AVENIR LNG LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

Avenir LNG Limited
Consolidated financial statements

Index to audited consolidated financial statements

Avenir LNG Limited
Consolidated Income Statement
(In thousands of U.S. Dollars except per share data)

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Operating revenue	**4**	**63,755**	16,538
Operating expenses	**5**	**(54,662)**	(6,399)
Depreciation		**(11,333)**	(4,639)
Administrative and general expenses	**6**	**(5,622)**	(5,361)
Operating (loss)/profit		**(7,862)**	139
Non-operating (expenses)/income:			
Finance expense	**7**	**(8,174)**	(2,894)
Finance income		**97**	8
Foreign currency exchange (loss)/gain		**(1,223)**	169
Gain on disposal of asset, net	**8**	**-**	10,046
(Loss)/profit before income tax		**(17,162)**	7,468
Income tax expense	**9**	**(1,139)**	(349)
Net (loss)/profit		**(18,301)**	7,119
(Loss)/earnings per share (USD)			
Basic	**27**	**(0.10)**	0.04
Diluted	**27**	**(0.10)**	0.04

The above consolidated income statement should be read in conjunction with the accompanying notes.

Avenir LNG Limited
Consolidated Statement of Comprehensive Income
(In thousands of U.S. Dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Net (loss)/profit	**(18,301)**	**7,119**
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(3,021)**	**(3,701)**
Other comprehensive loss	**(3,021)**	**(3,701)**
Total comprehensive (loss)/income	**(21,322)**	**3,418**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Avenir LNG Limited
Consolidated Balance Sheet
(In thousands of U.S. Dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Current Assets:			
Cash and cash equivalents	**10**	**19,390**	46,625
Restricted cash	**10**	**1,173**	309
Trade and other receivables	**11**	**4,751**	7,996
Inventories	**12**	**3,049**	3,065
Other current assets	**13**	**5,452**	1,140
Non-current assets classified as held for sale	**14**	**281**	606
Total Current Assets		**34,096**	59,741
Property, plant and equipment	**17**	**269,530**	172,539
Newbuilding deposits	**17**	**-**	34,604
Investment in joint venture	**15**	**10**	10
Deferred tax asset	**16**	**-**	1,551
Other assets		**79**	175
Goodwill	**18**	**54**	70
Total Non-current Assets		**269,673**	208,949
Total Assets		**303,769**	268,690
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Current portion of long-term debt	**19**	**50,043**	7,002
Current portion of lease liability	**21**	**176**	145
Trade and other payables	**20**	**13,423**	9,124
Income tax payable		**993**	304
Current portion of related party payable	**28**	**12,307**	19,595
Provisions	**24**	**-**	2,387
Total Current Liabilities		**76,942**	38,557
Long term portion of related party payable	**28**	**11,733**	-
Long-term debt	**19**	**73,998**	65,365
Lease liability	**21**	**627**	814
Total Non-current Liabilities		**86,358**	66,179
Total Liabilities		**163,300**	104,736
Equity			
Share capital	**26**	**182,000**	182,000
Contributed capital		**(3,614)**	(1,451)
Accumulated losses		**(34,198)**	(15,897)
Foreign currency reserve		**(3,719)**	(698)
Total Equity		**140,469**	163,954
Total Liabilities and Equity		**303,769**	268,690

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Avenir LNG Limited
Consolidated Statement of Changes in Equity
(In thousands of U.S. Dollars)

	Share capital	Accumulated losses	Contributed capital	Foreign currency reserve	Total
Balance, January 1, 2021	**147,500**	**(23,016)**	**(1,475)**	**3,003**	**126,012**
Profit for the year	—	7,119	—	—	7,119
Other comprehensive loss	—	—	—	(3,701)	(3,701)
Total comprehensive income	**—**	**7,119**	**—**	**(3,701)**	**3,418**
Transactions with shareholders:					
Issuance of shares (note 26)	34,500	—	—	—	34,500
Share options	—	—	24	—	24
Balance, December 31, 2021	**182,000**	**(15,897)**	**(1,451)**	**(698)**	**163,954**
Loss for the year	—	(18,301)	—	—	(18,301)
Other comprehensive loss	—	—	—	(3,021)	(3,021)
Total comprehensive loss	—	(18,301)	—	(3,021)	**(21,322)**
Transactions with shareholders:					
Share options	—	—	50	—	50
Acquisition of minority interest*	—	—	(2,213)	—	(2,213)
Balance, December 31, 2022	**182,000**	**(34,198)**	**(3,614)**	**(3,719)**	**140,469**

*In March 2022, the Group paid $2.2 million for the acquisition of the equity interest of minority shareholders in Higas Srl.

The above consolidated statement of change in equity should be read in conjunction with the accompanying notes.

Avenir LNG Limited
Consolidated Statement of Cash Flows
(In thousands of U.S. Dollars)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Net (loss)/profit		**(18,301)**	7,119
Adjustments to reconcile net (loss)/profit to net cash generated/(used) in operations:			
Depreciation	**17**	**11,333**	4,639
Amortization of deferred charges	**7**	**1,559**	391
Finance expense, net		**6,518**	2,495
Share options expense	**23**	**50**	24
Write-down of inventory	**12**	**3,000**	-
Foreign exchange loss / (gain)		**1,223**	(169)
Income tax expense	**9**	**1,139**	349
Gain on disposal of asset, net	**8**	**-**	(10,046)
Changes in assets and liabilities:			
Decrease in receivables		**3,803**	488
Increase in other current assets	**13**	**(4,321)**	(335)
Increase in inventories	**12**	**(2,666)**	(3,065)
Increase/(decrease) in related party payables	**28**	**1,807**	(2,780)
Increase/(decrease) in payables		**4,404**	(663)
Income tax paid		**(1,115)**	(13)
Interest paid		**(4,741)**	(1,940)
Interest received		**97**	8
Net cash generated by/(used in) operating activities		**3,789**	(3,498)
Cash flows used in investing activities:			
Additions to property, plant and equipment		**(77,938)**	(61,270)
Newbuilding deposits		**-**	(24,594)
Net proceeds from sale of asset held-for-sale		**293**	-
Net proceeds from sale of asset	**8**	**-**	38,187
Net cash used in investing activities		**(77,645)**	(47,677)
Cash flows generated from financing activities:			
Increase in restricted cash	**10**	**(864)**	(309)
Proceeds from borrowings	**19**	**62,616**	78,326
Repayments of borrowings	**19**	**(10,405)**	(29,119)
Payment of deferred financing fees		**(2,107)**	(3,369)
Proceeds from shareholder loan	**28**	**-**	10,607
Acquisition of minority interest	**28**	**(2,213)**	-
Lease payments		**(231)**	(251)
Issuance of shares	**23**	**-**	34,500
Net cash generated from financing activities		**46,796**	90,385
Net (decrease)/increase in cash and cash equivalents		**(27,060)**	39,210
Effect of exchange rate changes on cash		**(175)**	(610)
Cash and cash equivalents at beginning of the year	**10**	**46,625**	8,025
Cash and cash equivalents at end of the year	**10**	**19,390**	46,625

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Background

Avenir LNG Limited (the "Company", or "Avenir") is incorporated in Bermuda. The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the registration number is EC 52417.

The objective of the Company and its subsidiaries (collectively, the "Group") is to acquire and operate LNG assets and supply small-scale LNG to off-grid industry, power generation and transport fuel sectors as well as providing infrastructure to support the development of LNG as a marine fuel.

