



FLEX LNG

Second Quarter 2023 Result Presentation

August 16, 2023



FORWARD-LOOKING STATEMENTS



MATTERS DISCUSSED IN THIS PRESENTATION MAY CONSTITUTE FORWARD-LOOKING STATEMENTS. THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES SAFE HARBOR PROTECTIONS FOR FORWARD-LOOKING STATEMENTS IN ORDER TO ENCOURAGE COMPANIES TO PROVIDE PROSPECTIVE INFORMATION ABOUT THEIR BUSINESS. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING PLANS, OBJECTIVES, GOALS, STRATEGIES, FUTURE EVENTS OR PERFORMANCE, AND UNDERLYING ASSUMPTIONS AND OTHER STATEMENTS, WHICH ARE OTHER THAN STATEMENTS OF HISTORICAL FACTS.

FLEX LNG LTD. ("FLEX LNG" OR "THE COMPANY") DESIRES TO TAKE ADVANTAGE OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND IS INCLUDING THIS CAUTIONARY STATEMENT IN CONNECTION WITH THIS SAFE HARBOR LEGISLATION. THE WORDS "BELIEVE," "EXPECT," "FORECAST," "ANTICIPATE," "ESTIMATE," "INTEND," "PLAN," "POSSIBLE," "POTENTIAL," "PENDING," "TARGET," "PROJECT," "LIKELY," "MAY," "WILL," "WOULD," "SHOULD," "COULD" AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS.

THE FORWARD-LOOKING STATEMENTS IN THIS PRESENTATION ARE BASED UPON VARIOUS ASSUMPTIONS, MANY OF WHICH ARE BASED, IN TURN, UPON FURTHER ASSUMPTIONS, INCLUDING WITHOUT LIMITATION, MANAGEMENT'S EXAMINATION OF HISTORICAL OPERATING TRENDS, DATA CONTAINED IN THE COMPANY'S RECORDS AND OTHER DATA AVAILABLE FROM THIRD PARTIES. ALTHOUGH FLEX LNG BELIEVES THAT THESE ASSUMPTIONS WERE REASONABLE WHEN MADE, BECAUSE THESE ASSUMPTIONS ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT AND ARE BEYOND THE COMPANY'S CONTROL, THERE CAN BE NO ASSURANCE THAT THE COMPANY WILL ACHIEVE OR ACCOMPLISH THESE EXPECTATIONS, BELIEFS OR PROJECTIONS. FLEX LNG UNDERTAKES NO OBLIGATION, AND SPECIFICALLY DECLINES ANY OBLIGATION, EXCEPT AS REQUIRED BY LAW, TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

IN ADDITION TO THESE IMPORTANT FACTORS, OTHER IMPORTANT FACTORS THAT, IN THE COMPANY'S VIEW, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD-LOOKING STATEMENTS INCLUDE: UNFORESEEN LIABILITIES, FUTURE CAPITAL EXPENDITURES, THE STRENGTH OF WORLD ECONOMIES AND CURRENCIES, GENERAL MARKET CONDITIONS, INCLUDING FLUCTUATIONS IN CHARTER RATES AND VESSEL VALUES, CHANGES IN DEMAND IN THE LNG TANKER MARKET, THE LENGTH AND SEVERITY OF THE COVID-19 OUTBREAK, THE IMPACT OF PUBLIC HEALTH THREATS AND OUTBREAKS OF OTHER HIGHLY COMMUNICABLE DISEASES, CHANGES IN THE COMPANY'S OPERATING EXPENSES, INCLUDING BUNKER PRICES, DRY-DOCKING AND INSURANCE COSTS, THE FUEL EFFICIENCY OF THE COMPANY'S VESSELS, THE MARKET FOR THE COMPANY'S VESSELS, AVAILABILITY OF FINANCING AND REFINANCING, ABILITY TO COMPLY WITH COVENANTS IN SUCH FINANCING ARRANGEMENTS, FAILURE OF COUNTERPARTIES TO FULLY PERFORM THEIR CONTRACTS WITH THE COMPANY, CHANGES IN GOVERNMENTAL RULES AND REGULATIONS OR ACTIONS TAKEN BY REGULATORY AUTHORITIES, INCLUDING THOSE THAT MAY LIMIT THE COMMERCIAL USEFUL LIVES OF LNG TANKERS, POTENTIAL LIABILITY FROM PENDING OR FUTURE LITIGATION, GENERAL DOMESTIC AND INTERNATIONAL POLITICAL CONDITIONS, POTENTIAL DISRUPTION OF SHIPPING ROUTES DUE TO ACCIDENTS OR POLITICAL EVENTS, VESSEL BREAKDOWNS AND INSTANCES OF OFF-HIRE, AND OTHER FACTORS, INCLUDING THOSE THAT MAY BE DESCRIBED FROM TIME TO TIME IN THE REPORTS AND OTHER DOCUMENTS THAT THE COMPANY FILES WITH OR FURNISHES TO THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC").

FOR A MORE COMPLETE DISCUSSION OF CERTAIN OF THESE AND OTHER RISKS AND UNCERTAINTIES ASSOCIATED WITH THE COMPANY, PLEASE REFER TO THE REPORTS AND OTHER DOCUMENTS THAT FLEX LNG FILES WITH OR FURNISHES TO THE SEC.

THIS PRESENTATION IS NOT AN OFFER TO PURCHASE OR SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE OR SELL, ANY SECURITIES OR A SOLICITATION OF ANY VOTE OR APPROVAL.

SECOND QUARTER HIGHLIGHTS



RESULTS

- Q2-23 Revenues of \$86.7m in line with guidance of \$85-90m
- Net Income and Earnings per share of \$39m and \$0.73 respectively
- Adj. Net Income and Adj. Earnings per share⁽¹⁾ of \$28.2m and \$0.53 respectively

RECENT EVENTS

- Carried out drydocking of three ships during Q2 according to time and budget
- Thus we have completed our four scheduled drydockings this year
- Cheniere has extended Flex Vigilant Time Charter by 200 days from Q4-2030 to Q2-2031

GUIDANCE

- Revenues to pick up H2-23 due to no dockings as well as a stronger spot market
- Reiterate Revenue guidance of \$90-95m in Q3 and \$90-100m in Q4
- Reaffirm 2023 Revenue guidance of ~\$370m with Adj. EBITDA of about \$290-295m

DIVIDEND

- Declaring ordinary quarterly dividend of \$0.75 per share for Q2
- Dividend per share the last twelve months is \$3.25 providing a yield of ~10%⁽²⁾
- Strong financial position, \$450m cash, and no debt maturities prior 2028

1) Adjusted net income, adjusted EPS and TCE are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report.

