November 16, 2022

Q3 2022 BUSINESS UPDATE

This release includes business and financial updates for the quarter and nine months ended September 30, 2022. The establishment of the business formation and funding of Cool Company Ltd. (“CoolCo” or “the Company”) and the phased acquisition of eight TFDE vessels, The Cool Pool Limited, and the shipping and FSRU management organization from Golar LNG Limited commenced in January 2022 and concluded on June 30, 2022. As a result of these acquisitions, interim results for the nine month period ended September 30, 2022 ("9M 2022") include consolidated successor period and combined predecessor period results which on an aggregate basis represent the first nine months results for 2022. As the acquisitions were completed by June 30, 2022, the three months ended September 30, 2022 ("Q3" or "the Quarter") represent the first full quarter that only includes a consolidated successor period.

Q3 Highlights and Subsequent Events

- Generated Q3 operating income of $36.4 million and net income of $36.8* million.
- Achieved average Q3 Daily Time Charter Equivalent Earnings ("TCE")[1] of $73,200 per day.
- Cash and cash equivalents of $94.8 million excluding restricted cash for VIEs related to sale and leaseback facilities.
- Contractual Debt[1] of $768.9 million as of September 30, 2022.
- Generated Q3 Adjusted EBITDA[1] of $42.4 million.
- Previously announced 12-month charter agreement at approximately $140,000 per day commenced September 2022.
- Previously announced charter agreed from end October 2022 confirmed as a 3-year charter at approximately $120,000 per day.
- Successful conclusion to previously announced advanced discussions for a three-year charter commencing in Q1 2023 at a rate that steps down from a high level to a lower level and averages approximately $120,000 per day over the period of the charter.
- The Company announced a new variable dividend policy, pursuant to which subject to approval by the Company's board of directors (the "Board"), the Company intends to allocate its free cash flow to equity primarily to the payment of a quarterly dividend, after allocations to drydocking and capital expenditures related to improving vessel efficiency, scheduled to commence with effect from the fourth quarter of 2022, with an initial payment expected to be made during the first quarter of 2023.
- Raised approximately $170 million in a primary equity offering on November 2, 2022 to fund the equity consideration for the acquisition of four special purpose vehicles (“SPVs”), each holding one contracted LNG carrier, for an aggregate purchase consideration of approximately $660 million.
- Assumed a $520 million term loan facility secured by the four SPVs on November 10, 2022 to finance the balance of the purchase consideration (approximately $500 million outstanding following a principal repayment of approximately $20 million made on November 14, 2022).
- Entered into additional option agreements expiring by June 30, 2023 to acquire two LNG carrier newbuild contracts with scheduled deliveries in Q1 2025.
- Entered into additional interest rate hedging arrangements resulting in the $570 million bank facility being fully hedged at an average fixed rate of 3.37% and an average all-in rate of 6.12%.

Richard Tyrrell, CEO, commented:

“*I am pleased to see the buoyant market for our LNG carriers feeding through to the financial results. This is a trend that I expect to feed into future quarters with demand expected to remain robust and energy security considerations extending into 2023. Additionally, I am pleased that our recent equity offering has enabled us to acquire four well-specified contracted vessels on attractive terms from our principal shareholder, EPS. The acquisition increased our owned fleet by 50 percent in terms of number of vessels, increased our backlog by 100 percent (excluding options) to 275 percent (including options), added two vessels with the latest 2-stroke technology to the fleet, and provided longer-term charters that complement shorter-term charters in the portfolio. Since the Company’s founding in early 2022, we have quickly established CoolCo as a leading owner and operator in the LNG shipping sector while successfully fixing our available ships on attractive charters. Moving forward, we expect LNG’s dual roles as a provider of energy security and enabler of the energy transition to remain powerful drivers. Against this backdrop, our high-quality fleet, diversified charter portfolio, proven ability to grow on attractive terms, and newly announced dividend policy position CoolCo to realize significant long-term value for our shareholders*.”

* Q3 net income includes mark-to market gain on interest rate swaps amounting to $9.5 million.