The Company was incorporated in March 2017 by Stolt-Nielsen LNG Holdings Ltd. ("SN LNG"), an indirect subsidiary of Stolt-Nielsen Limited ("SNL"). Avenir purchased the shares of Avenir Supply and Trading B.V. ("AST BV", previously named Stolt-Nielsen Gas B.V.) from SN LNG in July 2018. The acquisition of AST BV has been accounted for as a business acquisition involving entities under common control. As such the transfer was at book value, resulting in a $1.9 million adjustment to Contributed capital. AST BV had entered into two 7,500 cbm LNG newbuilding contracts from Keppel Singmarine in 2017. At that time, AST BV also had a 80% interest in HiGas Srl ("HiGas"), which owns a terminal and distribution facility in the port of Oristano, Sardinia and has commenced commercial operation from August 2021.

In October 2018, SNL, Höegh LNG Holdings ("Höegh") and Golar LNG Ltd ("Golar") (together the "Founding Shareholders") formed a joint venture where the companies invested a total of $182 million into Avenir. Subsequent to the initial capital raise, Avenir successfully completed a public listing in the Norwegian Over-The-Counter market during 2018.

Between 2018 and 2019, the Group further entered into contracts for two 7,500 cbm LNG newbuildings and two 20,000 cbm newbuildings. Between October 2020 and May 2022, the Group took delivery of its newbuilding vessels. In December 2021, the Group sold one of its 20,000 cbm LNG vessels to Shanghai SIPG Energy Service Co., Ltd ("SSES") and entered into a joint collaboration agreement with SSES accordingly. Currently, three of the Group's newbuildings are on charters with external parties whilst two of the vessels are used by the Group to develop its supply trade business.

In August 2021, the Group completed the construction and began operations at its terminal in Sardinia, Italy. The terminal commenced operations of providing LNG supply and truck loading services to its customers. In March 2022, the Group completed the acquisition of the remaining 20% shareholding of HiGas from the minority shareholders, CPL Concordia Soc. Coop. ("CPL") and Gas and Heat S.p.A. ("G&H").

In August 2022, the Group signed a Memorandum of Understanding with Oxelosunds Hamn AB to build an LNG and BioLNG terminal of up to 30,000 cbm in the Port of Oxelosund, Sweden.

Further, in 2022 the Group signed a Joint Collaboration Agreement with Prvo Plinarsko Društvo d.o.o. which will initially focus on the sale and distribution of LNG by truck and small-scale LNG vessels from the Krk LNG terminal to off-grid industries, power generation, marine bunkering and truck refuelling stations in Northern Italy and eastern European countries.

During the last quarter of 2022, the Group completed the transition of its registration form to Euronext Securities Oslo. The Company's depository receipts which were previously traded over Euronext N-OTC under the Company's Bermuda ISIN were converted to Sponsored Norwegian Depository Receipts issued under a new Norwegian ISIN. The conversion and change resulted from the adoption of the EU's Central Securities Depository Regulation in Norway which ensures the Company's compliance with the new regulation and registration regime.

(In thousands of U.S. Dollars)

1. Background (continued)

These consolidated financial statements include the financial statements of Avenir and its subsidiaries. Unless indicated otherwise, the subsidiaries listed below were 100% held (either directly or indirectly) by Avenir. As of December 31, 2022, the Group's structure is as follows:

Name	Place of incorporation	Principal activity
100%-owned Subsidiaries:		
Avenir Supply & Trading B.V. (previously named Stolt-Nielsen Gas B.V.)	Netherlands	Holding company
Avenir (L) Pte. Ltd.	Malaysia	Vessel-owning company
Avenir Accolade Limited	United Kingdom	Vessel-owning company
Avenir LNG M.S. Limited	United Kingdom	Management services company
Avenir LNG (UK) Limited	United Kingdom	Holding company
Avenir Supply and Trading Limited	United Kingdom	Commodity trading company
Avenir Aspiration Limited	United Kingdom	Vessel-owning company
Avenir Ascension Limited	United Kingdom	Vessel-owning company
Avenir Achievement Limited	United Kingdom	Vessel-owning company
Avenir Marine Limited	United Kingdom	LNG-bunkering company
HiGas SRL	Italy	Terminal-owning company
Avenir Italia Srl	Italy	Dormant
49%-owned joint venture:		
Future Horizon (L) Pte. Ltd.	Malaysia	Vessel-leasing company

2. Summary of significant accounting policies

Basis of preparation

The Consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS.

The presentation currency used in these consolidated financial statements is the U.S. dollar and the consolidated financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Going Concern

As of December 31, 2022, the Group's current liabilities exceeded its current assets by $42.8 million. The Group has incurred losses since inception and will be dependent on additional financing in order to meet its existing working capital needs and debt maturities commencing in October 2023. The Group has current maturities of long-term debt, of which $21.4 million is due in October 2023 and $21.8 million due in December 2023.

2. Summary of significant accounting policies (continued)

In considering going concern, the Directors have reviewed the Group's future cash requirements, covenant compliance and earnings projections. The Directors anticipate that the Group's primary sources of funds will be available cash, cash from operations, refinancing of existing financing arrangements, the committed revolving credit facility available to the Group, of which $10.4 million remains undrawn and expires in November 2024, and new loan arrangements. The Directors expect to complete the planned debt refinancing of our long-term debt maturing this year and believe that the Group will be able to meet its anticipated liquidity requirements for at least the next twelve months as of the date of these consolidated financial statements, therefore the consolidated financial statements have been prepared on a going concern basis.

Whilst there is currently no agreement in principle with any lender, the Group intends to refinance the existing term loans before the respective maturity dates and has a track record of successfully financing its vessels even in the absence of term charter coverage. As the refinancing has not been secured at this time, and the Group would require additional funds in order to enable the Group to repay the debt if required, and to meet its working capital needs, this indicates the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. These financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Basis of consolidation

Control exists where either a parent entity is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A parent entity has power over the subsidiary when it has existing rights to direct the relevant activities of the subsidiary. The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Where the Group jointly controls an entity, the results, assets and liabilities of the entity are included in the financial statements using the equity method of accounting.

Critical Accounting Estimates and Judgements

In connection with the preparation of the consolidated financial statements, management has made assumptions and estimates about future events, and applied judgements that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. The assumptions, estimates and judgements are based on historical experience, current trends, and other factors that management believes to be relevant at the time the consolidated financial statements are prepared. Actual results may differ from these estimates. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the financial statements are presented fairly and in accordance with IFRS and Bermudian Company law, applied on a consistent basis.

2. Summary of significant accounting policies (continued)

Critical Accounting Estimates and Judgements (continued)

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the change affects both as per IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Critical accounting estimates and judgements are those that have a significant risk of having a material impact on the consolidated financial statements. Management believes the following areas are the significant judgements and estimates used in the preparation of the Consolidated Financial Statements:

Impairment of Property, Plant and Equipment

Description: Property, plant and equipment and newbuilding deposits are reviewed for impairment whenever circumstances indicate the carrying value of the ships or terminal may not be fully recoverable. When such events or circumstances are present, Management measures the recoverable amount of these assets by comparing their carrying amount to the higher of their fair value less costs of disposal ("FVLCD") or value in use ("VIU").

Judgements and estimates: Under IAS 36, Impairment of Assets, external and internal sources of information are to be reviewed for potential triggers of asset impairment for each Cash Generating Unit ("CGU") in the business segments.

When a trigger of asset impairment has been identified, the cash flows on which the assessment of recoverability is based for VIU is highly dependent upon forecasts which are highly subjective, especially as the market for small-scaled LNG ships and terminal is an expanding market and the LNG market is volatile over the last 12 months. Although Management believes that the underlying assumptions supporting the assessment are reasonable and appropriate at the time they were made, it is reasonably possible that a further decline in the economic environment, effects of future technological advances, future effects of climate change and change in rules and regulations could adversely impact the business prospects in the future. This could represent a triggering event for a further impairment assessment.