2) Annualized dividend yield assuming a share price of \$32

DRYDOCKINGS FOR THE YEAR COMPLETED



Flex Endeavour: March 2023



Flex Enterprise: April 2023



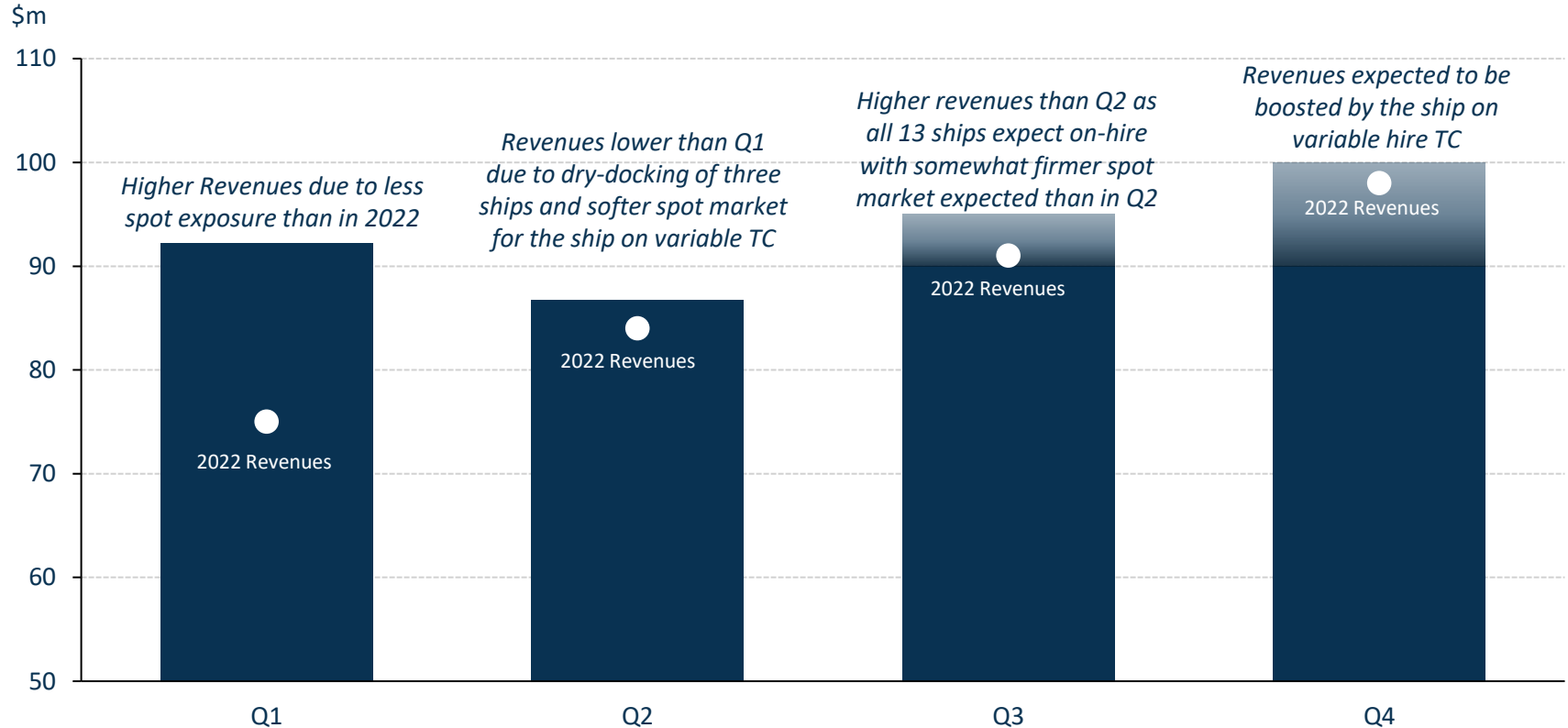
Flex Ranger: June 2023



Flex Rainbow: June 2023

- The four scheduled drydockings this year were carried out according to plan and budget
- Total off-hire of 77 days compared to 80-90 days guided in February 2023 in our Q4 presentation
- Capex of ~\$20m in line with estimate of \$18-20m
- Two scheduled drydockings in 2024, four in 2025, three in 2026 and zero in 2027

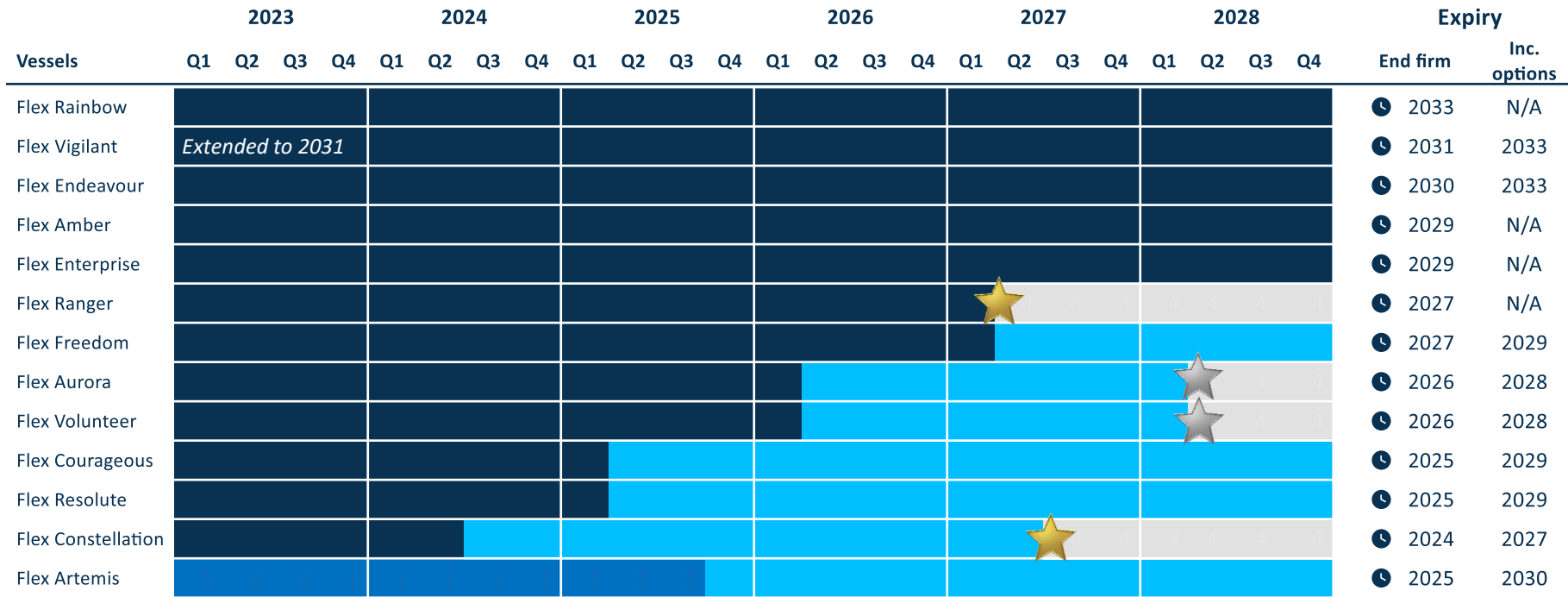
REAFFIRM OUR REVENUE GUIDANCE OF ~\$370M FOR 2023



HIGH CONTRACT COVERAGE – MARKETING 2027 POSITIONS



54 years of minimum contract backlog which may increase to 80 years with charterer’s extension options



EARNINGS BELONG TO SHAREHOLDERS



	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	LTM
Adjusted Earnings per Share⁽¹⁾	\$0.42	\$0.61	\$0.79	\$1.02	\$0.66	\$0.53	\$3.00
Ordinary Dividend per Share	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$3.00
Special Dividend per Share		\$0.50		\$0.25			\$0.25
Total distribution	\$0.75	\$1.25	\$0.75	\$1.00	\$0.75	\$0.75	\$3.25

Decision Factors

Earnings and cash flow						
Market outlook						
Backlog and visibility						
Liquidity position						
Covenant compliance						
Debt maturities						
Capex liabilities						
Other considerations						

