegian kroner	NOK	1	6 048	1	8 573
<b>Total cash and cash equivalents</b>			<b>34 197</b>		<b>98 014</b>

	31.12.2023	31.12.2022
Cash pool deposits subsidiaries	173 905	71 386

The group has a cash pool arrangement which entails that the subsidiaries' deposits on these accounts are formally either a receivable or a liability against Awilco LNG ASA.

As at 31 December 2023 TNOK 3 763 was restricted cash related to employee withholding tax (31 December 2022 TNOK 2 667), TNOK 763 was restricted cash related to requirements from operating Awilco LNG's vessels (31 December 2022 TNOK 765) and TNOK 0 was restricted cash provided as deposit towards the office lease (31 December 2023 TNOK 376) as the office lease agreement ended in 2023.

Awilco LNG's liquidity is organised in a cash pool arrangement in which cash in the subsidiaries formally represents receivables or payables towards the parent company Awilco LNG ASA. The Group companies are jointly and severally liable for the total outstanding amount under the arrangement.

## Note 8 // Share capital

Information about the Company's share capital is provided in note 18 to the consolidated accounts.

## Note 9 // Provisions and accruals

Provisions and accruals	31.12.2023	31.12.2022
Accrued expenses, invoice not received	-	-
Salary related provisions	8 979	5 415
Other accruals and provisions	132 549	66 274
<b>Total provisions and accruals</b>	<b>141 527</b>	<b>71 689</b>

## Note 10 // Capital and financial risk management

General information regarding capital and financial risk management is provided in note 19 in the consolidated accounts. Awilco LNG ASA presents its financial statement in NOK, and is thus exposed to foreign exchange translation risk on monetary items denominated in foreign currencies.

## Note 11 // Commitments, contingencies and guarantees

Please see note 23 in the consolidated accounts. In addition, Awilco LNG ASA has issued certain guarantees on behalf of companies in the Awilco LNG Group:

The Company has issued a guarantee towards CCB Financial Leasing Co. Ltd on behalf of the Company's subsidiaries Awilco LNG 4 AS and Awilco LNG 5 AS, guaranteeing for the performance of the bareboat charter agreements described in note 21 in the consolidated accounts.

## Note 12 // Events after the reporting date

Information on events after the reporting date is disclosed in note 24 in the consolidated accounts.



# Auditor's Report



Statsautoriserte revisorer  
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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Awilco LNG ASA

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Awilco LNG ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2023 and the income statement, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 13 years since incorporation on 2 February 2011 (with a renewed election on 24 May 2022).



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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

### Accounting estimates related to vessels

#### *Basis for the key audit matter*

As per 31 December 2023, the Group owned two 2013 built 156,000 cbm TFDE LNG carriers. The accounting estimates for these assets require management's judgement and have material impact for the group due to the assets' cumulative value and long-lived nature. The key estimates include assessment of useful lives and evaluation of indicators of impairment. If impairment indicators are present, testing of carrying values for impairment is based on estimated recoverable amounts. As these estimates have material impact on the Group, this was considered a key audit matter. Management did not identify indicators of impairment for any of the vessels. Management has changed the estimate of useful life for the vessels from 40 to 35 years.

#### *Our audit response*

We compared the estimates of useful life to industry practice, assessed the risk of assets becoming stranded, and considered the estimate in light of the group's strategy and future expectations to environmental requirements. We further recalculated depreciations for the year. We assessed potential indicators of impairment for each vessel and evaluated management's assessment of indicators. Finally, we read the disclosures regarding this assessment, which are included in note 2 and note 10 to the Group's consolidated financial statements.

## Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

Independent auditor's report - Awilco LNG ASA 2023

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We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

## Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

Independent auditor's report - Awilco LNG ASA 2023

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirement

### Report on compliance with regulation on European Single Electronic Format (ESEF)

#### *Opinion*

As part of the audit of the financial statements of Awilco LNG ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXJO5C34-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

#### *Management's responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

#### *Auditor's responsibilities*

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance

Independent auditor's report - Awilco LNG ASA 2023

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Per memo Dokument trakkert: E3D4H-EUSA-318TN-0PKV0-7ML02-PMZ0B



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about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 16 April 2024  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan Lid Nordby  
State Authorised Public Accountant (Norway)

Peimco Dokumenttrækkel: E3D4H-EJUSA-3T8TN-0PKW0-7ML02-PMZ0B



# Corporate Governance

## **CORPORATE GOVERNANCE**

The main strategy for Awilco LNG ASA (the Company or Awilco LNG) is to create shareholder value through the provision of a quality, reliable and customer-oriented service to the market, in the best manner for its shareholders, employees and business connections. Awilco LNG strives to protect and enhance shareholder equity through openness, integrity and equal shareholder treatment, and sound corporate governance is a key element in the basis of the Awilco LNG strategy.

The corporate governance principles of the Company are adopted by the Board of Directors of Awilco LNG ASA (the Board). The principles are based on the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the «Code of Practice»). Below follows a description of the basis that Awilco LNG has implemented the Code of Practice. This description follows the same structure as the Code of Practice and covers all sections thereof. Deviations, if any, from the Code of Practice are discussed under the relevant section.

## **1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE**

The Board of Directors shall ensure that appropriate goals and strategies are adopted, that the adopted strategies are implemented in practice, and that the results achieved are subject to measurement and follow-up. The principles shall also contribute to ensure that the activities of the Company are subject to adequate controls. An appropriate distribution of roles and adequate controls shall contribute to the largest possible value creation over time, for the benefit of the owners and other stakeholders.

The Company has defined a mission statement "Marine Transportation through Safety and Environmental Excellence" and identified a set of core objectives that describes the focus and continuous improvement process based on the mission statement. The objectives include policies regarding; safeguarding of people, ships and cargoes, focus on limitation of any negative impact on the environment from our vessels and a separate statement regarding Safety Management & Environmental Protection Policy.



This policy document, which is available on the Company's website [www.awilcolng.no](http://www.awilcolng.no), describes the basic principles of the corporate values.

Awilco LNG's code of conduct – values and ethics forms an important foundation for Awilco LNG's corporate governance and demands high ethical standards, in which focus on safety and integrity are key factors. The Company has continuous focus on making sure that the corporate values are practiced in the Company's everyday life. The Company's code of conduct – values and ethics can be found on the Company's website.

## 2 THE BUSINESS

According to the Company's articles of association, its purpose is to carry out "shipping and other business related hereto". The objectives clause of the Company also includes "acquisitions, management, borrowings and sale of capital assets in the shipping business in addition to investments in shares, bonds and partnership contributions of any type connected with shipping, as well as participation, including ownership stakes in other shipping companies and other business naturally connected hereto."

The principal objectives and strategies of the Company are presented in the annual report and are subject to annual assessments.

The Company's social responsibility is set out in a separate section in the annual report.

## 3 EQUITY AND DIVIDENDS

The Company's equity is assessed as appropriate based on its objectives, strategies and risk profile. The book equity of the Awilco LNG Group as per 31 December 2023 was USD 144.7 million, which represents an equity ratio of 41.4 %.

The Company's long-term objective is to pay a regular dividend in support of the Company's main objective to maximise return on invested capital. The Board of Directors approved a revised dividend policy in November 2022.

The Board is committed to return value to shareholders and intend to continue to distribute a substantial part of annual free cash

flow, paid out quarterly, always subject to debt covenants, capital requirements and a robust cash buffer. An updated proposal for quarterly dividend payments will be presented to the Annual General Meeting.

To the extent it is considered desirable, the Company may raise new equity in the capital markets.

The Board is currently not authorised to purchase own shares in the market.

## 4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The Company has one class of shares, and each share has one vote at the General Meeting.

Where the board resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders based on a mandate granted to the Board of Directors, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the Company carries out in its own shares are carried out through the stock exchange and at prevailing stock exchange prices.

In the event of any material transactions between the Company and shareholders, Directors or close associates thereof, the transactions will be conducted on arm's length terms and the Board of Directors shall consider arranging for an independent assessment of the transaction.