Accordingly, the principal assumptions that were used in the recoverability assessment of ships included, among others, charter rates, ship operating expenses, utilisation, dry-docking requirements, future growth rates, supply-demand balance of LNG ships and residual value. Specifically, forecasted charter rates were based on information regarding current spot market rates from industry experts. Estimated outflows for operating expenses and dry-dockings were based on historical costs adjusted for assumed inflation.

The principal assumptions that were used in the recoverability assessment of the HiGas terminal included, among others, TTF pricing, forecast volumes, customer margins, operating expenses and capital expenditures. Specifically, forecast volumes are based on signed customer contracts.

Effect if actual results differ from assumptions: Although Management believes the underlying assumptions supporting the impairment assessment are reasonable, if charter rate trends, gas market and the length of the current market downturn vary significantly from forecast, this might trigger impairment indicators and result in an impairment review and possibly a material impairment of plant, property and equipment.

Depreciation and amortisation

Description: Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after reducing for the estimated residual value. Estimated useful lives are based on past experience, expected future performance and management's estimate of the period over which the asset will provide economic benefit. For ships, residual values are estimated based on the steel price, the estimated light displacement tonnage of the fleet and current trends in the price of recycling of ships. Both estimated useful lives and the residual values are evaluated annually, and the effect of any change is considered as a revision of accounting estimates, and the effect is reflected in the future depreciation charge.

2. Summary of significant accounting policies (continued)

Critical Accounting Estimates and Judgements (continued)

Judgements and estimates: In order to achieve component accounting, the Group uses the useful economic life of the asset. In the case of ships and terminal, estimated useful lives of the components of the ships and terminal are at 25 years. Future useful lives could be reduced based on customer preferences, new technological advances, governmental and industry regulations, and the effects of climate change. Residual values are difficult to estimate given the long lives of ships, the uncertainty as to future economic conditions and the price of steel, which is considered as the main determinant of the residual price.

Effect if actual results differ from assumptions: If the estimated economic useful life has to be reduced in future periods, an impairment loss or additional depreciation expense could result. A decrease in the useful life of the ship or fall in the residual value would have the effect of increasing the annual depreciation charge and potentially resulting in an impairment loss. If the residual value is overestimated, it would reduce the annual depreciation and overstate the value of the assets.

Business combinations with entities under Common Control

For business combinations with entities under common control, the assets and liabilities of the purchased entity is included in the Group's books based on their existing carrying values in the parent's consolidated financial statements.

Investment in joint ventures

A joint arrangement is an arrangement where two or more parties have joint control. Joint control is established by a contractual arrangement that requires unanimous agreement on decisions made on relevant activities. Without the presence of joint control, joint arrangements do not exist.

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The arrangement is a joint operation when the contractual agreement provides rights to assets and obligations for liabilities for those parties sharing joint control. The joint arrangement is a joint venture when the agreement grants rights to the arrangement's net assets. Interests in joint ventures are accounted for using the equity method after initially being recognized at cost in the consolidated statement of financial position.

Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for a consideration. All leases are accounted for by recognizing a right-of-use asset and a lease liability unless the leased asset is of low value or the lease duration is for 12 months or less (short-term leases).

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term including the exercise price of any options if exercise is considered reasonably certain. The discount rate is determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Right-of-use assets are measured at the amount of the lease liability, reduced for any lease incentives and increased for any lease payments made prior to commencement of the lease; any initial direct costs incurred and any provisions recognised for the dismantlement, removal or restoration of the lease asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the outstanding balance and are reduced for lease payments made. Right-of-use assets are amortised on a straight line basis over the remaining term of the lease or, if shorter, over the asset's remaining useful economic life.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short-term time deposits of less than three months and short-term securities readily convertible to cash, which are subject to an insignificant risk of changes in value.

Restricted cash

Restricted cash reflects deposits in retention or restricted accounts with certain banks that can only be used to pay the current loan installments and interest or are required to be maintained as certain minimum security deposits. Cash required to be maintained as unrestricted liquidity is not considered restricted cash if the relevant account has no restrictions for use or withdrawal.

Trade receivables

Trade receivables are initially valued at their fair value and subsequently at amortised costs. The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. See ***Financial Instruments*** below for further discussion.

Property, plant and equipment and Newbuilding deposits

(i) Recognition and measurement

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Cost includes expenditures that are directly attributable to the acquisition of the assets, including instalment payments, supervision and technical costs. Borrowing costs directly attributable to the construction of significant assets are added to the cost of such assets until they are ready for their intended use. Grant receipts are netted against the cost of the asset. Capitalisation ceases and depreciation commences once the asset is completed and available for its intended use.

Vessels are required to undergo dry-docking overhaul every five years to restore their service potential and to meet their classification requirements that cannot be performed while the vessels are operating. The dry-docking component is estimated at the time of a vessel's delivery from the shipyard or acquisition from the previous owner and is measured based on the estimated cost of the first dry-docking subsequent to its acquisition, based on the Group's historical experience with similar types of vessels. For subsequent dry-dockings, actual costs are capitalized when incurred.

When a vessel is disposed of, any unamortised drydock expenditure is charged against income in the period of disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(ii) Depreciation and amortisation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of the vessel. Land and assets under construction are not depreciated. Vessels and property, plant and equipment are depreciated to a residual value which reflects management's estimate of scrap value or otherwise recoverable value at the end of the estimated useful life of the asset. Residual values and economic lives are reviewed annually.

The expected useful lives of all long-lived tangible assets are as follows:

Vessels	25 years
Terminal	25 years
Dry-docking cost	5 years
Other property, plant and equipment	3 – 5 years
Right-of-use assets	5 – 25 years

2. Summary of significant accounting policies (continued)

(iii) Impairment of tangible assets

Tangible assets, including Newbuilding deposits, are tested for impairment if there are indications of impairment. The carrying amounts of the Group's tangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss.

Property, plant and equipment and Newbuilding deposits (continued)

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Ship newbuildings and other assets under construction are tested for impairment when there is an indication of impairment.

FVLCD is determined as the amount that would be obtained from the sale of the asset in an orderly transaction between market participants. FVLCD is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion projects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate rate to arrive at a net present value of the asset.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Group's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss, other than for goodwill, is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale.

Assets classified as held for sale are presented separately from the other assets in the balance sheet.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Goodwill

Goodwill represents amounts arising on the acquisition of subsidiaries. Goodwill arising on acquisition represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

2. Summary of significant accounting policies (continued)

Goodwill (continued)

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment, or more frequently when there is an indication that the cash-generating unit is impaired.

Trade payables

Trade payables are initially valued at their fair value and subsequently at amortised cost.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Foreign currency

(i)Foreign currency transactions

The individual financial statements of all Group companies are presented in the functional currency of the primary economic environment in which the subsidiaries operate.

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated while non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair value was determined.

Foreign exchange differences arising on retranslation are recognised in the income statement, except for those differences arising from monetary balances with foreign operations where settlement is not planned and unlikely to occur which are recorded in other comprehensive income.

(ii) Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates the foreign exchange rates at the dates of the transactions.

Financial Instruments

IFRS 9 contains a classification and measurement approach for financial assets and liabilities, that reflects the business model in which assets are managed.

Under IFRS 9 all financial instruments are initially measured at fair value plus or minus transaction costs, in the case of a financial asset or liability not at fair value through profit or loss. This requirement is consistent with IAS 39. Financial asset classification and measurement is an area where many changes have been introduced by IFRS 9. Consistent with IAS 39, the classification of a financial asset is determined at initial recognition, however, if certain conditions are met, an asset may subsequently need to be reclassified.