[1] Refer to 'Appendix A' - Non-GAAP financial measures and definitions'.

Financial Highlights

The table below sets forth certain key financial information for Q3 2022 and 9M 2022, split between Successor and Predecessor periods (as defined below).

	Q3 2022	Nine Months ended September 30, 2022		
(in thousands of $, except TCE)	**Successor**	**Successor**	**Predecessor**	**Total**
Time and voyage charter revenues	54,713	104,535	37,289	141,824
Total operating revenues	65,831	122,723	43,456	166,179
Operating income	36,424	62,055	27,728	89,783
Net income	36,772	54,431	23,244	77,675
Adjusted EBITDA[1]	42,437	75,964	33,473	109,437
Average daily TCE[1] (to the closest $100)	73,200	66,500	57,100	63,800

Note: The commencement of operations and funding of CoolCo and its acquisition of the eight TFDE LNG carriers, The Cool Pool Limited and the shipping and FSRU management organization from Golar LNG Limited ("Golar") was completed in a phased process. It commenced with the funding of CoolCo on January 27, 2022 and concluded with the acquisition of the LNG carrier and FSRU management organization on June 30, 2022, with vessel acquisitions taking place on different dates over that period. Results for the nine months that commenced January 1, 2022 and ended September 30, 2022 have therefore been split between the period prior to the funding of CoolCo and various phased acquisitions (the "Predecessor" period) and the period subsequent to the various phased acquisitions of such vessels and management entities (the "Successor" period).

LNG Market Review

The Quarter commenced with the Japan/Korea Marker gas price ("JKM") at $39/MMBtu, the Dutch Title Transfer Facility gas price ("TTF") at $45/MMBtu and quoted TFDE headline spot rates of $60,000 per day. Over the course of the period, JKM reached $70/MMBtu and TTF reached $100/MMBtu in August before falling back to $40/MMBtu and $54/MMBtu, respectively by the end of the quarter. Cargo values and the anticipation of winter pushed spot TFDE shipping rates to $270,000 per day at the end of the Quarter. Charterers continued to reserve their vessels for their own use, withholding sublets from the spot market, and ensuring that term rates remained firm over the period. Voyage duration rather than distance continued to drive the market. Despite a decrease in average distance compared to 2021, congestion around European terminals together with charterers choosing to float cargoes to profit from a winter price contango meant that the amount of LNG at sea for more than 20 days was 40% up year on year.

With modern tonnage becoming increasingly scarce as the quarter progressed, CoolCo took the opportunity to fix one of its spot traded vessels on a 12-month charter commencing in September at approximately $140,000 per day. Subsequent to the end of the Quarter, CoolCo took the opportunity of the strong market to fix another two of its available carriers on three-year charters: One charter was agreed in October at approximately $120,000 per day, and another charter was agreed in November commencing in Q1 2023 at a rate that steps down from a high level to a lower level and averages approximately $120,000 per day over the period of the charter. CoolCo is well positioned to benefit from the strong charter market with two further vessels becoming available over the course of 2023 when tonnage availability will remain limited.

Marginal shipping capacity is now largely in the hands of charterers for whom energy security or the risk of missing a scheduled loading or cargo values outweigh the returns from a possible sublet. The number of fixtures is falling as a result with the few being concluded achieving record breaking rates. By end-October, TFDE spot rates had reached $450,000 per day.

Operational Review

CoolCo's fleet continues to perform well with no technical off-hire incurred during the Quarter. Due to idle days prior to the September delivery of the $140,000 per day re-contracted vessel, Q3 2022 fleet utilization was 95%. No idle time was incurred on our October delivery.

Our one and only scheduled vessel drydocking in 2023 must take place no later than September of that year.

[1] Refer to 'Appendix A' - Non-GAAP financial measures and definitions'.