Until August 7, 2023 Awilco LNG had a sub-management agreement with Awilco Technical Services AS (ATS) for assistance in technical management of the fleet. From August 8, 2023 Awilco LNG entered into a service agreement with Integrated Wind Solution AS (IWS) and from that day Awilco LNG buys the same services from IWS instead of ATS. Furthermore, Awilco LNG has entered into agreements with Awilhelmsen Management AS (AWM) for administrative services and rent of offices, the latter started in 2023. AWM is a related



company to Awilco AS, which owns 38.6 % of the shares in Awilco LNG. The management fees are, in the Company's opinion, made at market terms. Information regarding transactions with related parties is described in note 21 to the consolidated financial statements.

## 5 FREELY NEGOTIABLE SHARES

The shares of Awilco LNG are listed on the Euronext Expand stock exchange. All issued shares carry equal shareholder rights in all respects, and there are no restrictions on transfer of shares. The articles of association place no restrictions on voting rights.

## 6 GENERAL MEETINGS

The Annual General Meeting will normally take place in the second quarter of each year, and latest by 30 June. Notice of the meeting will normally be published through the Oslo Stock Exchange distribution channel and the Company's website at least 21 days in advance. Documentation containing the information necessary for the shareholders to make decisions on all the items on the agenda will simultaneously be made available on the Company's website and will only be sent to shareholders that request the documentation on paper. The Board may decide by the notice of the meeting that shareholders who intend to attend the General Meeting shall give notice to the Company within five days prior to the General Meeting.

Registration is made in writing or by e-mail. The Board wishes to make efforts to enable as many shareholders as possible to attend.

Shareholders who are not able to attend are invited to meet by proxy, and efforts will be made for the proxies to relate to each individual item on the agenda.

The General Meeting will be chaired by the Chairperson of the Board unless otherwise agreed by a majority of those shares represented at the meeting.

## 7 NOMINATION COMMITTEE

According to the articles of association the Company shall have a Nomination committee

which has the responsibility of proposing members to the Board of Directors and members of the Nomination committee. The Nomination committee shall also propose fee payable to the members of the Board and the members of the Nomination committee.

The members of the Nomination committee shall be shareholders or representatives of shareholders. The members of the Nomination committee, including its Chairperson, are elected by the General Meeting. The members of the Nomination committee's period of service shall be two years unless the General Meeting decides otherwise.

The Nomination committee is to maintain contact with shareholder groups, members of the Board of Directors and the Company's executive personnel in its works with proposing members to the Board of Directors.

The Annual General Meeting held on May 11, 2023 elected the current Nomination committee consisting of Eric Jacobs and Henrik A. Christensen.

## 8 THE BOARD OF DIRECTORS; COMPOSITION AND INDEPENDENCE

The Company's Board of Directors shall comprise three to six directors pursuant to the decision of the General Meeting. The Directors are elected for a period of two years unless otherwise determined by the General Meeting. The Board appoints the Chairperson amongst the elected Board members.

The composition of the Board of Directors aims to ensure that the interests of all shareholders are represented. Currently three of the five directors are independent from the principal shareholder of the Company. The Board consists of the following members: Synne Syrrist (Chairperson), Ole Christian Hvidsten, Jens-Julius R. Nygaard, Jon-Aksel Torgersen and Annette Malm Justad.

## 9 THE WORK OF THE BOARD OF DIRECTORS

The Board's statutory duties include the overall administration and management of the Company. The Board adopts a meeting schedule



for the following year in the fourth quarter each year. The directors shall normally meet in person, but if so allowed by the Chairperson, directors may participate in any meeting by means of telephone.

The allocation of responsibilities and tasks within the Board of Directors is regularly discussed and monitored. The Board is regularly briefed on the Company's financial situation, the vessels' chartering and market situation, liquidity situation and cash flow forecast, as well as any changes in the competition situation. The Board performs a yearly evaluation of its work.

The Board has established an Audit committee consisting of Ole Christian Hvidsten (Chairman) and Synne Syrrist and has implemented an Audit committee charter. The Company's CFO is the secretary of the committee. The auditor shall participate in discussions of relevant agenda items in meetings of the Audit committee. The committee shall hold separate meetings with the auditor and the CEO at least once a year.