1) Adjusted EPS is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

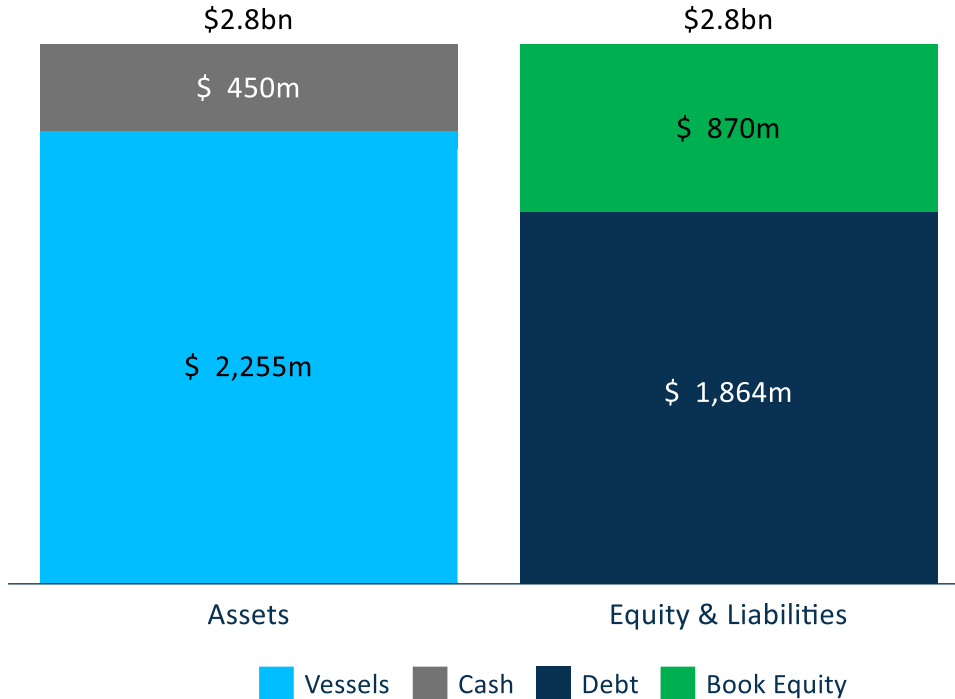
KEY FINANCIAL HIGHLIGHTS



Income statement (\$m)	Q2 2023	Q1 2023	Δ\$	H1 2023	H1 2022	Δ\$	Comments
Revenues	86.7	92.5	(5.8)	179.2	158.7	20.5	<i>Revenues: 57 days offhire for scheduled drydock of three vessels and seasonally lower earnings for the variable hire contract</i>
Operating expenses	(17.3)	(15.7)	(1.6)	(33.0)	(29.7)	(3.3)	
Operating income	48.2	55.0	<i>(6.8)</i>	103.2	86.8	<i>16.4</i>	
Interest expenses	(27.2)	(26.3)	(0.9)	(53.5)	(30.5)	(23.0)	<i>TCE¹ per day: Q2 \$77,218 and H1 \$78,720</i>
Gain on derivatives	17.1	(2.8)	20.0	14.3	46.4	(32.1)	
Extinguishment of debt	0.0	(10.2)	10.2	(10.2)	(1.7)	(8.5)	
Net income	39.0	16.5	22.5	55.5	100.0	<i>(44.5)</i>	<i>Opex per day: Q2 \$14,618 and H1 \$14,024</i>
EPS (\$/share)	0.73	0.31	0.42	1.03	1.88	(0.85)	<i>Realized gains on derivatives was \$6.2m in Q2 versus \$5m in Q1. Gains in H1 2023 was \$11.2m versus a loss of \$2.4 in H1 2022. Difference in paid interest net of derivatives is thus only \$10m in H1 despite rapid increase of interest rates.</i>
Adjusted EBITDA (\$m)	66.2	72.5	(6.3)	138.7	122.4	16.3	
Adjusted net income (\$m)	28.2	35.2	(7.0)	63.5	56.4	7.1	
Adjusted EPS (\$/share)	0.53	0.66	(0.13)	1.18	1.06	0.12	

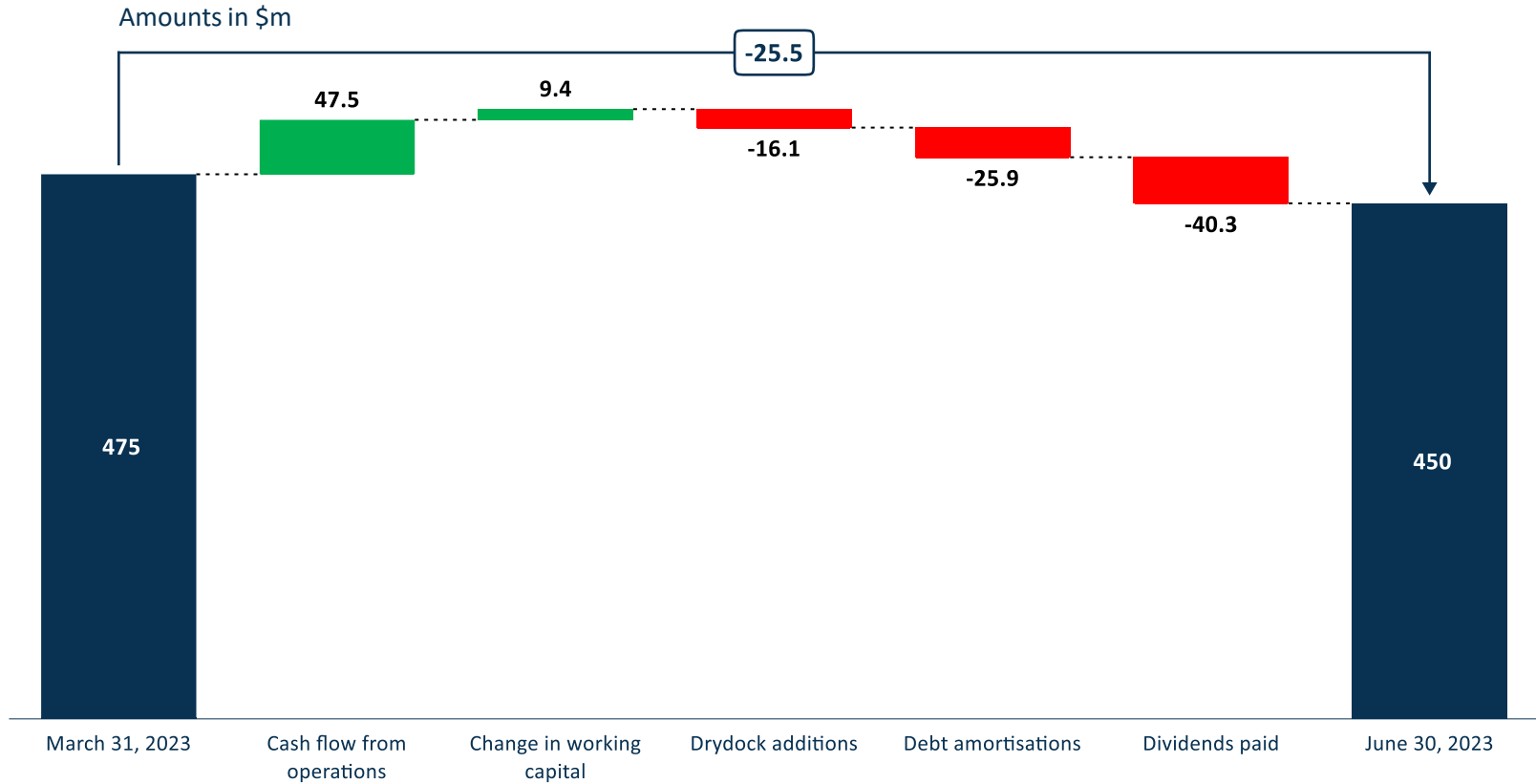
1) TCE, adjusted EBITDA, adjusted net income and adjusted EPS are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

ROBUST AND CLEAN BALANCE SHEET



- 13 state-of-the art LNGCs
- Average fleet age of 3.6 years as per end Q2
- The fleet has been acquired at historical attractive prices compared to the newbuilding prices today, while book equity values reflect historical cost adjusted with regular depreciations
- Ample cash position of \$450m
- Solid book equity ratio of 31%

