AVENIR LNG LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended December 31, 2019

AVENIR LNG LIMITED

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AVENIR LNG LIMITED

CONSOLIDATED INCOME STATEMENT

	Notes		For the Year ended December 31, 2019		For the Thirteen Months ended December 31, 2018
			(in thousands)		
Operating Revenue	**3**	**$**	**1,058**	$	491
Operating Expenses	**4**		**(936)**		(485)
Depreciation and amortisation			**(289)**		(13)
Gross Loss			**(167)**		(7)
Administrative and general expenses	**5**		**(7,718)**		(11,620)
Other operating income			—		704
Other operating expense			**(87)**		—
Operating Loss			**(7,972)**		(10,923)
Non-Operating Expenses:					
Finance expense	**6**		**(852)**		(119)
Finance income	**6**		**868**		313
Other non-operating income			—		287
Foreign currency exchange (loss) gain			**(32)**		5
Loss before Income Tax			**(7,988)**		(10,437)
Income tax expense	**7**		—		(5)
Net Loss		**$**	**(7,988)**	$	(10,442)
Loss per share	**21**				
Basic			(0.07)		(0.40)
Diluted			(0.07)		(0.40)

Notes 1 to 25 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year ended December 31, 2019	For the Thirteen Months ended December 31, 2018
	(in thousands)	
Net loss	**$ (7,988)**	$ (10,442)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(432)**	(259)
Other comprehensive loss	**(432)**	(259)
Total comprehensive loss	**$ (8,420)**	$ (10,701)

Notes 1 to 25 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

CONSOLIDATED BALANCE SHEET

	Notes	As of December 31, 2019	2018
		(in thousands)	
ASSETS			
Current Assets:			
Cash and cash equivalents	8	$ 21,237	$ 73,570
Receivables	9	4,473	1,297
Prepaid expenses	10	489	1,951
Total Current Assets		26,199	76,818
Property, plant and equipment	11	28,019	7,097
Newbuilding deposits	11	43,997	15,527
Investment in joint venture	12	10	—
Other assets		142	—
Goodwill	13	70	58
Total Non-current Assets		72,238	22,682
Total Assets		$ 98,437	$ 99,500
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Current portion of finance lease liability		$ 187	$ —
Accounts payable	14	439	291
Related party payable balances	22	5,297	1,163
Income tax payable	7	—	5
Accrued expenses	14	2,613	417
Total Current Liabilities		8,536	1,876
Finance lease liability		641	—
Total Long-term Liabilities		641	—
Shareholders' Equity			
Common shares	20	110,000	110,000
Contributed capital		(1,549)	(1,605)
Retained deficit		(18,500)	(10,512)
Other components of equity		(691)	(259)
Total Shareholders' Equity		89,260	97,624
Total Liabilities and Shareholders' Equity		$ 98,437	$ 99,500

Notes 1 to 25 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common Shares	Retained Deficit	Contributed Capital	Foreign Currency Reserve	Total
			(in thousands)		
Balance, December 1, 2017	$ 10	$ (70)	$ —	$ —	$ (60)
Comprehensive loss:					
Net loss	—	(10,442)	—	—	(10,442)
Other comprehensive loss:					
Translation adjustments, net	—	—	—	(259)	(259)
Total other comprehensive loss	—	—	—	(259)	(259)
Total comprehensive loss	—	**(10,442)**	—	**(259)**	**(10,701)**
Transactions with shareholders:					
Transfer of Stolt-Nielsen Gas B.V.	—	—	(1,905)	—	(1,905)
Share options	—	—	300	—	300
Issuance of shares	109,990	—	—	—	109,990
Total transactions with shareholders	**109,990**	—	**(1,605)**	—	**108,385**
Balance, December 31, 2018	**$ 110,000**	**$ (10,512)**	**$ (1,605)**	**$ (259)**	**$ 97,624**
Comprehensive loss:					
Net loss	—	**(7,988)**	—	—	**(7,988)**
Other comprehensive loss:					
Translation adjustments, net	—	—	—	**(432)**	**(432)**
Total other comprehensive loss	—	—	—	**(432)**	**(432)**
Total comprehensive loss	—	**(7,988)**	—	**(432)**	**(8,420)**
Transactions with shareholders:					
Share options	—	—	**56**	—	**56**
Total transactions with shareholders	—	—	**56**	—	**56**
Balance, December 31, 2019	**$ 110,000**	**$ (18,500)**	**$ (1,549)**	**$ (691)**	**$ 89,260**