Furthermore, the Company has established a Remuneration committee consisting of Synne Syrrist and Jens-Julius R. Nygaard. The Remuneration committee prepares guidelines and proposals regarding remuneration of executive personnel, which are reviewed and resolved by the Board of Directors.

## **10 RISK MANAGEMENT AND INTERNAL CONTROL**

The Board ensures that the Company has satisfactory internal control procedures to manage its exposure to risks related to the conduct of the Company's business, including social responsibility, to ensure compliance with laws and regulations and to support the quality of its financial reporting. The Board performs an annual review of the Company's key risks and the internal controls implemented to address these risks. The Board has identified and stated the various risks of Awilco LNG in the Company's annual report. Additionally, the Board is regularly briefed on the Company as described under section 9 above.

The Company has established an Audit

committee that regularly evaluates and discusses the various risk elements of Awilco LNG, and potential for improvement. The Audit committee reports to the Board.

Awilco LNG's main goal is safe and efficient ship operation with no accidents, personal injury, environmental damage, or damage to equipment. In order to achieve these goals Awilco LNG has identified some core objectives that describe our focus and our continuous improvement process. The operation of technical management and newbuildings is closely monitored through dedicated supervision and safety reporting systems. Furthermore, the Company has established contingency plans and executes drills and training in order to improve emergency preparedness.

In addition to its own controlling bodies and external audit, the Company's ship management is subject to external supervision by Det Norske Veritas (DNV) for certification in accordance with ISO.

## **11 REMUNERATION OF THE BOARD OF DIRECTORS**

The remuneration of the Board shall reflect the Board's responsibilities, knowhow, time commitment and the complexity of the business activities. The directors do not receive profit related remuneration, share options or retirement benefits from the Company. The remuneration is proposed by the Nomination committee. More information about the remuneration of the individual directors is provided in note 21 in the consolidated accounts.

Directors or their related companies shall normally not undertake special tasks for the Company in addition to the directorship. However, the Company utilises outsourcing of technical sub-management, accounting and administrative services from AWM which is a related company. All agreements and fees with related parties are approved by the Board. Furthermore, the members of the Audit committee and Remuneration committee receive a fee for serving on the committees.



## **12 REMUNERATION OF EXECUTIVE PERSONNEL**

The Board has drawn up guidelines regarding remuneration to leading persons. The remuneration is based on a base salary and a bonus program. The guidelines regarding remuneration to leading persons have been prepared by the board of directors in accordance with section 6-16 a of the Norwegian Public Limited Liability Companies Act and was adopted by the Annual General Meeting in 2021. Awilco LNG will present a report on remuneration to leading persons to be approved by the Annual general meeting in 2024.

For information about remuneration of executive personnel see note 21 in the consolidated accounts.

## **13 INFORMATION AND COMMUNICATION**

The Company aims to keep shareholders, analysts, investors and other stakeholders continuously updated on the Company's operations and performance. The Company provides information to the market through quarterly and annual reports; investor- and analyst presentations open to the media and by making operational and financial information available on the Company's website.

Information of importance are made available to the stock market through notification to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Information is provided in English.

All stock exchange announcements and press releases, including the financial calendar, are made available on the Company's website.

## **14 TAKE-OVER**

The Company's Articles of Association contains no defence mechanism against the acquisition of shares, and no other actions have been taken to limit the opportunity of acquiring shares in the Company.

In the event of a takeover bid the Board will seek to comply with the recommendations outlined in item 14 of the Code of Practice. If

a bid has been received, the Board will seek to issue a statement evaluating the offer and make recommendations as to whether the shareholders should accept the offer or not. Normally it will be required to arrange a valuation from an independent expert.

If the Board finds that it is unable to give a recommendation, the Board will explain the reason for not giving a recommendation. The statement should show whether the decision was unanimous, and if not, the background for why certain Board members did not adhere to the statement. If a situation occurs where the Board proposes to dispose of all or a substantial part of the activities of the Company such a proposal will be placed before the General Meeting.