SOLID CASH POSITION OF \$450M

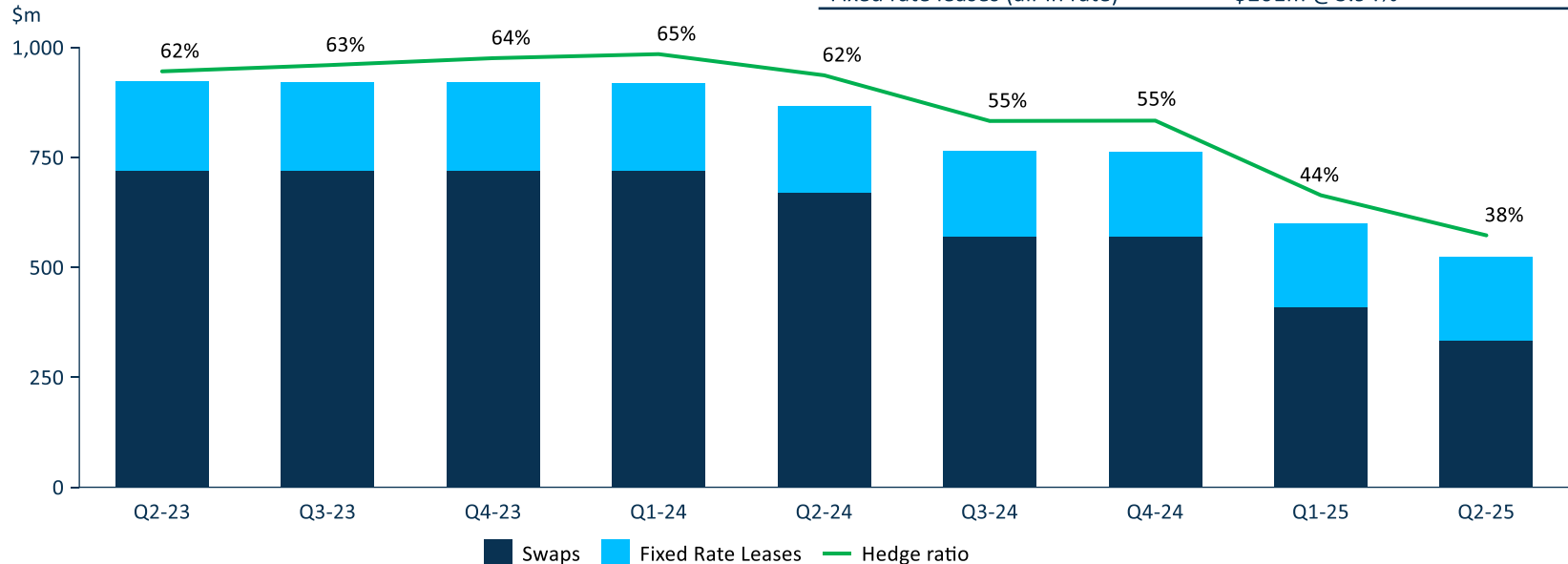


INTEREST RATE RISK MANAGED BY ACTIVE HEDGING STRATEGY



- No changes to the swap portfolio during the quarter
- High hedge coverage over the next 12-18 months provides cost visibility
- Swap portfolio valued at \$58.7m on the balance sheet
- The LIBOR based swaps will transition to SOFR during Q3

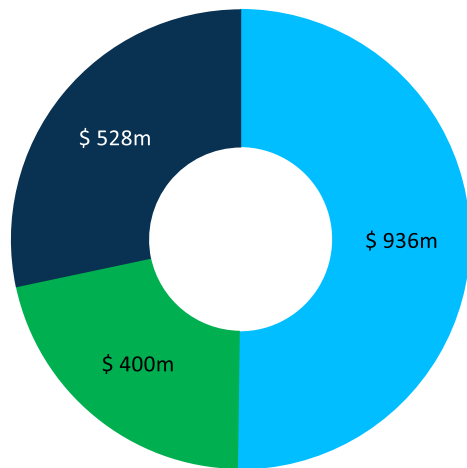
SUMMARY (as per 30 June 2023)	SOFR	LIBOR	TOTAL
Notional swap amounts	\$660m	\$160m	\$820m
Weighted average duration	5.0 years	1.8 years	
Weighted average rate	1.81%	0.96%	
Fixed rate leases (all-in rate)		\$201m @3.94%	



FLEXIBLE FUNDING PORTFOLIO WITH NO MATURITIES PRIOR 2028

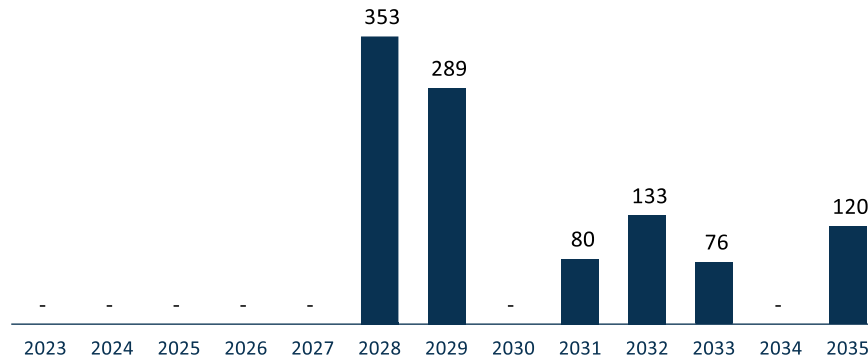


Debt Distribution



Term RCF Lease

Debt Maturity Profile \$m



Diversified and supporting group of financiers

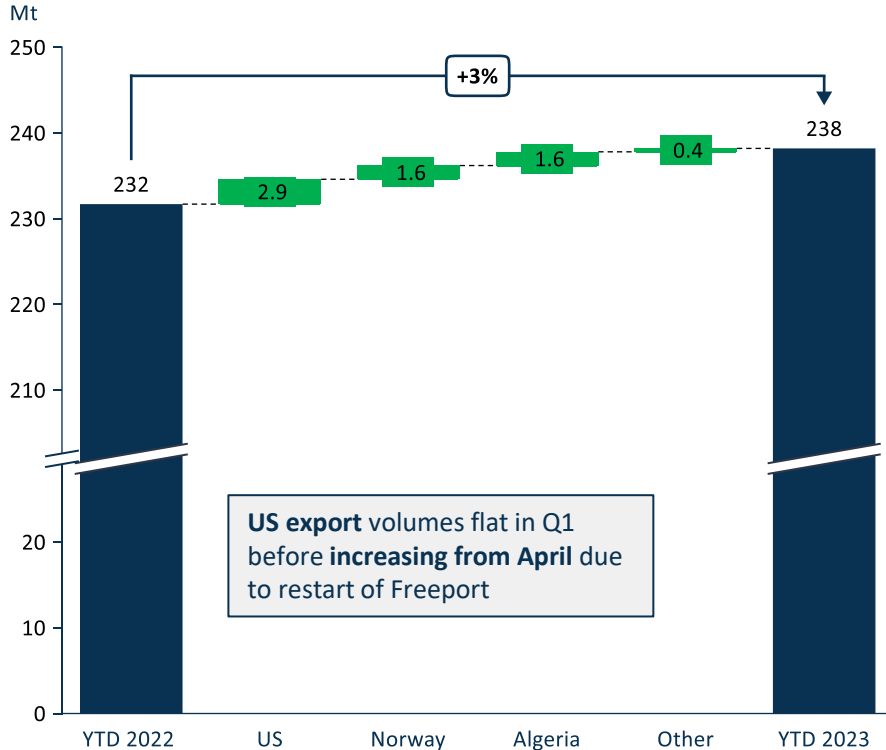


1) The maturity in 2035 is subject to Flex LNG exercising the 2 years extension option under the 10-year \$330m SLB financing Flex Artemis and Flex Amber