Notes 1 to 25 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the Year ended December 31, 2019	For the Thirteen Months ended December 31, 2018
		(in thousands)	
Cash used in continuing operations	23	$ **(5,734)**	$ (1,856)
Interest received		**910**	261
Net cash used in operating activities		**(4,824)**	(1,595)
Cash flows used in investing activities:			
Capital expenditures	11	**(20,961)**	(2,573)
Newbuilding deposits		**(28,509)**	—
Grant proceeds		**2,218**	—
Investment in joint venture		**(10)**	—
Cash at Stolt-Nielsen Gas B.V. upon transfer less acquisition price		—	297
Net cash used in investing activities		**(47,262)**	(2,276)
Cash flows from financing activities:			
Finance lease payments		(61)	—
Issuance of shares	20	—	77,520
Net cash (used in) from financing activities		**(61)**	77,520
Net (decrease) increase in cash and cash equivalents		**(52,147)**	73,649
Effect of exchange rate changes on cash		**(186)**	(79)
Cash and cash equivalents at beginning of period		**73,570**	—
Cash and cash equivalents at end of period		$ **21,237**	$ 73,570

Notes 1 to 25 are integral part of these consolidated financial statements.

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 Company and its subsidiaries (collectively, the "Group") financial statements have been prepared in accordance with the accounting policies outlined in Note 2. These accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The object of the Group is to acquire and operate LNG carriers and other assets related to the small-scale LNG segment. The Company was incorporated on March 20, 2017 by Stolt-Nielsen LNG Holdings Ltd. ("SN LNG"), an indirect subsidiary of Stolt-Nielsen Limited ("SNL"). Avenir purchased the shares of Stolt-Nielsen Gas B.V. ("SNG BV") from SN LNG for $20,000 on July 31, 2018. SNG BV had entered into two 7,500 cbm LNG newbuilding contracts from Keppel Singmarine in 2017. SNG BV also has a 66.6% owned subsidiary, HiGas Srl ("HiGas"), which is in the process of building a LNG terminal and distribution facility in the port of Oristano, Sardinia. The acquisition of SNG 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.

On October 1, 2018, SN LNG, Golar LNG Ltd ("Golar") and Höegh LNG Holdings Ltd. ("Höegh") announced a combined investment commitment of $182 million to pursue opportunities to deliver LNG to areas of stranded demand, as well as the development of LNG bunkering capabilities. The initial contribution was $49.5 million from SN LNG and $24.7 million from Golar and from Höegh. SN LNG's contribution consisted of cash of $17.0 million and $32.5 million related to the forgiveness of amounts due to SN LNG by Avenir.

On November 13, 2018, an additional 11.0 million shares were issued for $11.0 million to a group of institutional and professional investors. Avenir's shares were listed on the Norwegian over-the-counter market on November 14, 2018. In addition, in 2018, Avenir contributed $5.9 million to HiGas Srl for an additional 14.4% ownership of HiGas Srl.

In 2019, the Group entered into contracts for two 7,500 cbm LNG newbuildings and two 20,000 cbm newbuildings.

The year end of the Group was changed to December 31 in 2018 so 2018 includes thirteen months of activity. As a result, the income statement results are not comparable.

2. Summary of Significant Accounting Policies

Basis of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and interpretations issued by the IFRS interpretations Committee. 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.

The existence of COVID – 19 was confirmed in early 2020 and has spread across mainland China and around the world, causing disruptions to businesses and economic activities. The Group considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group.

Despite this, the scale and duration, as well as the impact of COVID-19 remains uncertain and could have a material impact on our earnings, cash flow and financial condition.

The shareholders regularly review the cash requirements of the Group and under the Shareholders' Agreement will take all reasonable endeavours to procure that financing is available to meet the Group's capital expenditure commitments and working capital needs. The Group is in the process of obtaining debt financing for the purposes of financing the remaining vessel payments on delivery, and has signed a term sheet for a facility of up to $108.3m, which management expects to be closed prior to 30 June 2020. The shareholders have also committed to invest an additional $72.0 million to fulfil the Group's capital commitments. Failure of the shareholders to do this, could result in uncertainty over the Group's ability to continue as a going concern.

Management believes that the Group's cash position and the shareholders' commitments will provide the cash necessary to satisfy the Group's working capital and capital expenditure requirements as well as satisfy the Group's other financial commitments for the foreseeable future. The Group therefore adopted the going concern basis in preparing its consolidated financial statements.

Separate Financial Statements of the Parent Company, Avenir, are included.