## **15 AUDITOR**

The auditor is appointed by the General Meeting, which also determines the auditor's fee. The auditor shall annually present an audit plan to the Audit committee. The auditor attends the Board of Director's review and discussion of the annual accounts. The Board of Directors minimum holds one annual meeting with the auditor without the CEO or other members of the executive group being in attendance.

The Company's management regularly holds meetings with the auditor, in which accounting principles and internal control routines are reviewed and discussed.

The auditor shall annually confirm compliance with the applicable independence rules and regulations in legislation and the audit firm's internal independence standards. The Audit committee has issued guidelines stipulating the management's possibility to undertake consulting services by the auditor. Auditor's fees are disclosed in note 21 in the consolidated accounts.



# Social Responsibility

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## INTRODUCTION

The Awilco LNG Group (Awilco LNG or the Company) has implemented a set of objectives, principles and procedures concerning our social responsibility to enable the Company to achieve and maintain its mission statement and objectives. Awilco LNG has implemented the highest standard of safe operation to meet all environmental protection requirements, ensuring safe custody of our vessels, crew, customers' cargoes and owner's interests. Our commitment to our social responsibility ensures that Awilco LNG is a preferable LNG shipping company.

Awilco LNG is engaged in the global marine transportation of LNG. Marine transportation is generally considered the most efficient form of transporting natural gas over long distances. Natural gas is widely accepted as the least pollutive fossil fuel and emits up to 60 % less CO<sub>2</sub> than coal when used for

electricity generation. Natural gas is widespread, flexible, abundantly available and cheap when comparing to other fossil fuels. The increased use of natural gas is expected to reduce the use of more pollutive fossil fuels such as coal and oil in the global energy mix. Awilco LNG's contribution to sustainable economic growth mainly relates to the potential for increased use of natural gas in the global energy mix.

Awilco LNG aims to provide positive impact on the communities we operate in, our employees, clients and suppliers through the Code of Ethics and Conduct (available at our webpage [www.awilcolng.no](http://www.awilcolng.no)), such as opposing corruption and facilitation payments in any form.

In general, global marine transportation has a significant effect on the environment. Awilco LNG takes this impact seriously, working continuously to reduce our environmental footprint through improving fuel efficiency,

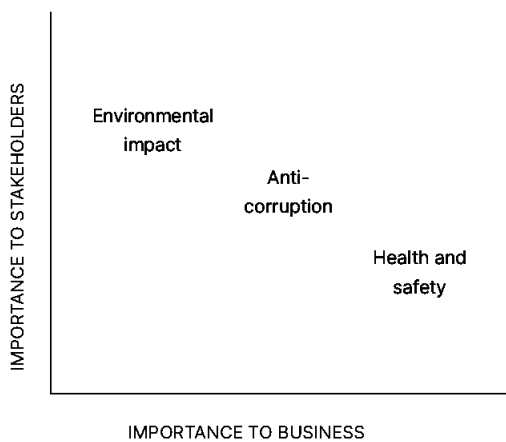


optimising trade routes and improving waste management.

This report constitutes Awilco LNG's reporting according to the requirements of the Norwegian accounting act § 3-3c on social responsibility reporting.

**SCOPING OF MATERIAL ISSUES FOR AWILCO LNG**

A materiality assessment forms the basis for how we prioritise our social responsibility efforts, and thereby also impacts our internal and external reporting on social responsibility. The following issues have been assessed as the most material based on both their importance to Awilco LNG's business and to Awilco LNG's stakeholders such as employees, customers, suppliers, regulators and investors:



The Company's strategy is to integrate sustainability on these matters systematically into all material business processes to ensure Awilco LNG is assessed as a responsible enterprise.

**THE MATERIAL ISSUES**

**Mission statement**

Awilco LNG's mission statement is "Marine transportation through safety and

environmental excellence".

**Health and safety**

*Company policies and objectives*

The safety and well-being of Awilco LNG's employees and seafarers has the highest priority, as set out in the mission statement above and detailed in the Company's Safety Management & Environmental Protection Policy. Our objectives are zero accidents and no personnel injuries. The Group shall adhere to national and international laws and regulations and constantly promote best practices identified within its own operations and the industry to improve the competence of individual crewmembers and vessel safety performance.