2. Summary of significant accounting policies (continued)

Financial Instruments (continued)

IFRS 9 contains three principal classification categories for financial assets, based on the business models under which they are held:

- Amortised cost: The Group classifies its financial assets at amortised cost only if both of the following criteria are met: the assets are held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Income from these financial assets is included in finance income using the effective interest rate method. The Group's assets measured at amortised cost include trade and other receivables and cash and cash equivalents.
- Fair value through other comprehensive income (FVTOCI): Assets that are held for collection of contractual cash flows and for future sales of the financial assets and where the assets' cash flows represent solely payments of principal, of interest and dividends, are measured at fair value through other comprehensive income.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss.

Impairment

As required by IFRS 9, "expected credit loss model" are applied and credit losses are calculated as the present value of the difference between all contractual cash flows that are due and all cash flows that the entity expects to receive. Expected credit losses are the sum of all possible credit losses, weighted by their probability of occurrence.

The "12 month expected credit losses" approach is applied to all financial assets with the exception of trade receivables. For this asset, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, net of any allowance losses. The allowance loss measurement is determined by applying a simplified approach equalling the lifetime expected credit losses.

Under the simplified approach the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Losses are recorded within administrative and general expenses in the income statement. Trade receivables are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

Equity capital stock

The company's capital comprises equity capital stock. Equity capital stock is measured based upon net proceeds.

Share-based compensation

The fair value of options as of the date granted to employees is recognised on a straight-line basis as an employee expense, with a corresponding increase to equity over the vesting period. The fair value of the options granted is measured using the Black-Scholes-Merton option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Earnings per share

Basic Earnings per Common share ("EPS") is computed by dividing net profit by the weighted average number of shares outstanding during the year. Diluted EPS is computed by adjusting the weighted average number of shares outstanding during the year for all potentially dilutive shares and equivalents outstanding, including share warrants, during the year using the Treasury stock method.

2. Summary of significant accounting policies (continued)

Operating revenue

Revenue from customer contracts

Operating revenue is measured on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue as a point in time when it transfers control over a product or service to a customer. The transfer of control can take place in five ways: 1) at the Group's terminal when LNG is loaded to the customer's truck; 2) at the point of delivery of LNG to the customer's site where LNG is loaded to the customer's tank; 3) upon completion of LNG bunkering operations, whereby the company supplies LNG to a customer; 4) at the point of delivery of LNG to its customers for Spot Trade Cargoes and 5) at the point of delivery of LNG on behalf of its customer to designated location for Contract of Affreightment (CoA).

The Group may also transport and store LNG in a tank that is owned by the Group but which is located at a customer's facility. Revenue is generated when the LNG is loaded to the tank. Lease revenue is also recorded by the Group for the customer's use of the tank which is recognized on a straight-line basis.

Time and Bareboat charters

Revenues from time charters and bareboat charters are accounted for as operating leases and are recognized on a straight-line basis over the periods of such charters, as service is performed.

Expenses

Operating expenses

Operating expenses include costs directly associated with the operation and maintenance of the property, plant and equipment. These types of costs include LNG purchases, transportation costs, ship operating expenses, depreciation and amortisation and other expenses.

Taxes

Current tax is provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Certain companies of the Group operate within the UK Tonnage Tax regime, under which ship owning and operating activities are taxed based on the net tonnage of vessels operated.

Deferred tax is provided in full using the liabilities method on all temporary differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallize based on current tax rates.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax is not provided when the amounts involved are not significant.

Accounting policies that became effective during the year

There are no new IFRS standards and amendments that became effective during the current year that have had a material effect on the Group's financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the December 31, 2022 reporting period and have not been early adopted by the group.

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Segment information

The Group has three reportable segments:

- Assets on charter – bareboat or time charters with external customers;
- Assets for trading – sale of LNG and rendering of services through the Group's vessels and HiGas terminal;
- Corporate – corporate related items and result of other insignificant operations not reportable under other segments.

The Company's Executive Management team has been identified as the chief operating decision maker as they direct the allocation of resources to operating segments. The basis of measurement and accounting policies of the reportable segments are the same as those described in Note 2.

For the year ended December 31, 2022 USD in thousands	**Assets on charter**	**Assets for trading**	**Corporate**	**Total**
Operating revenue	18,665	44,763	327	63,755
Operating expenses	(3,428)	(51,234)	-	(54,662)
Depreciation and amortisation	(5,682)	(5,330)	(321)	(11,333)
Administrative and general expenses	-	-	(5,622)	(5,622)
Operating profit / (loss)	**9,555**	**(11,801)**	**(5,616)**	**(7,862)**
Finance expense	(4,147)	(3,313)	(714)	(8,174)
Finance income	48	23	26	97
Foreign currency exchange gain / (loss)	30	(563)	(690)	(1,223)
Income tax expense	(366)	1,282	(2,055)	(1,139)
Net profit / (loss)	**5,118**	**(14,372)**	**(9,049)**	**(18,301)**

For the year ended December 31, 2021 USD in thousands	**Assets on charter**	**Assets used for trading**	**Corporate**	**Total**
Operating revenue	12,442	4,096	-	16,538
Operating expenses	(162)	(6,237)	-	(6,399)
Depreciation and amortisation	(3,372)	(1,068)	(199)	(4,639)
Administrative and general expenses	-	-	(5,361)	(5,361)
Operating profit / (loss)	**8,908**	**(3,209)**	**(5,560)**	**139**
Finance expense	(2,028)	(434)	(432)	(2,894)
Finance income	1	-	7	8
Foreign currency exchange (loss) /gain	-	(7)	176	169
Other non-operating income	-	-	10,046	10,046
Income tax (expense) / Income	(481)	377	(245)	(349)
Net profit / (loss)	**6,400**	**(3,273)**	**3,992**	**7,119**

The Group has no material operating revenues or non-current assets in Bermuda, its country of domicile.

Information about major customers

Revenues of approximately $6.8 million (2021: $6.8 million) and $6.8 million (2021: $5.5 million) are derived respectively from two individual external customers, attributed to the Assets on charter segment.

Revenues of approximately $14.6 million (2021: $nil) and $14.2 million (2021: $nil) are derived respectively from two individual external customers, attributed to the Assets used for trading segment.

4. Operating revenue

USD in thousands	**2022**	2021
Shipping revenue	**18,665**	12,442
Revenue from the sale of LNG and rendering of services	**45,090**	4,096
	63,755	16,538

Shipping revenue, which is recognized over time, represents the hire income generated from time and bareboat charters of the vessels in Malaysia and Caribbean.

Revenue is generated from the sale of LNG in the Baltic and Mediterranean regions in Europe. LNG is transferred to the customer as required by the customer at a point in time. The Group generated operating revenue through truck loadings, bunkering operations, LNG wholesale supply cargoes and COA (transporting LNG on behalf of its customer) over the course of the year.

5. Operating expenses

USD in thousands	**2022**	2021
LNG supply and trading expenses	**42,775**	4,995
Ship operating expenses	**8,785**	1,302
Write-down of inventory (Note 12)	**3,000**	-
Other	**102**	102
	54,662	6,399

6. Administrative and general expenses

USD in thousands	**2022**	2021
Personnel expenses	**3,875**	2,704
Professional fees	**968**	855
Other office expenses	**779**	1,802
	5,622	5,361

Auditors' remuneration to PricewaterhouseCoopers LLP was $0.4 million and $0.3 million for the years ended December 31, 2022 and 2021, respectively, which relate to the audits of the Group and its subsidiaries. Auditors' remuneration for non-audit services amounted to $0.4 million for the year ended December 31, 2022 (2021: $50 thousands).