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. 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 area is the significant judgement and estimate used in the preparation of the Consolidated Financial Statements:

Description: Plant, property and equipment and Newbuilding deposits are reviewed for impairment whenever circumstances indicate the carrying value of the ships or property 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: 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 is an expanding market and the Group's newbuildings have yet to be delivered. Although Management believes that the underlying assumptions supporting the assessment are reasonable and appropriate at the time they are made, it is reasonably possible that a further decline in the economic environment 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 have been used in the recoverability assessment included, among others, charter rates, ship operating expenses, utilisation, drydocking requirements, future growth rates, supply-demand balance of LNG ships and residual value. Specifically, forecasted charter rates are based on information regarding current spot market rates from industry experts. Estimated outflows for operating expenses and drydockings are based on historical costs adjusted for assumed inflation.

Effect if actual results differ from assumptions: Although Management believes the underlying assumptions supporting the impairment assessment are reasonable, if charter rate trends 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 and/or the newbuilding deposits.

Basis of consolidation

Control exists where either a parent entity is exposed, 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.

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.

Cash and cash equivalents

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

Accounts receivable

Accounts receivable are initially valued at their fair value and subsequently at amortised cost. 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 are stated at cost less accumulated depreciation and any recognised impairment loss. Estimated useful lives are 20 years for tanks and from three to five years for furniture and fixtures.

Cost includes expenditures that are directly attributable to the acquisition of the asset, 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.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated. 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.

(iii) Impairment of tangible assets

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. 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.

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.

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.

Accounts payable

Accounts payable 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.

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.

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 the financial assets, where the assets' cash flows represent solely payments of principal and 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, the Group adopted an "expected credit loss model", as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each year end or half year end date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. 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). The adoption of IFRS 9 did not have a material impact on the financial statements.

Equity capital stock

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

Share-based payments

The fair value of options as of the date granted to employees is recognised 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.

Operating revenue

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 when it transfers control over a product or service to a customer. Currently, the Group purchases LNG which it transports and stores 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.

IFRS 15, Revenues from Contracts with Customers, was adopted in 2018 but did not have a material impact on the financial statements.

Expenses

(i) 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, depreciation and other expenses.

(ii) Finance expenses

Finance expenses are recognised in the income statement as they accrue, using the effective interest method.

IFRS effective in the year ended December 31, 2019

IFRS 16, Leases ("IFRS 16") requires lessees to recognise assets and liabilities for most leases as "right to use" assets. The implementation date for the Group was January 1, 2019. IFRS 16 affects the accounting by lessees and results in the recognition of almost all leases on the balance sheet. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement is affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense was replaced with interest and depreciation, so key metrics like Earnings before interest taxes, depreciation and amortisation ("EBITDA") will increase.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest will continue to be presented as operating cash flows.

At January 1, 2019, the Group did not have any leases outstanding.

IFRIC 23, Uncertainty over income tax treatments ("IFRIC 23"), clarifies the accounting for uncertainties in income taxes. The implementation date for the Group is January 1, 2019. IFRIC 23 did not have a material impact on the Financial Statements of the Group.

IFRS not yet effective at the year ended December 31, 2019

The Group does not expect there to be a material impact on its Consolidated Financial Statements from any other new standard that is not yet effective, apart from additional disclosures in the financial statements.

3. Operating Revenue

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Revenue from the sale of LNG and rendering of services	$ **1,058**	$ 470
Lease revenue	—	21
	$ **1,058**	$ 491

Revenue is generated in Sardinia from a non-governmental customer. The LNG is transferred to the customer as required by the customer at a point in time.

4. Operating Expenses

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
LNG purchases	$ 496	$ 221
Transportation expenses	345	195
Excise duties	27	10
Rent	—	5
Other	68	54
	$ 936	$ 485

5. Administrative and General Expenses

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Salary expenses	$ 1,218	$ 180
Defined contribution plan expenses	189	101
Payroll taxes	146	—
Bonus	232	—
Share option expense	56	300
Other personnel expenses	201	38
Information technology and communication costs	105	—
Tax consultant fees	360	—
Audit fees	225	250
Legal professional fees	2,819	296
Other professional fees	759	153
Office fees	195	9
Travel and entertainment expenses	390	24
Fee to SNL for development expenses (Note 22)	—	10,000
Management fee from Stolt-Nielsen Gas (BV) Limited	683	259
Other	140	10
	$ 7,718	$ 11,620

Auditors' remuneration to PricewaterhouseCoopers LLP was $225,000 and $250,000 for the year ended December 31, 2019 and thirteen months ended December 31, 2018, respectively. All fees were to accrue for the audits of the Group and its subsidiaries, as applicable.