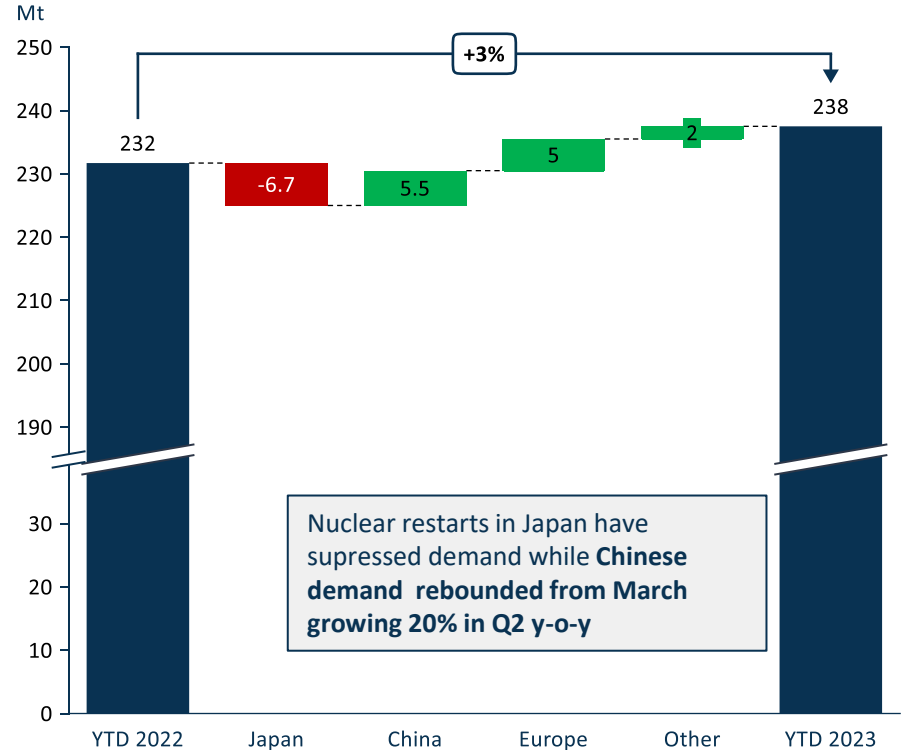
STEADY VOLUME GROWTH WITH CONTINUED FLOW TO EUROPE



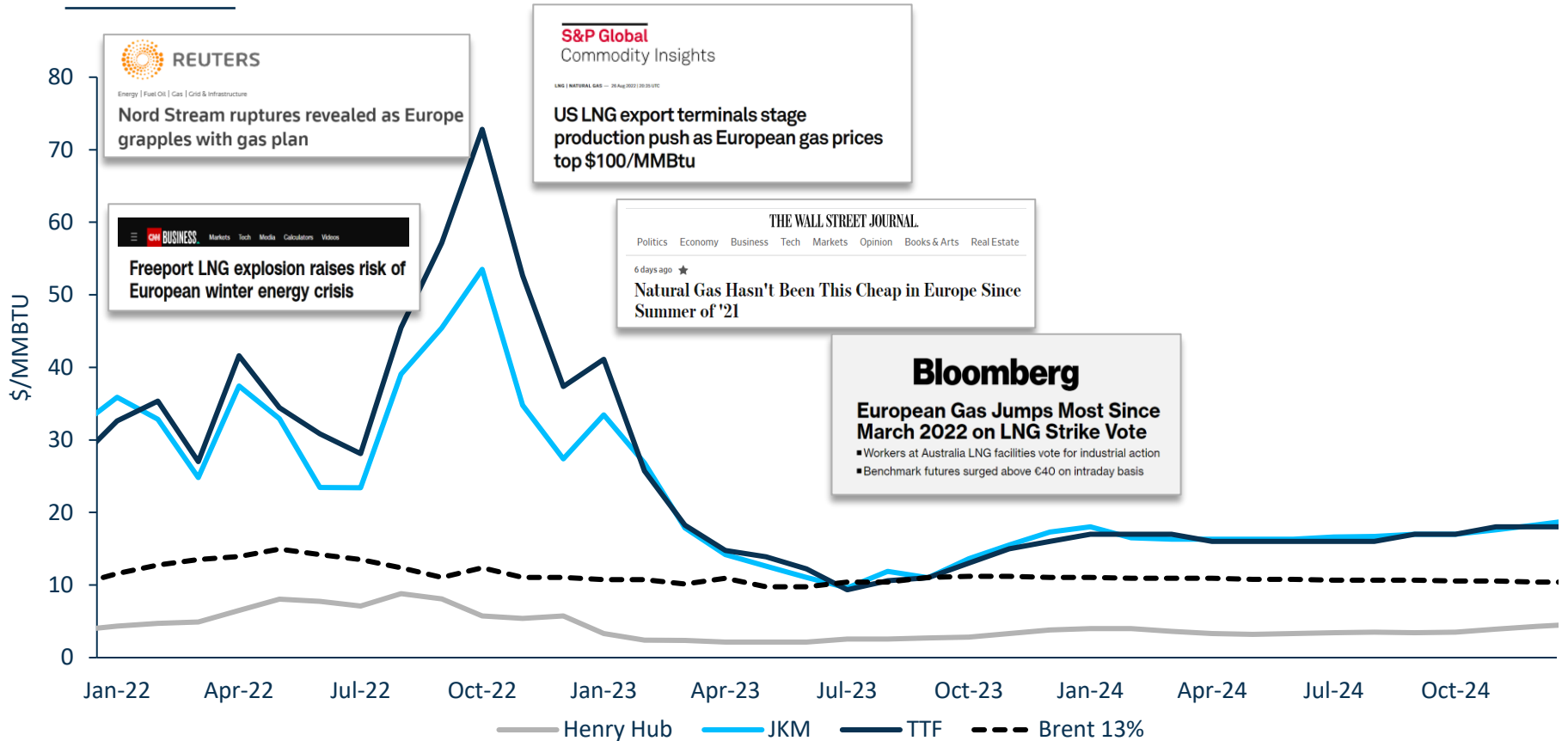
LNG export change, YTD 2023 vs 2022



LNG import change, YTD 2023 vs 2022



SUPPLY EVENTS CONTINUE TO DRIVE GAS PRICE VOLATILITY



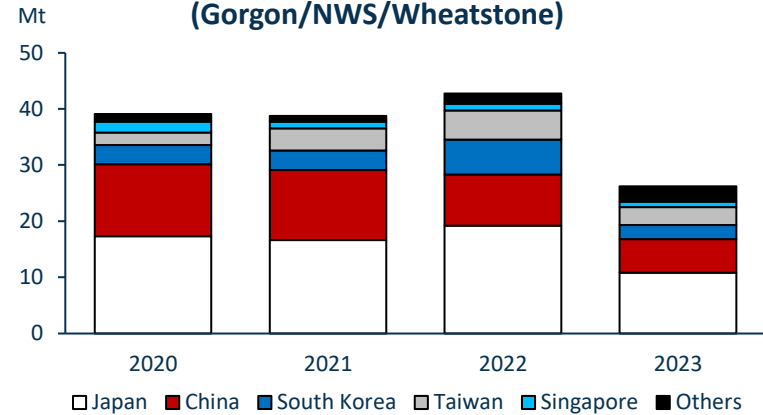
1) Source: Energy Aspect, CNN, Reuters, S&P Global, WSJ, Bloomberg, CME

POSSIBLE STRIKE IN AUSTRALIA PUT 10% OF GLOBAL LNG AT RISK



- Workers at three large Australian export terminals representing ~41Mtpa of Australian export capacity (close to 50% of capacity) are threatening industrial action hereunder strike with the following three export plants involved:
 - Woodside's Northwest Shelf (16.3Mtpa)
 - Chevron's Gorgon (15.6Mtpa)
 - Chevron's Wheatstone (8.9Mtpa)
- Almost all the export volumes are contracted to Asian buyers with Japan, China and South Korea taking the vast majority of the cargoes
- A loss of the volumes would result in a super tight LNG market as Asian buyers would have to rush to source replacement cargoes from the Atlantic basin, primarily US volumes, thereby creating a price war for the marginal cargoes
- Prolonged shutdown probably unlikely, but similar industrial action by employees at Shell's Prelude occurred during the period June 10 to August 25 last year thereby shutting-in exports

LNG export destinations
(Gorgon/NWS/Wheatstone)