7. Finance expense

USD in thousands	**2022**	2021
Interest payable on parent guarantees (Note 28)	**404**	1,271
Interest payable on borrowings (Note 19)	**5,750**	2,008
Interest payable on shareholder Revolving Credit Facility (Note 28)	**730**	382
Amortization of deferred finance cost	**1,559**	391
Interest on lease liabilities	**56**	56
Capitalised interest	**(325)**	(1,214)
	8,174	2,894

The interest payable on parent guarantees relate to the newbuilding and financing guarantee agreements with SN LNG, Höegh and Golar for the year ended December 31, 2022 and 2021. The interest rate on the parent guarantees was 1% of outstanding commitments. The interest payable on parent guarantees relating to newbuildings has been capitalised and added to the cost of the vessel. The interest payable on shareholder RCF relate to the revolving credit facility with SNL, Höegh and Golar. The interest rate on the shareholder RCF was 5% of outstanding amount.

8. Gain on disposal of asset, net

In December 2021, the Group entered into an agreement with SSES relating to the sale of the *Avenir Allegiance*.

USD in thousands	**2022**	2021
Cash consideration received	—	73,300
Carrying value of *Avenir Allegiance**	—	(60,972)
Less: Tax on chargeable gains	—	(2,282)
Gain on disposal	—	10,046

* The carrying value of *Avenir Allegiance* included instalments, variation orders, spares, fuel remaining on board and cost to sell.

9. Income tax expense

USD in thousands	**2022**	2021
Current income tax	**1,432**	395
Adjustments for current tax of prior periods	**(1,784)**	(6)
Deferred income tax	**1,491**	(40)
Total income tax expense	**1,139**	349

The following reconciles the actual income tax expense to income taxes computed at the Bermuda statutory tax rate:

USD in thousands	**2022**	2021
(Loss)/profit from continuing operations before income tax	**(17,162)**	7,468
Tax at the Bermuda statutory tax rate	—	—
Difference in overseas tax rates	**2,545**	568
Adjustments for current tax of prior periods	**(1,784)**	(6)
Withholding taxes	—	211
Deferred tax movement	**1,491**	(40)
Utilisation of current year losses	**(1,113)**	(384)
Total income tax expense	**1,139**	349

United Kingdom

Certain UK vessel owning subsidiaries engaged in shipping activities have entered the U.K. Tonnage tax regime, under which its ship owning and operating activities are taxed based on the net tonnage of vessels operated. Any income and profits outside the tonnage tax regime are taxed under the normal U.K. Corporation Tax rules at 19% (2021: 19%).

During the year ended December 31, 2022, $1.8 million chargeable gain tax was partly offset by utilization of the deferred tax asset that had arisen in the prior years from available net operating losses generated from one of the Group's UK subsidiaries.

At the Spring Budget 2023, the UK government confirmed that the changes to corporation tax rates announced at the Spring Budget 2021 will come into effect from April 1, 2023. The corporation tax rates will increase from 19% to 25%.

10. Cash and cash equivalents & Restricted cash

USD in thousands	2022	2021
Cash and cash equivalents	**19,390**	46,625
Restricted cash	**1,173**	309
	20,563	46,934

Cash and cash equivalents comprise cash, short-term time deposits and short-term securities held by the Group. Restricted cash refers to cash deposits required under our debt facilities.

11. Trade and other receivables

USD in thousands	2022	2021
Trade receivables	**2,991**	1,952
VAT receivables	**1,760**	6,044
	4,751	7,996

See Note 22 for an analysis of the credit risk of receivables. As at December 31, 2022 and 2021, there is no expected credit loss; therefore, no impairment has been recorded.

12. Inventories

USD in thousands	2022	2021
Fuel oils	**518**	134
Liquified natural gas	**2,461**	2,857
Other	**70**	74
	3,049	3,065

The cost of inventory included in operating expenses during 2022 and 2021 was $40.8 million and $2.8 million, respectively. These costs relate to cost of goods sold and fuel and boil-off consumption costs. Included in operating expenses was the write-down of inventories to net realizable value amounting to $3.0 million for the year ended December 31, 2022 (2021: $nil).

13. Other current assets

USD in thousands	2022	2021
Prepaid LNG inventory	**5,139**	-
Other	**313**	1,140
	5,452	1,140

At December 31, 2022, the Group procured LNG cargo of $5.1 million (2021: $nil) which was loaded from the supplier and discharged to the customer in January 2023. Accordingly, the Group recorded deferred revenue equal to the amount prepaid by the customer. See Note 20.

14. Non-current assets classified as held for sale

In 2021, the Group decided to sell the semi-trailers owned by HiGas SRL. One semi-trailer was sold during 2022, whilst the sale of the remaining one semi-trailer is expected to be completed in 2023.

The cost of the semi-trailers was classified as assets held for sale. There were no impairment losses nor reversals recognized during the year ended December 31, 2022 and 2021.

15. Investment in joint venture

In December 2019, the Group contributed $9,800 for 49% ownership in Future Horizon (L) Pte. Ltd., a joint venture with MISC Berhad. The joint venture entered into a three-year time charter with Petronas, upon delivery of the Group's first vessel in October 2020. Equity method accounting is applied to this joint venture. For the year ended December 31, 2022, there is no material movement in the investment in joint venture.

16. Deferred tax asset

Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognised for financial reporting purposes and such amounts recognised for tax purposes:

USD in thousands	**Total**
Balance at January 1, 2021	1,602
Adjustments in respect of prior year	57
Exchange rate change impact	(17)
Utilised during the year	(91)
Balance at December 31, 2021	**1,551**
Exchange rate change impact	**(60)**
Utilised during the year	**(1,491)**
Balance at December 31, 2022	**-**

As at December 31, 2021, the total deferred tax assets of $1.6 million related to net operating loss ("NOL") carry forwards generated from the Group's UK subsidiary. The Group concluded that the deferred tax assets would be recoverable using the estimated future taxable income generated by the UK subsidiaries for 2022 onwards.

As at December 31, 2022, the total prior year deferred tax asset of $1.6 million was utilised against taxable income generated by UK subsidiaries.

As at December 31, 2022, the Group's total unrecognised tax losses were $19.6 million (2021: $6.3 million) which can be carried forward indefinitely.

(In thousands of U.S. Dollars)

17. Property, plant and equipment and newbuilding deposits

USD in thousand	Land	Right-of-Use Asset	Other Property plant and equipment	Vessels	Dry-docking cost	Construction in Progress	Total
Cost							
Balance at January 1, 2021	**3,190**	**1,669**	**1,637**	**42,073**	**—**	**46,318**	**94,887**
Additions (1)	—	—	98	92,690	—	9,841	102,629
Adjustment to right-of-use asset	—	(201)	—	—	—	—	(201)
Transfer from construction in progress (2)	—	—	42,486	6,757	—	(49,243)	—
Transfer from newbuild deposits (1)	—	—	—	45,248	—	—	45,248
Transfer to asset held for sale	—	—	(606)	—	—	—	(606)
Transfer of dry-docking cost	—	—	—	(3,000)	3,000	—	—
Disposal of asset (3)	—	—	—	(60,972)	—	—	(60,972)
Net foreign exchange differences	(161)	—	(29)	—	—	(2,724)	(2,914)
Balance at December 31, 2021	**3,029**	**1,468**	**43,586**	**122,796**	**3,000**	**4,192**	**178,071**
Additions (4) (5)	—	—	2,090	66,796	2,500	4,257	75,643
Transfer from construction in progress	—	—	—	4,192	—	(4,192)	—
Transfer from newbuild deposits (4)	—	—	—	34,604	—	—	34,604
Recording right-of-use asset	—	102	—	—	—	—	102
Net foreign exchange differences	(203)	(124)	(1,834)	—	—	—	(2,161)
Balance at December 31, 2022	**2,826**	**1,446**	**43,842**	**228,388**	**5,500**	**4,257**	**286,259**
Accumulated depreciation							
Balance at January 1, 2021	**—**	**387**	**230**	**336**	**—**	—	**953**
Depreciation and amortisation	—	213	813	3,210	403	—	4,639
Net foreign exchange difference	—	(19)	(78)	37	—	—	(60)
Transfer of dry-docking depreciation	—	—	—	(41)	41	—	-
Balance at December 31, 2021	**—**	**581**	**965**	**3,542**	**444**	—	**5,532**
Depreciation and amortisation	—	161	2,344	7,858	970	—	11,333
Net foreign exchange difference	—	(83)	(16)	(37)	—	—	(136)
Balance at December 31, 2022	**—**	**659**	**3,293**	**11,363**	**1,414**	—	**16,729**
Net Book Value							
Balance at December 31, 2021	**3,029**	**887**	**42,621**	**119,254**	**2,556**	**4,192**	**172,539**
Balance at December 31, 2022	**2,826**	**787**	**40,549**	**217,025**	**4,086**	**4,257**	**269,530**

(1) During the year ended December 31, 2021, the Company took delivery of three vessels.