*How we achieve our objectives*

Our objectives are operationalised in the Company's Safety Management & Environmental Protection Policy. The objective of this policy is to ensure that the Company gives the highest priority to the safety of human life and health through the following measures:

- Provide support to ships' operation by implementation of a well-structured Safety Management System (SMS) based on a well-defined management organisation. The SMS is an integral part of all our activities and includes instructions and procedures which contribute to the highest safety standards onboard our ships, ensuring that cargo is handled correctly and preventing situations which threaten safety of our personnel. The SMS is based on national and international requirements and standards for quality and safety, including the ISM code (International Management Code for the Safe Operation of Ships and Pollution Prevention), ISO 14001 (environmental management system), ISO 9001 (quality management system) and the TMSA (Tanker Management and Self-Assessment guidelines) issued by OCIMF (Oil Companies International Marine Forum)
- Operate the vessels with continuously properly trained, informed and motivated



crews. Awilco LNG aims to ensure a stable and motivating work environment for both onshore and offshore employees, ensuring high retention rates. The Group is proactively seeking to identify requirements and needs for additional training through regular audits, master and management reviews. A healthy lifestyle is promoted by providing fresh and healthy food and physical exercise opportunities

- Provide, equip and maintain the ships to the necessary standard as required by national regulation and international convention
- Avoid safety hazards through preventive safety measures
- Establish contingency plans and execute drills and training to improve emergency preparedness to meet situations which represent dangers to life, health, environment, ship and cargo
- Implement and maintain a safety management culture within the Company
- Use a reporting system for accidents, near accidents, non-conformities and improvements, with special attention to the learning effect through feedback of experience and suggestions for improvement

- Use performing measures to continuously improve our operations

To accomplish the objectives Awilco LNG will plan, organise, perform, document and verify performance. Awilco LNG has a comprehensive Risk Management Program which includes detailed step by step risk assessment procedures.

*Performance in 2023*

The Company's senior management is actively engaged in monitoring Awilco LNG's performance in order to further encourage and promote positive trends, to provide advice and to take corrective action where negative trends are detected. Performance and results are measured using certain Key Performance Indicators (KPIs). KPI targets are resolved by senior management on an annual basis, and results are reported to senior management on a quarterly basis. Procedures and any new initiatives shall be part of the management review and include monitoring and measurements, adjustment of targets, and recording of achieved improvements. The procedures and activities shall be audited on a routine basis. The following main KPIs are the focus of Awilco LNG with regards to health and safety:

KPI	Definition	Result 2023	Result 2022
LTIF (Lost time injury frequency)	Number of accidents per one-million man-hours worked	0	2.1
TRCF (Total recordable case frequency)	The sum of all work related, lost time injuries, restricted work injuries and medical treatment injuries	2.1	4.2
Personnel injuries	Number of personnel injuries	1	3
Number of fatalities due to injuries	Number of deaths among the crew resulting from a work injury	NIL	NIL



### *Going forward*

Performance in 2023 was satisfactory and improved from the results in 2022. Only one Restricted Work Case occurred onboard in third quarter, and no more serious injuries were reported from either vessel. The injured crewmember has quickly recovered with no long-term effects.

In 2024 Awilco LNG will continue efforts to improve and strengthen the safety culture and return to 0 injuries for the year.

The Company's objectives are zero accidents and no personnel injuries.

### **Environmental impact**

#### *Background*

Awilco LNG's potential environmental impact can be divided in three main components:

1. Emissions from fuel consumption
2. Major environmental accidents
3. Waste management including ballast water and spills

Although the shipping industry contributes with 3 to 4 % of the global annual CO<sub>2</sub> emissions to the atmosphere, marine transportation is generally considered as the most efficient form of transporting natural gas over long distances. Awilco LNG's fleet consists of vessels with tri-fuel propulsion systems, which mainly run on boil-off gas from the LNG cargo. When natural gas is cooled down to its liquefied state at minus 160 degrees Celsius, a certain amount of the LNG will naturally re-gasify into its gaseous state (boil-off gas). The boil-off gas is produced at a rate dependent on the outside temperature and the level of filling of the tanks and can either be reliquefied into LNG or used as fuel for propulsion of the vessels. Due to the cost and energy needed to power a reliquification process plant very few vessels are outfitted with such plants. The boil-off gas is thus used for propulsion, which makes sense both economically, as natural gas is significantly cheaper than oil-based alternatives, and also environmentally, as natural gas is a considerably cleaner fuel than oil-based alternatives.