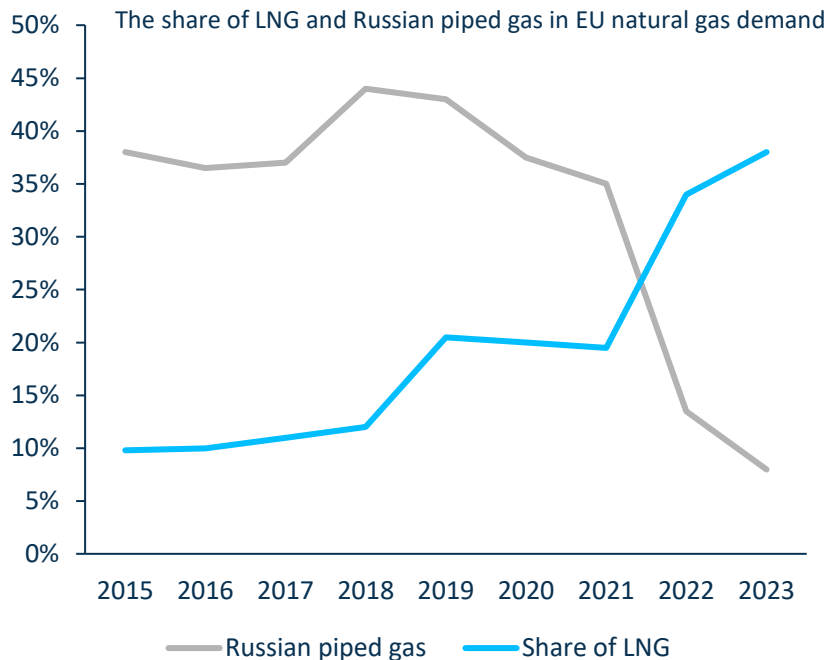
1) Source: Energy Aspect, Bloomberg, Kpler

EU: NO RUSSIAN PIPED GAS, BUT PLEASE SEND MORE RUSSIAN LNG



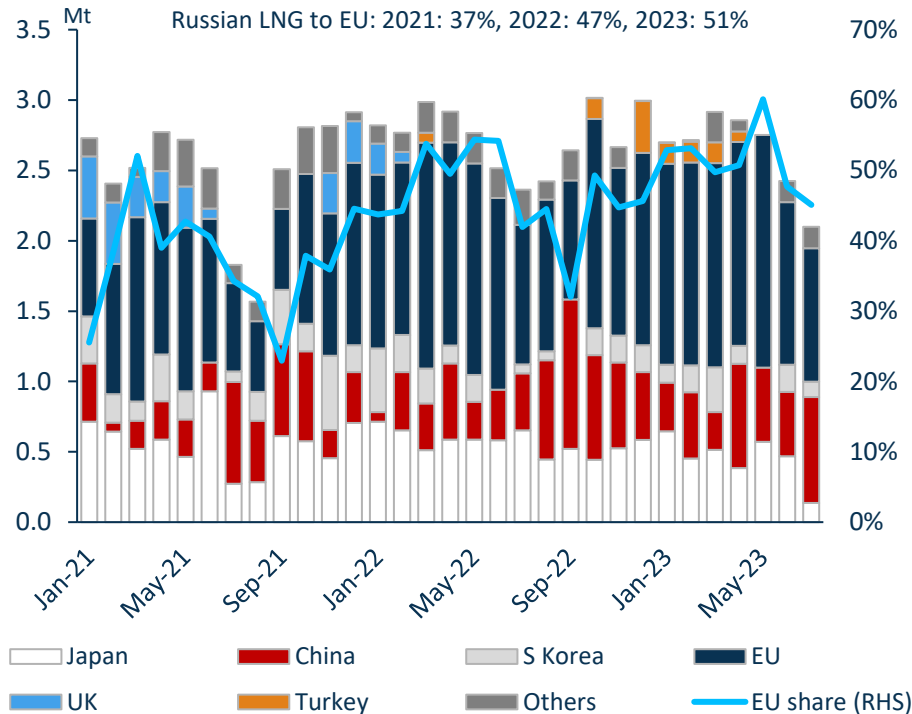
...EU has replaced Russian piped gas with LNG

The share of LNG and Russian piped gas in EU natural gas demand



...But Russian LNG has gained market share in Europe

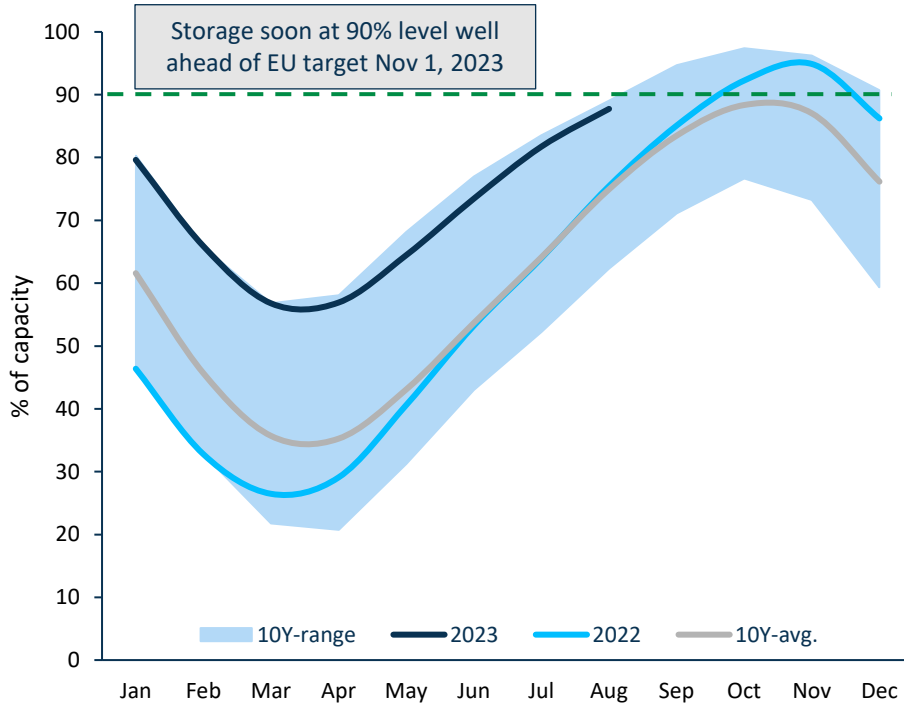
Russian LNG to EU: 2021: 37%, 2022: 47%, 2023: 51%



EUROPE EXPECTED TO REACH INVENTORY TARGET BY END AUGUST

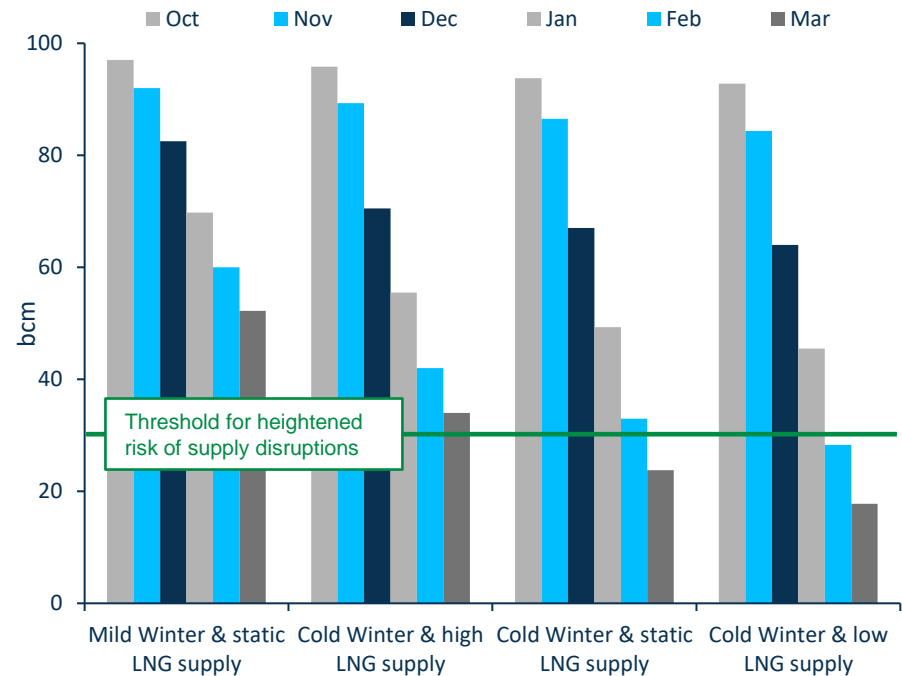


EU natural gas storage inventory (% of full)