(2) In August 2021, the Company completed the construction of its LNG terminal at the Italian port of Oristano, Sardinia.

(3) In December 2021, the Group sold its first 20,000 cbm LNG newbuild, *Avenir Allegiance,* to SSES.

(4) A further two vessels were delivered during the year ended December 31, 2022.

(5) Construction in progress of $4.3 million relate to *Avenir Achievement's* sub-cooler upgrade, which was completed in February 2023.

The vessels are mortgaged as security for the loan facilities, refer to Note 19.

The Group's right-of-use assets relate to the lease of its office in the UK and lease of jetty infrastructure for the Group's LNG terminal in Sardinia (Note 21).

Newbuilding deposits

The Newbuilding deposits were $nil and $34.6 million as at December 31, 2022 and 2021, respectively. The Newbuilding deposits represent the scheduled payments made to the shipyards for the new buildings being built by Sinopacific Offshore Engineering. Interest costs capitalized in connection with the newbuildings for the years ended December 31, 2022 and 2021 were $0.3 million and $1.2 million, respectively.

18. Goodwill

The Goodwill was generated from the Higas acquisition in 2017 upon Stolt-Nielsen Gas B.V's acquisition of 66.6% of Higas for $5.8 million. In March 2022, the minority shareholding was purchased by the Group for further consideration of $2.2 million.

Goodwill is tested for impairment on an annual basis based upon the cash-generating unit which is considered to be the entire Group.

19. Borrowings

An analysis of borrowings is as follows:

USD in thousands	2022	2021
Bank loans	**128,121**	75,910
Less: Deferred financing costs	**(4,080)**	(3,543)
	124,041	72,367
Presented in the financial statements as:		
Non-current portion of debt, net of deferred finance cost	**73,998**	65,365
Current portion of debt, net of deferred finance cost	**50,043**	7,002

Bank loans are secured with key charges over the vessels, cash and cash equivalents, an assignment of earnings and a pledge over the share capital of certain Group subsidiaries.

In October 2020, certain subsidiaries of the Group entered into a secured term loan facility for $53.5 million for the purpose of financing the acquisition of two of the Group's newbuildings. The facility bears interest at LIBOR plus a margin of 3.50% and is repayable in quarterly instalments over a term of three years with a final balloon payment at maturity.

In October 2021, one of the Group's subsidiaries entered into a secured short-term bridge financing for $24.6 million for the purpose of financing the acquisition of one of the Group's newbuildings. The facility bore interest at LIBOR plus a margin of 6.00% and was repayable by quarterly instalments with a final balloon payment at maturity. The facility was refinanced in December 2021 following the completion of a longer-term facility as discussed below.

In December 2021, certain subsidiaries of the Group entered into a secured term loan facility for $93.9 million primarily for the purpose of financing the acquisition of two of the Group's newbuildings and refinancing of the vessel delivered in October 2021. The facility bears interest at LIBOR plus a blended margin of 2.37% and is repayable in quarterly instalments each in an amount of 1/48th of the total borrowed amount with final balloon payments for two tranches of the facility at maturity. In May 2022, one of the Group's subsidiaries drew down $39.1 million from the $93.9 million secured term loan facility for the purpose of financing the vessel delivered in May 2022.

In May 2022, certain subsidiaries of the Group entered into an amendment of the secured term loan facility to increase the amount of the total commitments from $53.5 million to $77.0 million for the purpose of financing the vessel delivered in January 2022. The new facility of $23.5 million bears interest at SOFR plus a margin of 3.25% and is repayable in quarterly instalments over a term of three years with final balloon payment at maturity.

20. Trade and other payables

USD in thousands	2022	2021
Trade payables	**3,514**	4,510
Other payables	**60**	2,273
Deferred revenue	**6,427**	578
VAT payables	**467**	535
Other accrued expenses	**2,955**	1,228
	13,423	9,124

As at December 31, 2021 other payables includes $2.3 million chargeable gains tax derived from disposal of an asset per Note 8. During the year 2022, the same UK subsidiary made a tax payment of $0.5 million and the remaining $1.8 million chargeable gain tax was partly offset by utilization of the deferred tax asset from arisen in the prior years from available net operating loss generated from one of the Group's UK subsidiaries. See Note 9 for further details.

21. Leases

In January 2019, the Group entered into an office lease agreement for five years. During 2021, the Group negotiated a five-month rent-free period in 2022 for the office lease resulting in the reduced lease liability. The incremental borrowing rate used was 4%.

During 2020, the Group entered into an agreement with the Italian government for the lease of the jetty infrastructure in Sardinia for 25 years. The incremental borrowing rate used was 3.81%.

Maturity analysis is as follows:

USD in thousands	Office Lease	Jetty Lease	Total 2022
Contractual undiscounted cash flows:			
Less than one year	162	44	**206**
From two to five years	-	176	**176**
From five years and beyond	-	746	**746**
	162	966	**1,128**
Less: Future finance charges	(5)	(320)	**(325)**
	157	**646**	**803**
Presented in the financial statements as:			
Current maturities			**176**
Non-current maturities			**627**
			803

USD in thousands	Office Lease	Jetty Lease	Total 2021
Contractual undiscounted cash flows:			
Less than one year	142	39	181
From two to five years	240	156	396
From five years and beyond	-	703	703
	382	898	1,280
Less: Future finance charges	(18)	(303)	(321)
	364	595	959
Presented in the financial statements as:			
Current maturities			145
Non-current maturities			814
			959

21. Leases (continued)

The lease payments made during the year were $0.2 million (2021: $0.3 million), interest charges with respect to IFRS 16 totaled $0.1 million for the year (2021: $0.1 million) and depreciation for the right-of-use assets recognized in the consolidated statement of comprehensive income totaled $0.2 million (2021: $0.2 million).

22. Financial risk factors

Risk management is carried out by the Avenir Group Finance team and approved by the Avenir Board of Directors. The Avenir Group Finance team identifies, evaluates, and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure, primarily with the Euro and British pound. Revenue earned by the Group are primarily in US Dollar and in Euros, while a significant portion of the operating expenses is incurred in other currencies, primarily Euros and the British Pound. When there is a mismatch between revenue and expense currencies, any depreciation of the revenue currency relative to the expense currency will decrease profit margins. In addition, exposure occurs when a member of the Group holds accounts receivable or payable in a non-functional currency.

At December 31, 2022, if the US Dollar had weakened or strengthened by 5% against the major currencies mentioned above, with all other currencies remaining constant, the recalculated pre-tax loss for the year would have been approximately $0.7 million higher/lower, mainly due to the effect of administrative and general expenses, net of revenues, from non-US dollar transactions and foreign exchange gains/losses on remeasurement of accounts receivable and payable balances held in a non-functional currency.