Business Development

From its formation in early 2022 CoolCo has sought to leverage its industry relationships to target market consolidation and grow its fleet through the accretive acquisition of in-service LNG carriers and the selective pursuit of newbuild opportunities. In line with this strategy CoolCo announced on November 10, 2022, that it had completed the acquisition of four SPVs with contracted LNG carriers, the 2021 built 2-stroke *Kool Orca*, the 2020 built 2-stroke *Kool Firn*, and the 2015 built TFDE vessels *Kool Boreas* and *Kool Baltic* from Quantum Crude Tankers Ltd, an affiliate of EPS Ventures Ltd. ("EPS"). Representing a compelling value proposition, the four LNG carriers, each on longer term charters to Shell Tankers (Singapore) Private Limited ("Shell"), complement the shorter term charters of CoolCo's initial eight vessel fleet. The average remaining duration of the four charters to Shell is around 3.7 years excluding option periods (equivalent to a Revenue backlog[1] of approximately $380 million) and 11.7 years inclusive of options (equivalent to a Revenue backlog[1] of approximately $1.2 billion). Estimated 2023 Adjusted EBITDA[1] attributable to these four vessels is expected to be approximately $80 million. The average age of CoolCo's 12 vessel fleet is now approximately 7 years and the average cash breakeven inclusive of operating costs, general and administrative expenses, interest and principal debt repayments is approximately $58,000 per day. Revenue backlog[1] attributable to CoolCo as at September 30, 2022, from shipping fixtures to date for all 12 vessels amounts to approximately $900 million excluding options, $1.75 billion including options.

In connection with the vessel acquisitions above, CoolCo also entered into an option agreement with an affiliate of EPS to acquire newbuild contracts for two further 2-stroke LNG carriers that are scheduled to deliver in Q1 2025. These two options are exercisable before the end of Q2 2023 at a vessel valuation of $234 million each. Recent market transactions indicate that newbuild contracts for similar vessels with late 2026 delivery dates are now being agreed for around $250 million each.

Financing and Liquidity

As of September 30, 2022, CoolCo had cash and cash equivalents of $94.8 million and total short and long-term debt of $657.4 million. The outstanding Contractual Debt[1] in respect of the six vessel bank financing facility (the "$570 million bank facility"), maturing in March 2027, amounted to $550.2 million and in respect of the two sale and leaseback facilities (*Ice* and *Kelvin*), maturing in January 2025, amounted to $218.6 million. Total CoolCo Contractual Debt[1] stood at $768.9 million.

During Q3, we entered into additional floating interest rate (SOFR) swap agreements for a notional amount of $167.2 million, resulting in the $570 million bank facility now being fully hedged at an average fixed rate of 3.37%, resulting in an average all-in rate for this facility of 6.12%. The swap agreements start date was in October 2022, maturing in February 2027, and follow the amortization profile of the $570 million bank facility.

On November 10, 2022, CoolCo assumed the $520.0 million term loan facility secured by the four SPVs related to the acquired LNG carriers, *Kool Orca*, *Kool Firn*, *Kool Boreas* and *Kool Baltic*. Maturing in May 2029, the facility carries interest at SOFR plus a margin of 2.0%. Approximately $20 million principal repayment in respect of this facility was paid on November 14, 2022.

Corporate and Other Matters

As of September 30, 2022, CoolCo had 40,010,000 shares issued and outstanding. Of these, 16,000,817 were owned by EPS, 12,510,000 were owned by Golar LNG Limited ("Golar") and 11,499,183 were publicly owned. On September 30, 2022 CoolCo also held its Annual General Meeting where all resolutions were passed.

On November 2, 2022 CoolCo announced a successful private placement that raised gross proceeds of approximately $270 million, including a primary offering to fund the equity portion of the purchase price of the SPVs that own the *Kool Orca*, *Kool Firn*, *Kool Boreas* and *Kool Baltic* and a secondary offering of existing shares held by Golar. The primary offering by the Company resulted in the allocation and issuance of 13,678,462 new common shares (the "New Shares") at a subscription price of NOK 130 per share, raising gross proceeds of approximately $170 million for CoolCo. The secondary offering resulted in the allocation of 8,046,154 million existing common shares held by Golar to new owners, raising gross proceeds of approximately $100 million for Golar.