Compared to oil-based fuels, natural gas emits 10-20 % less greenhouse-gases, virtually zero SO<sub>x</sub> and particulate matter and 90 % less NO<sub>x</sub>. As LNG vessels carry regular bunkers for ballast voyages the potential for major environmental accidents mainly relate to the risk of a ship suffering a breach and subsequently leaking substantial amounts of bunkers oil into the environment.

The last potential impact is waste produced by the vessels, discharge of untreated ballast water and potential spills of chemicals, bilge water and sludge etc. into the environment. Discharge of untreated ballast water may potentially introduce non-native organisms into marine environments worldwide.

#### *Company policies and objectives*

Based on the long-term goal of environmental excellence, and as set out in the Company's Safety Management & Environmental Protection Policy, Awilco LNG works toward minimising the environmental impact from its vessels with the goal of zero spills. The Company has adapted a zero-tolerance policy towards:

- Spills to the environment
- Emissions of ozone depleting substances
- Unauthorised disposal of garbage or waste to the marine environment

Additionally, Awilco LNG aims to minimise as far as practically possible the emission of CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>x</sub> from combustion engines, boilers, incinerators and emissions from cargo and fuel oil tanks and systems through evaporation.

Awilco LNG shall adhere to national and international environmental laws and regulations, and constantly promote best practices identified within its own operations and the industry to improve our impact on the environment.

#### *How we achieve our objectives*

Our objectives are operationalised in the Company's Safety Management & Environmental Protection Policy. The objective of this policy is to ensure that the Company gives the highest priority to the environment through the



following measures:

- Provide support to ships' operation by implementation of a well-structured Safety Management System (SMS) based on a well-defined management organisation. The SMS is an integral part of all our activities and includes instructions and procedures which contribute to the highest safety standards onboard our ships, ensuring that cargo is handled correctly and preventing situations which threaten the environment. The SMS is based on national and international requirements and standards for quality and safety, including the ISM code and the TMSA issued by OCIMF
- The management system of the fleet is certified according to ISO 14001 and ISO 9001
- Operate the vessels with continuously properly trained, informed and motivated crews
- Provide, equip and maintain the ships to the necessary standard as required by national regulation and international convention. Both WilForce and WilPride are fitted with ballast water treatment systems.
- Establish contingency plans and execute drills and training to improve emergency preparedness to meet situations which represent dangers to life, health, environment, ship and cargo
- Implement and maintain a safety management culture within the Company
- Use a reporting system for accidents, near accidents, non-conformities and improvements, with special attention to the learning effect through feedback of experience and suggestions for improvement
- Antifouling paint systems with lowest resistance (Jotun X200)

- Hull and engine performance monitoring systems are installed on the vessels and used for monitoring of performance (KYMA system)
- Optimisation of hull and propeller cleaning intervals to reduce drag and fuel consumption
- Replaced bottled water for crew with buying in bulk
- Improved waste handling onboard and increased amount of waste being sent ashore
- Implement a policy of environmentally friendly purchasing with approved vendors based not only on cost and quality but also environmental performance and focus; procurement and purchasing activities shall address environmental aspects such as:
  - i. Reducing packaging volumes;
  - ii. Encouraging recycling activities; and
  - iii. Use of non-disposable and recyclable equipment and materials
- Onshore focus on saving energy, recycling and reducing use of single use plastics
- Use performing measures to continuously improve our operations
- Continuously consider vessel technical improvements and retrofits to reduce fuel consumption and lower environmental footprint

The same risk assessment procedures and continuous improvement tools and initiatives as described under Health and Safety above is utilised in Awilco LNG's work to reduce its environmental impact.