Cash flow interest rate risk

The Group's main interest rate arises from borrowings with variable rates (LIBOR and SOFR), which expose the Group to cash flow interest rate risk.

The exposure of the Group's borrowings to interest rate changes at the end of reporting period are as follows:

USD in thousands	2022	2021
Variable rate borrowings LIBOR	**105,796**	75,910
Variable rate borrowings SOFR	**22,325**	-
	128,121	75,910

As at December 31, 2022 if LIBOR had increased/decreased by 100 basis points with all other variables remaining constant, the decrease/increase in the results for the year would have been $1.0 million (2021: $0.5 million).

As at December 31, 2022 if SOFR had increased/decreased by 100 basis points with all other variables remaining constant, the decrease/increase in the results for the year would have been $0.2 million (2021: $nil).

Concentration of credit and financing risk

There is a concentration of credit risk with respect to cash and cash equivalents and restricted cash to the extent that substantially all of the amounts are carried with Citibank N.A., Danske Bank and ABN Amro Bank N.V. However, we believe this risk is remote, as these are established and reputable establishments with no prior history of default.

There is a concentration of financing risk with respect to our long-term debt to the extent that a substantial amount of our long-term debt is carried with Danske Bank and ABN Amro Bank N.V. We believe these counterparties to be sound financial institutions, with investment grade credit ratings. Therefore, we believe this risk is remote.

Receivables are from customers of the Group. The Group extends credit to its customers in the normal course of business. The maximum exposure to credit risk is the customer receivables balance of $3.0 million at December 31, 2022 (2021: $2.0 million). The Group regularly reviews its receivables by performing credit checks upon entering into an initial sales contract with a customer and by the business controller regularly reviewing the days past due receivable reports. There are no receivables that are past due and no recorded allowance for doubtful accounts.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages this by monitoring forecasts and actual cash flows to ensure the Group has sufficient cash to meet operational needs and does not breach covenants on any of its borrowing facilities.

Also the shareholders regularly review the cash requirements of the Group and under the Shareholders' Agreement will take all reasonable endeavors to ensure that the Group is able to meet its capital expenditure commitments and working capital needs.

Fair value of financial instruments

The following estimated fair value amounts of financial instruments have been determined by the Group, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange:

USD in thousands	**2022**		**2021**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets:				
Cash and cash equivalents, including restricted cash	**20,563**	**20,563**	46,934	46,934
Trade and other receivables, excluding VAT receivables	**2,991**	**2,991**	1,952	1,952
Financial Liabilities:				
Trade and other payables	**4,041**	**4,041**	7,318	7,318
Related party payable balances	**24,040**	**24,040**	19,595	19,595
Lease liabilities	**803**	**803**	959	959
Long-term debt, net of deferred charges	**124,041**	**124,041**	72,367	72,367

The carrying amounts of cash and cash equivalents, restricted cash, receivables, accounts payable and related party payables are reasonable estimates of their fair values, due to the short maturity thereof.

22. Financial risk factors (continued)

The estimated fair value of the Group's bank loans and lease liabilities have been determined by management based upon the present value of the expected cash flows derived from the liability discounted at an appropriate discount rate.

The cash and cash equivalents meet Level 1 classification. There were no financial instruments in Level 3 and no transfers between Levels 1, 2 or 3 during the periods presented. The definitions of the levels provided by IFRS 13 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no financial assets which would otherwise have been past due or impaired that have been renegotiated.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

Maturity of financial Liabilities

USD in thousands	Less than 1 year	From 2 to 5 years	From 5 years and beyond	Total
As of December 31, 2022				
Contractual obligations:				
Trade and other payables	4,041	—	—	4,041
Related party payable balances	12,307	11,733	—	24,040
Lease liability	176	85	541	803
Lease interest	29	91	205	325
Long-term debt	51,083	42,148	34,890	128,121
Total contractual obligations	**67,636**	**54,057**	**35,636**	**157,329**

USD in thousands	Less than 1 year	From 2 to 5 years	From 5 years and beyond	Total
As of December 31, 2021				
Contractual obligations:				
Trade and other payables	7,318	—	—	7,318
Related party payable balances	19,595	—	—	19,595
Lease liability	145	332	482	959
Lease interest	31	89	201	321
Long-term debt	7,600	52,324	15,986	75,910
Total contractual obligations	34,689	52,745	16,669	104,103

23. Share options

The Company's Board of Directors approved the Avenir LNG Limited Share Option Plan 2018 in October 2018. Options are to be granted in consideration of services to the Company and its subsidiaries.

In USD except share data	2022 Shares	2022 Weighted Average Exercise Price	2021 Shares	2021 Weighted Average Exercise Price
Common share options				
Outstanding at beginning of year	**945,000**	**1.05**	1,070,000	1.04
Issued	**630,000**	**1.00**	225,000	1.00
Forfeiture	**-**	**-**	(350,000)	1.00
Outstanding at end of year	**1,575,000**	**1.03**	945,000	1.05
Exercisable at end of year	**858,750**	**1.01**	595,000	1.02
Fair value of share options granted during the year (in USD)		**0.40**		0.31
Risk-free rate		**1.37%**		0.36%
Volatility		**52.90%**		67.48%

The volatility was measured based on the share price development of five companies within the LNG industry for the last year.

Share-based compensation expense has been recorded in Avenir LNG M.S. Limited for $50 thousands and $24 thousand for the years ended December 31, 2022 and 2021, respectively. The Company has recorded a corresponding increase in its Investment in Avenir LNG M.S. Limited

24. Commitments and contingencies

Asset pledged

USD in thousands	2022	2021
Book value of vessels secured against long-term debt	**220,401**	121,810

Newbuilding contracts

Between 2016 and 2019, the Group entered newbuilding contracts for the construction of four 7,500 cbm LNG carriers and two 20,000 cbm LNG carriers for a total cost of approximately $262 million. The first vessel was delivered in 2020, further three vessels were delivered in 2021, and the remaining two vessels were delivered in 2022.

Provisions

In December 2021, the Group was in discussions with the Engineering, procurement, and construction ("EPC") contractor, responsible for the construction of its terminal in Sardinia, to finalize and settle the EPC agreement following the completion of the terminal. The Group entered into an agreement and settled with the EPC contractor in March 2022 for $2.4 million of additional cost relating to the terminal.

In March 2022, the Group completed the settlement of EPC contract.

(In thousands of U.S. Dollars)

25. Capital management

The Group defines capital as net debt and equity attributable to equity holders of Avenir. The Group manages capital by safeguarding their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The Group debts include covenants that requires compliance with certain ratios. These ratios include equity ratios, working capital ratios, minimum net worth covenants and minimum liquidity requirements.

As of December 31, 2022, the Group was compliant with all covenants under their debt agreements.

Restriction on payment of dividends

Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that

(a) The company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) The realizable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In consideration of the above, the Company has not proposed a dividend distribution in 2022 (2021: $nil).

26. Share capital

The Group's authorised share capital consists of 500 million common shares as of December 31, 2022 and 2021. There were 182.0 million shares issued, outstanding and fully paid as of December 31, 2022 and 2021, respectively.

During the year ended December 31, 2021, the Group issued 34.5 million shares in several tranches at $1 per share. No new shares were issued during the year ended December 31, 2022.

	Common Shares, par value $1 per share
Balance at December 31, 2022 and 2021	**182,000,000**

27. (Loss)/earnings per share

The following is a reconciliation of the numerator and denominator of the basic and diluted (loss)/earnings per share calculation.