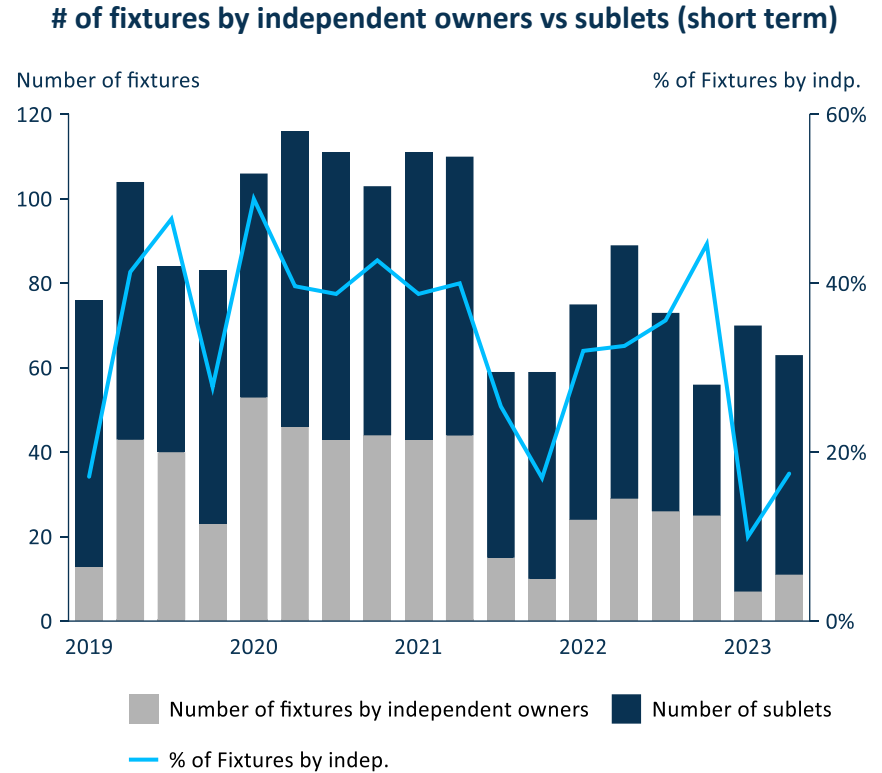
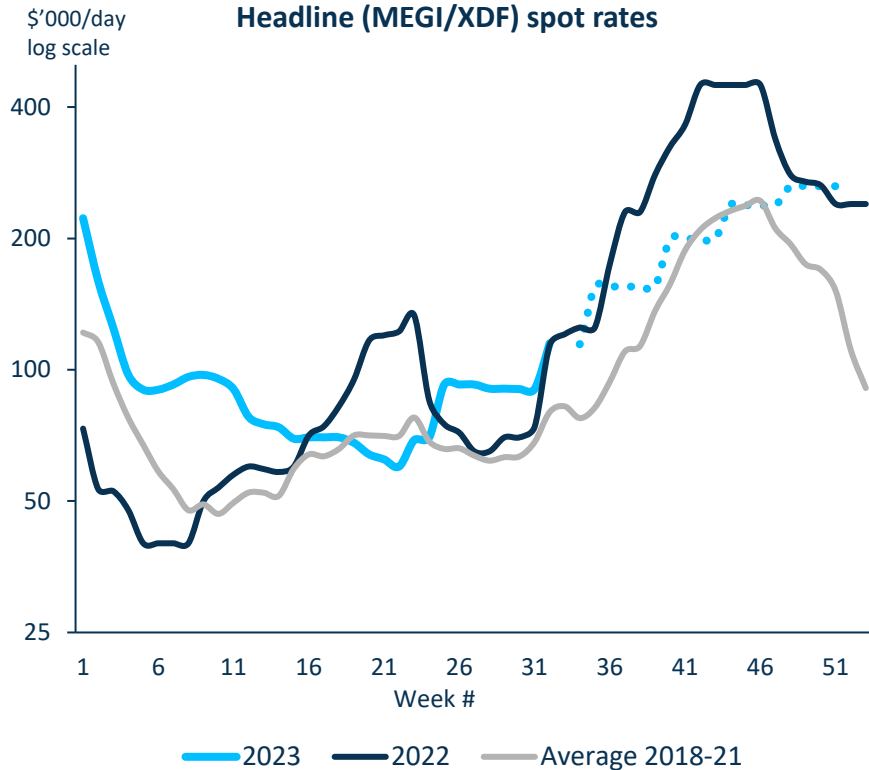


IEAs EU gas storage trajectory without Russian piped gas

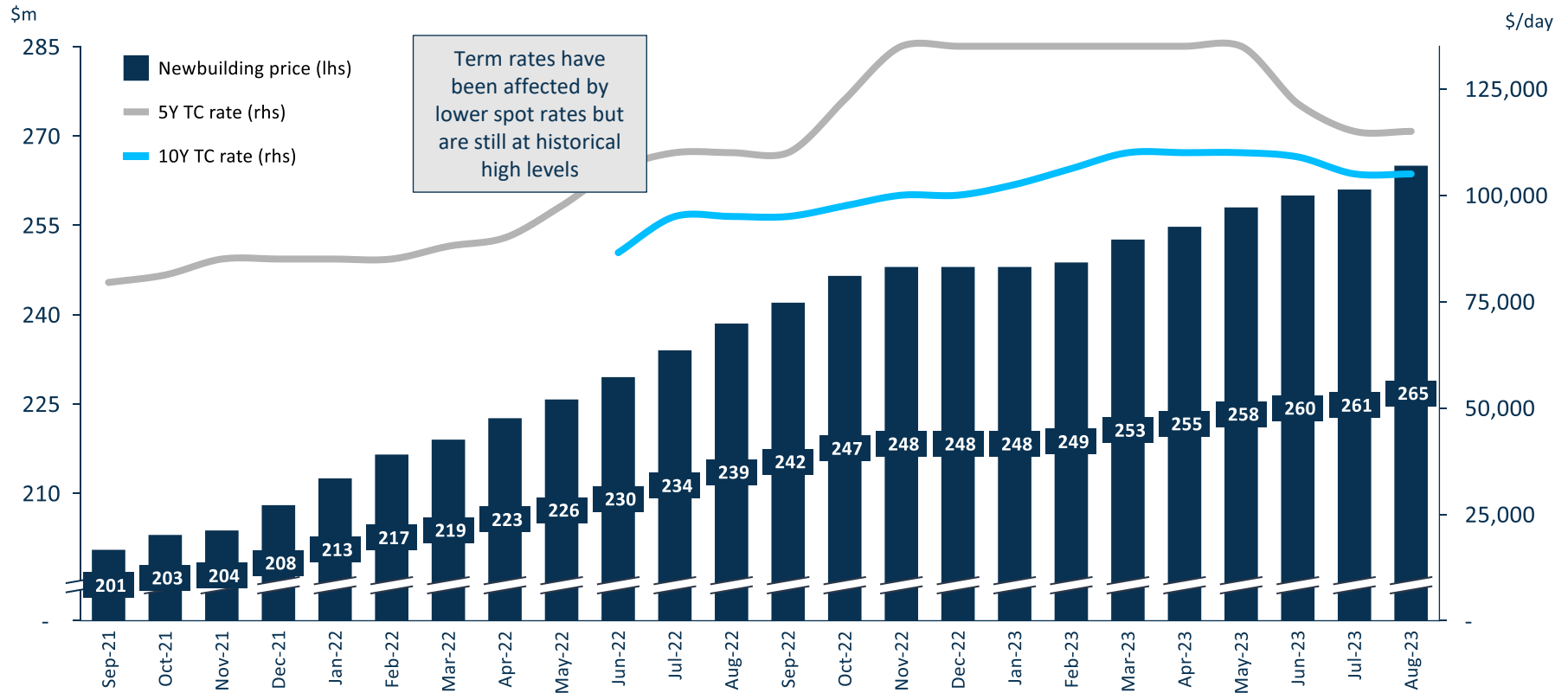
(Gas storage in bcm under different scenarios during the 2023/24 winter season)