#### *Performance in 2023*

The Company's senior management is actively engaged in monitoring Awilco LNG's performance, in order to further encourage

and promote positive trends, to provide advice and to take corrective action where negative trends are detected. Performance and results are measured using certain Key Performance Indicators (KPIs). KPI targets are resolved by senior management on an annual basis, and results are reported to senior management on a quarterly basis. Procedures and any new initiatives shall be part of the management review and include monitoring and measurements, adjustment of targets, and recording of achieved improvements. The procedures and activities shall be audited on a routine basis. The following main KPIs are the focus of Awilco LNG with regards to environmental impact:



KPI	Definition	Result 2023	Result 2022
Number of releases of substances to the environment	The number of releases of substances to the environment covered by MARPOL Annex 1-6	NIL	NIL
Annual efficiency rate (AER)	The mass of carbon emissions per ton-mile [g/nm*ton] (based on vessel DWT)	6.8	8.67
CO2 efficiency laden voyages	The total mass of emitted CO2 in grams per m3-mile	7.49	9.07
NOx efficiency laden voyages	The total mass of emitted NOx in grams per m3-mile	0.141	0.16
SOx efficiency laden voyages	The total mass of emitted SOx in grams per m3-mile	0.00082	0.0019

### 2023 emissions performance

In 2023 there was a significant positive development in the CO2 intensity for the vessels. The improvement is attained by a higher level of activity; less idling and ballast voyages. In addition, both vessels completed their dry-dockings in 2023, with increased hull performance as a result.

### Going forward

Environmental emissions are to a large extent dependent on charterers operations and type of fuel burned in ships engines. In 2024 Awilco LNG will continue efforts to reduce the Company's environmental footprint.

### EEXI, CII and EU-ETS

From 2023 our vessels were required to comply with the new regulations on energy efficient

design and operation, EEXI and CII. Both vessels in the fleet have been confirmed to be in compliance with their EEXI and have onboard approved EEXI technical files.

With respect to CII, both vessels have operated in 2023 with an emission intensity that corresponds to a "C" rating. We are working closely with charterers to ensure that the operation of the vessels is planned and executed in a way that ensures this C rating is achieved also for following years.

Starting from 2024, our vessels will be required through the EU Emissions Trading System (ETS) to submit emissions allowances for carbon emissions during voyages to and from EU ports. Monitoring and Reporting of the carbon emissions are already in place through our



procedures for EU MRV reporting. Inclusion of ETS clauses for future and current charter parties is in progress.

## **Anti-corruption**

### *Company policies and objectives*

Corruption is generally estimated to cost at least 5 % of global GDP each year. Reduced corruption would increase safety for seafarers, reduce costs of operations and reduce complexity and risk. Awilco LNG is a firm opponent of corruption in any form, and is committed to the highest ethical standard in business conduct worldwide. Awilco LNG desires fair and open competition in all markets, both nationally and internationally. Awilco LNG's policy is to comply with all applicable laws and governmental rules and regulations in the country in which it is operating.

### *How we achieve our objectives*

The Company's anti-corruption policies are described in our Code of Ethics and Conduct document. The following policies to address the objectives have been implemented in the Company:

- No employee of the Company shall directly or indirectly offer, promise, give or receive bribe, illegal or inappropriate gifts or other undue advantages or remuneration in order to achieve business or other personal advantage
- Under no circumstances shall the Company or any of its employees be part of actions that breach applicable competition legislation. Any employee is to confer with his or her immediate superior, the executive management or the board if he or she has a question with respect to the possible anti-competitive effect of particular transactions or becomes aware of any possible violation of applicable competitive legislation

Implementation of the Company's policies takes place through emphasis on awareness and the use of risk assessments on a Group level.

### *Performance in 2023*

As in previous years, management has not become aware of any breaches of the Company's Code of Ethics and Conduct throughout the year.

### *Going forward*

Going forward Awilco LNG will continue work to ensure that our standards of behaviour are according to the Code of Ethics and Conduct, and the Company expects that the positive results from previous years are upheld.

# Alternative Performance Measures

Alternative performance measures (APMs), defined as 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 – 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

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 for improved comparability of the Group's performance between periods.



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