Following issuance of the New Shares in the register of members in Bermuda on November 7, 2022, the Company has 53,688,462 shares issued and outstanding, each with a par value of USD 1.00. Of these, EPS hold 26,790,545 shares, equivalent to approximately 49.9% of the Company, Golar holds 4,463,846 shares, equivalent to approximately 8.3% of the Company and the public holds 22,434,071 shares, equivalent to approximately 41.8% of the Company.

[1] Refer to 'Appendix A' - Non-GAAP financial measures and definitions'.

The Board also approved the initiation of a variable dividend policy on October 31, 2022. Under the policy, the Company intends to allocate its free cash flow to equity primarily to the payment of a quarterly dividend, after allocations to drydocking and capital expenditures related to improving vessel efficiency. The dividend policy is scheduled to commence with effect from Q4 2022, with an initial payment expected to be made during Q1 2023. The declaration and payment of dividends are at all times subject to the sole discretion of the Board, taking into consideration, among other factors, the freight market outlook, the Company's balance sheet, market cyclicality, distributable reserves, liquidity requirements and macroeconomic conditions.

Outlook

The return of Freeport volumes, Europe's post-winter need to replenish storage without recourse to Nordstream 1, an increasing global emphasis on energy security and the expectation that Asian buyers will be more actively competing for cargoes will likely drive additional shipping demand into 2023. With two further vessel openings in 2023, CoolCo is one of the few vessel owners that remains exposed to this steadily improving market. The Company is experiencing an unprecedented level of inquiries, including for longer term charters, at historically high levels.

Looking further ahead, at approximately 40% of the global fleet, the order book may look sizable, however limited vessels have been speculatively ordered, yard capacity is limited (they now closely guard their few remaining 2026 slots), and newbuild prices have reached $250 million. Recent data points for long-term contracts suggest that these high prices are feeding through to increasing long-term charter rates too. Meanwhile, strong demand for gas, increased arbitrage between exporting and importing regions, approximately 220 mtpa of new liquefaction expected to start up between now and 2027, the phase out of approximately 230 older and considerably less efficient steam vessels (approximately 100 of which run off contract by 2027), and the prospect of ongoing terminal and canal congestion collectively underpin a solid long-term demand picture and our expectation of elevated term rates for shipping.

[1] Refer to 'Appendix A' - Non-GAAP financial measures and definitions'.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements which reflect management's current expectations, estimates and projections about its operations. All statements, other than statements of historical facts, that address activities and events that will, should, could or may occur in the future are forward-looking statements. Words such as "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect," "could," "would," "predict," "propose," "continue," or the negative of these terms and similar expressions are intended to identify such forward-looking statements. These statements include statements relating to outlook, expected results and performance, expected industry and business trends including expected trends in LNG demand, LNG vessel supply and demand, backlog, charter and spot rates, contracting, utilization, LNG vessel newbuild order-book and other non-historical matters. Our condensed interim consolidated financial statements are preliminary which may impact the condensed interim consolidated financial information included in this release. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict and actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are:

- general economic, political and business conditions including sanctions and other measures;
- general LNG market conditions, including fluctuations in charter hire rates and vessel values;
- changes in demand in the LNG shipping industry, including the market for our vessels;
- changes in the supply of LNG vessels;
- our ability to successfully employ our vessels;
- changes in our operating expenses and volatility of supply and maintenance costs, including fuel or cooling down prices and lay-up costs when vessels are not on charter, drydocking and insurance costs;
- compliance with, our liabilities under, and changes in governmental, tax environmental and safety laws and regulations;
- potential disruption of shipping routes and demand due to accidents, piracy or political events;
- vessel breakdowns and instances of loss of hire;
- vessel underperformance and related warranty claims;
- our ability to procure or have access to financing and refinancing;
- our continued borrowing availability under our credit facilities and compliance with the financial covenants therein;
- fluctuations in foreign currency exchange and interest rates;
- the continuing impact of the COVID-19 pandemic;
- our limited operating history under the CoolCo name; and
- other factors that may affect our financial condition, liquidity and results of operations.

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this press release. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

As a result, you are cautioned not to place undue reliance on any forward-looking statements which speak only as of the date of this press release.. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by law.