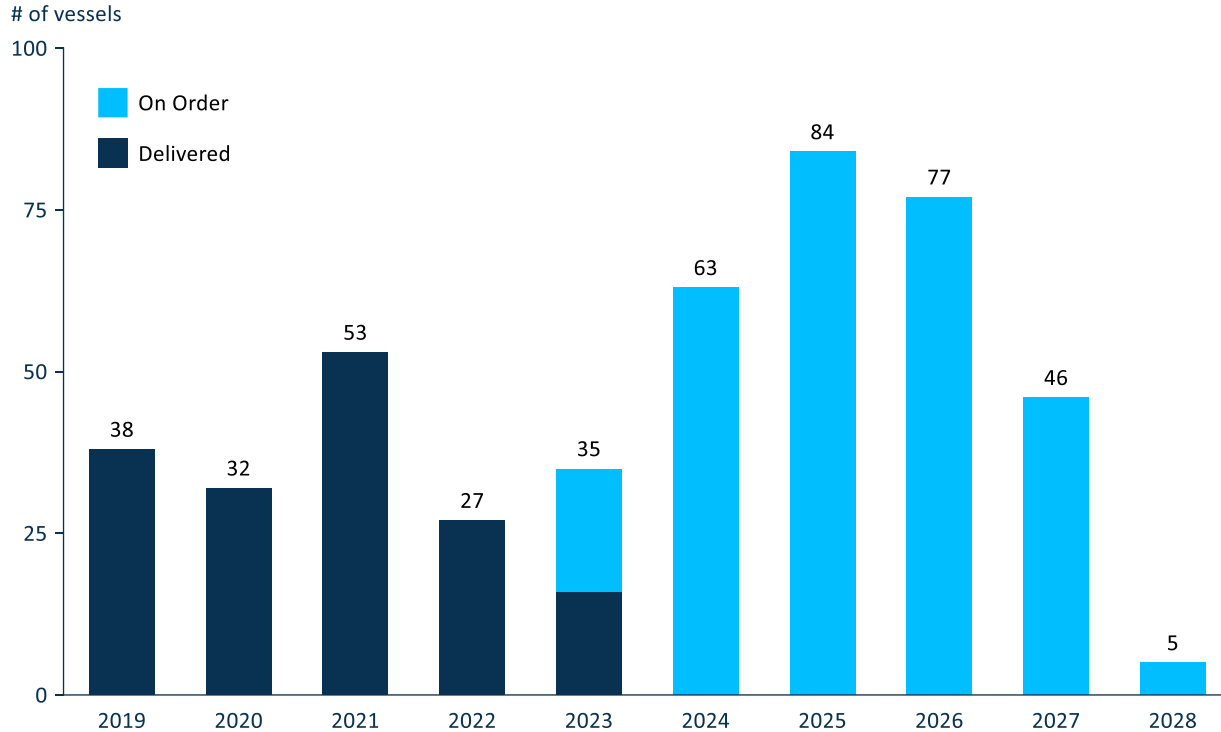
SPOT RATES IN SIX DIGITS AND SET TO FOLLOW THE SEASONAL PATTERN



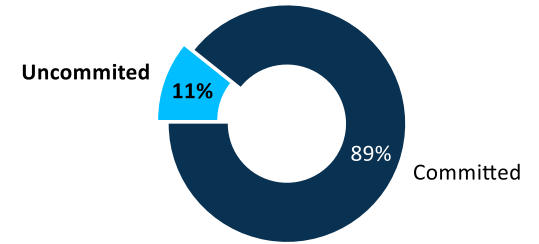
NEWBUILD PRICES UP ~30% LAST TWO YEARS PUSHING UP TERM RATES



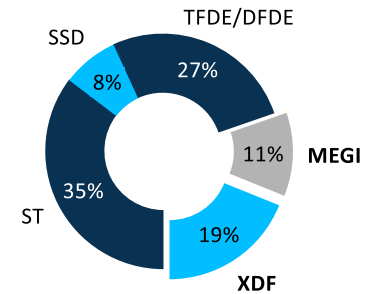
CONTRACTING TAILING OFF, FEW AVAILABLE MODERN VESSELS



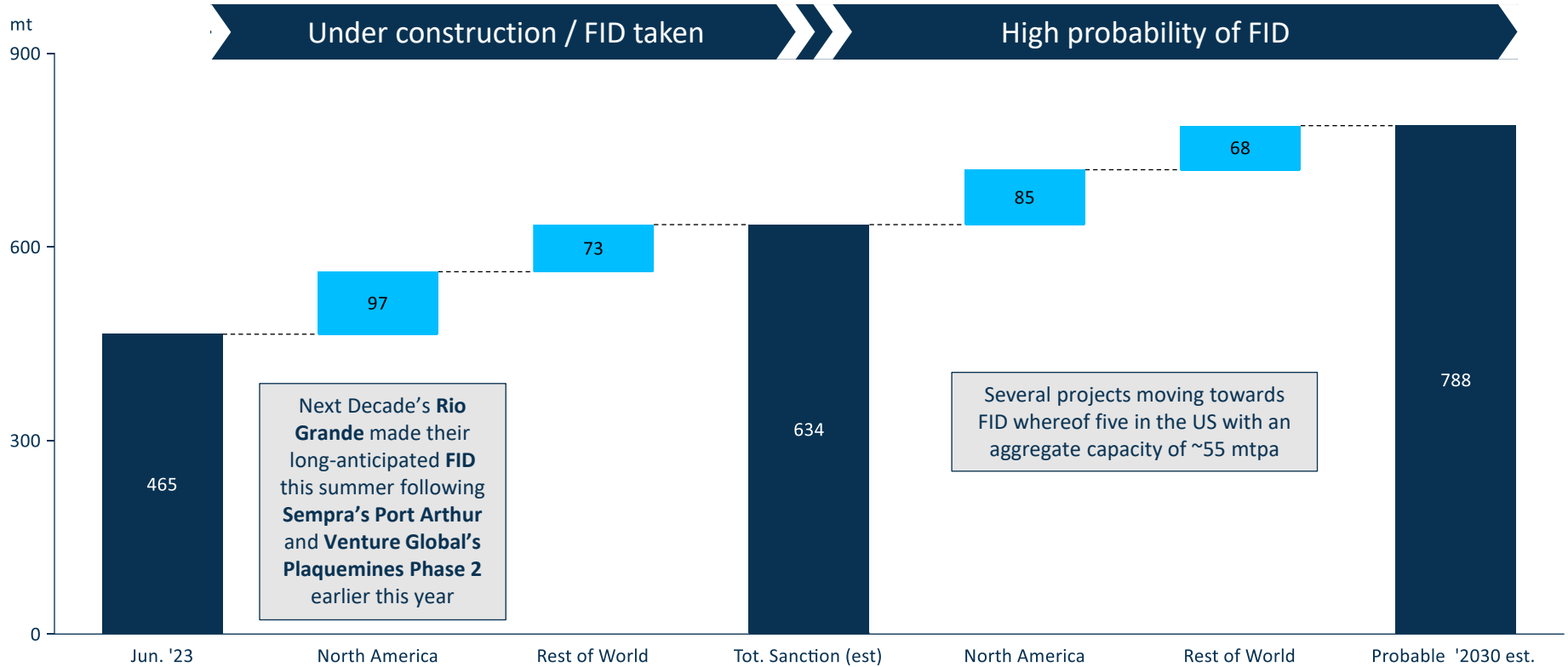
Available NBs
(% of orderbook)



Propulsion split
(existing fleet)



LNG SUPPLY CONTINUES TO INCREASE



Source: Affinity, Clarkson and IEA

SECOND QUARTER HIGHLIGHTS



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Thank you!

Q&A