USD in thousands unless otherwise stated	2022	2021
Net (loss)/profit	**(18,301)**	7,119
Basic and dilutive weighted average shares outstanding (number in thousands)	**182,000**	178,207
Basic (loss)/earnings per share (USD)	**(0.10)**	0.04
Diluted (loss)/earnings per share (USD)	**(0.10)**	0.04

There was no difference in the weighted average number of shares used for the calculation of basic and diluted earnings/(loss) per share as the effect of the share options discussed in Note 23 and the warrants discussed in Note 28 was anti-dilutive.

28. Related party transactions

Board of Directors and Key Management Compensation

Key management consists of two (2021: three) members of management. Total compensation and benefits of the management were as follows:

USD in thousands	2022	2021
Salary and benefits	**683**	940
Pension cost	**68**	91
Share-based compensation	**63**	28
Total compensation and benefits	**814**	1,059

The Board of Directors consists of four members for the years ended December 31, 2022 and 2021. The Board of Directors did not receive any remuneration for the years ended December 31, 2022 and 2021.

28. Related party transactions (continued)

Transactions with SNL, Golar and Höegh

USD in thousands	2022	2021
Transactions with SNL:		
Site team services costs, capitalised to newbuildings	**1,046**	3,009
Support services	**94**	300
Finance expense - guarantee, capitalised to newbuildings	**69**	404
Finance expense - guarantee, loan	**132**	29
Finance expense - RCF interest and commitment	**438**	340
Transactions with Golar:		
Bareboat chartering revenue	**-**	687
Finance expense - guarantee, capitalised to newbuildings	**37**	454
Finance expense - guarantee, loan	**66**	14
Finance expense - RCF interest and commitment	**146**	21
Transactions with Höegh:		
Ship management fee – operating cost	**6,323**	421
Ship management fee - pre-delivery cost	**5,202**	2,220
Finance expense - guarantee, capitalised to newbuildings	**34**	356
Finance expense - guarantee, loan	**66**	14
Finance expense - RCF interest and commitment	**146**	21

The Company has entered into two service agreements with subsidiaries of SNL for (a) newbuilding site team services for the Company and its subsidiary, Stolt-Nielsen Gas B.V. and (b) accounting, finance, treasury and other support services.

SNL, Golar and Höegh have agreed to guarantee the outstanding newbuilding commitments with the shipyards for a 1% commitment fee**.** The guarantee issued to the shipyards have since expired following delivery of all vessels in 2022.

In 2020, the Group signed a three year bareboat charter agreement for *Avenir Accolade* with Golar Power Limited, a subsidiary of Golar. The charter started in March 2021 before Golar Power Limited was disposed by Golar in April 2021 when it ceased to be a related party.

In 2021, SNL, Golar and Höegh agreed to guarantee the financed amount for one of its vessels from the secured term loan facility that the Group entered into in 2021 for a 1% guarantee fee.

In 2021, the Group entered into ship operating management agreements with Höegh for four vessels, including *Avenir Allegiance* which was sold in 2021.

Revolving Credit Facility ("RCF")

During 2021, the Group entered into a $21.0 million revolving credit facility agreement with SNL, Golar and Höegh. The facility bears a fixed interest rate of 5.0% per annum and a commitment fee on the undrawn amount at 2.0% per annum.

As at December 31, 2022 and 2021, the Group has drawn down an amount of $10.6 million from this facility. In October 2022, an amendment was agreed with SNL, Golar and Höegh extending the maturity date to November 2024.

28. Related party transactions (continued)

Accounts payable to SNL, Golar and Höegh

USD in thousands	**2022**	2021
Stolt-Nielsen group companies	**2,443**	3,191
Golar	**1,547**	1,442
Höegh	**8,317**	3,961
Total	**12,307**	8,594

Borrowings from SNL, Golar and Höegh

USD in thousands	**2022**	2021
Borrowings	**10,601**	10,607
Commitment fees charged	**199**	36
Interest charged	**933**	358
End of year	**11,733**	11,001

Warrants

Concurrent with the Framework and Shareholders Agreement, the Company issued warrants to SNL for the right to acquire up to 14,560,000 shares for $1/share (the "Warrants"). The Warrants shall be exercisable in tranches of 25% of the total number of Warrants when the price of Avenir's shares have been traded on the Norwegian OTC for 20 successive days at a price which is 25%, 50%, 75% and 100% above the first equity offering price of $1/share. The expiration date is October 1, 2023. No warrants have been exercised.

Future Horizon Transactions

USD in thousands	**2022**	2021
Bareboat hire	**6,807**	6,807

In September 2019, one of the Group's subsidiaries entered into a bareboat charter party agreement ("BBC") with MISC Berhard ("MISC") for the Group's first vessel, *Avenir Advantage*. Subsequently, the BBC was novated to Future Horizon (L) Pte. Ltd. which is a joint venture of the Group. There was no outstanding balance with Future Horizon (L) Pte. Ltd. as of December 31, 2022.

CPL and G&H

CPL and G&H were the minority shareholders of HiGas during the year ended December 31, 2021.

In 2021 the Group ordered a satellite plant from CPL for an amount of $0.6 million, which was outstanding as at December 31, 2021. This amount was settled in 2022.

G&H billed the Group $2.8 million in 2021 for the final EPC payment, variation orders and spare parts in its role as the EPC contractor for HiGas SRL.

In March 2022, the Group completed the settlement of the EPC contract relating to the construction of the HiGas terminal in Sardinia with G&H for $5.4 million. The Group has also completed the acquisition of the remaining 20% shareholding of HiGas with payments of $2.2 million to CPL and G&H. Following this, CPL and G&H ceased to be related parties.

G&H also provided accounting services to HiGas for $29 thousands in 2022 (2021: $0.1 million).

29. Subsequent events

In March 2023, *Avenir Achievement* commenced the three-year time charter with Shell after her successful sub-cooler upgrade.

Responsibility Statement

We confirm, to the best of our knowledge, that the consolidated Group financial statements for the year ended December 31, 2022 have been prepared in accordance with IFRS and gives a true and fair view of the Group's assets, liabilities, financial position and loss as a whole. In preparing these financial statements, we are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable;
- State whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. We are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. We highlight that legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Financial Statements on pages 1 to 31 were approved and signed on behalf of the Board of Directors.

Bermuda
April 28, 2023

Signed for and on behalf of the Board of Directors

Niels G. Stolt-Nielsen
Director

Independent auditors' report to the members of Avenir LNG Limited

Report on the audit of the group financial statements

Opinion

In our opinion, Avenir LNG Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet as at 31 December 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's ability to continue as a going concern. As of December 31, 2022, the group's current liabilities exceeded its current assets by $42.8 million. The group has current maturities of long-term debt, of which $21.4 million is due in October 2023 and $21.8 million is due in December 2023. The group will be dependent on additional financing in order to meet its existing working capital needs and debt maturities commencing in October 2023.

The group intends to refinance the existing term loans before the respective maturity dates; however, there is currently no agreement with any lender. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Responsibility Statement set out on page 32, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing 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 the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company/industry, we identified that the principal risks of non-compliance with laws and regulations related to regulations implemented by the International Maritime Organisation ("IMO"), the International Convention for the Prevention of Pollution from Ships ("MARPOL"), the International Convention for the Safety of Life at Sea ("SOLAS"), and the Bribery Act 2010 (UK), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 1981 (Bermuda) and international tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and potential management bias in the selection and application of significant accounting judgements and estimates. Audit procedures performed included:

- Reviewing minutes of meetings of those charged with governance.
- Discussions with the Chief Financial Officer, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud.
- Challenging assumptions and judgements made by management in connection with significant accounting estimates.
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations and consolidation journals .

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Watford
28 April 2023

(a) The maintenance and integrity of the Avenir LNG Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.