November 16, 2022
Cool Company Ltd.
Hamilton, Bermuda

Questions should be directed to:
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John Boots - Chief Financial Officer

Cyril Ducau (Chairman of the Board)
Antoine Bonnier (Director)
Mi Hong Yoon (Director)
Neil Glass (Director)
Peter Anker (Director)

APPENDIX A - NON-GAAP FINANCIAL MEASURES AND DEFINITIONS

Non-GAAP Financial Metrics Arising From How Management Monitor the Business

This earnings release and the associated investor presentation contains references to non-GAAP financial measures which are included in the table below. We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business and measuring our performance. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP. Non-GAAP measures are not uniformly defined by all companies, and may not be comparable with similar titles, measures and disclosures used by other companies. The reconciliations from these results should be carefully evaluated.

Non-GAAP measure	Closest equivalent US GAAP measure	Adjustments to reconcile to primary financial statements prepared under US GAAP	Rationale for adjustments
Performance Measures			
Adjusted EBITDA	Net income/(loss) attributable to Cool Company Ltd	+/- Net financial expense +/- Gains on derivative instrument +/- Income taxes +/- Net income attributable to non-controlling interests + Depreciation and amortization + Impairment of long-term assets - Amortization of intangible - charter agreements, net	Increases the comparability of total business performance from period to period and against the performance of other companies by removing the impact of depreciation, amortization of intangible - charter agreements, net financing costs and tax items.
Average daily TCE	Time and voyage charter revenues	- Voyage, charter hire and commission expenses, net The above total is then divided by calendar days less scheduled off-hire days.	- Measure of the average daily net revenue performance of a vessel. - Standard shipping industry performance measure used primarily to compare period-to-period changes in the vessel's net revenue performance despite changes in the mix of charter types (i.e. spot charters, time charters and bareboat charters) under which the vessel may be employed between the periods. - Assists management in making decisions regarding the deployment and utilization of its fleet and in evaluating financial performance.
Liquidity measures			
Contractual Debt	Total debt (current and non-current), net of deferred finance charges	+ VIE Consolidation Adjustment + Deferred Finance Charges + Fair Value adjustments upon acquisition	We consolidate lessor VIEs for our sale and leaseback facilities (for the vessels *Ice* and *Kelvin*). This means that on consolidation, our contractual debt is eliminated and replaced with the Lessor VIEs' debt. Contractual debt represents our actual debt obligations under our various financing arrangements before consolidating the Lessor VIEs. The measure enables investors and users of our financial statements to assess our liquidity and the split of our debt (current and non-current) based on our underlying contractual obligations.

Total Company Cash	CoolCo cash based on GAAP measures: + Cash and cash equivalents + Restricted cash and short-term deposits (current and non-current)	- VIE restricted cash and short-term deposits (current and non-current)	We consolidate a number of lessor VIEs for our sale and leaseback facilities. This means that on consolidation, we include restricted cash held by the lessor VIEs. Total Company Cash represents our cash and cash equivalents and restricted cash and short-term deposits (current and non-current) before consolidating the lessor VIEs. Management believes that this measure enables investors and users of our financial statements to assess our liquidity and aids comparability with our competitors.

Reconciliations - Liquidity measures

Contractual Debt

(in thousands of $)	**At September 30, 2022**
Total debt (current and non-current) net of deferred finance charges	657,378
Add: VIE consolidation and fair value adjustments	105,577
Add: Deferred finance charges	5,915
Cool Company's Contractual Debt	**768,870**

Total Company Cash

(in thousands of $)	**At September 30, 2022**
Cash and cash equivalents	94,790
Restricted cash and short-term deposits	3,924
Less: VIE restricted cash	(3,468)
Total Company Cash	**95,246**

Non-US GAAP Measures Used in Forecasting

Revenue Backlog

Revenue backlog is defined as the contracted daily charter rate for each vessel multiplied by the number of scheduled hire days for the remaining contract term. Revenue backlog is not intended to represent EBITDA or future cashflows that will be generated from these contracts. This measure should be seen as a supplement and not a substitute for our US GAAP measures of performance.