6. Finance Expense and Income

Finance Expense

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Interest on related party loan	$ **1,643**	$ 407
Commitment fee	**762**	—
Interest on finance lease	**53**	—
Other	**37**	—
Capitalised interest	**(1,643)**	(288)
	$ **852**	$ 119

The interest for the year ended December 31, 2019 related to the newbuilding guarantee agreement with SN LNG, Golar and Höegh. See Note 20. The interest rate on the related party loan was 1% of outstanding commitments.

The interest rate on the $22.7 million loan with a subsidiary of SNL was 5.27% for the period from August 1 to October 1, 2018, when the loan was netted against SNL's payment for the issuance of shares. The capitalized interest rate was 5.45% for the same period.

Finance Income

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Interest on deposits	$ **868**	$ 313

7. Income Tax Expense

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Current income tax expense	$ **—**	$ 5
Total income tax expense	$ **—**	$ 5

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

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Loss from continuing operations before income tax expense	$ **(7,988)**	$ (10,437)
Tax at the Bermuda statutory tax rate	—	—
Differences between the Bermuda and other tax rates	**—**	5
Total income tax expense	$ **—**	$ 5

8. Cash and Cash Equivalents

	December 31, 2019	December 31, 2018
	(in thousands)	
Cash and cash equivalents	$ **21,237**	$ 73,570

Cash and cash equivalents comprise cash and short-term time deposits held by the Group.

9. Receivables

	December 31, 2019	December 31, 2018
	(in thousands)	
Customer receivables	$ **180**	$ 279
VAT receivables	**4,279**	965
Interest receivables	**14**	53
	$ **4,473**	$ 1,297

See Note 17 for an analysis of the credit risk of receivables. At December 31, 2019 and 2018, there is no expected credit loss so no impairment has been recorded.

10. Prepaid Expenses

	December 31, 2019	December 31, 2018
	(in thousands)	
Advance payment to contractor	$ —	$ 1,789
Prepaid insurance	41	—
Prepaid taxes	175	—
Prepaid grant	—	140
Other	**273**	22
	$ **489**	$ 1,951

11. Property, Plant and Equipment and Newbuilding Deposit

	Land	Plant and Equipment	Leasehold Improvements	Right-of-Use Asset	Other	Construction In Progress	Total
Cost							
Balance at December 1, 2017	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Additions	—	—	—	—	—	2,628	2,628
Stolt-Nielsen Gas B.V. transfer from SNL	2,882	650	—	—	8	1,098	4,638
Net foreign exchange differences	(111)	(25)	—	—	(1)	(19)	(156)
Balance at December 31, 2018	**2,771**	**625**	—	—	**7**	**3,707**	**7,110**
Additions	**215**	**32**	**274**	—	—	**20,424**	**20,945**
Grant receipt	—	—	—	—	—	**(2,218)**	**(2,218)**
Transfer from prepaid expenses	—	—	—	—	—	**1,789**	**1,789**
Recording right-of-use asset	—	—	—	**859**	—	—	**859**
Net foreign exchange differences	**(58)**	**(30)**	**47**	**30**	**1**	**(149)**	**(159)**
Balance at December 31, 2019	**$ 2,928**	**$ 627**	**$ 321**	**$ 889**	**$ 8**	**$ 23,553**	**$ 28,326**
Accumulated depreciation							
Balance at December 1, 2017	$ —	$ —	—	$ —	$ —	$ —	$ —
Depreciation expense	—	13	—	—	—	—	13
Balance at December 31, 2018	—	13	—	—	—	—	13
Depreciation expense	—	**70**	**50**	**169**	—	—	**289**
Net foreign exchange differences	—	**(3)**	—	**8**	—	—	**5**
Balance at December 31, 2019	$ —	**$ 80**	**$ 50**	**$ 177**	$ —	$ —	**$ 307**
Net Book Value							
Balance at December 31, 2018	**$ 2,771**	**$ 612**	$ —	$ —	**$ 7**	**$ 3,707**	**$ 7,097**
Balance at December 31, 2019	**2,928**	**547**	**271**	**712**	**8**	**23,553**	**28,019**

Newbuilding Deposits

The Newbuilding deposits are the yard payments on the contract for two 7,500 cbm LNG carriers to be built by Keppel Singmarine and two 7,500 cbm and two 20,000 cbm newbuildings to be built by Sinopacific Offshore Engineering, Nantong, China,. The total cost for all ships will be approximately $280.0 million, including site team costs and capitalised interest which are recorded in Construction in progress.

12. Investment in Joint Venture

In December 2019, the Group contributed $9,800 for 49% ownership in Future Horizon, a new joint venture with MSC Berhad. This joint venture has entered into a three year time charter with Petronas LNG, upon delivery of the first newbuilding of the Group in 2020. Equity accounting will be applied to this joint venture.

13. Goodwill

The Goodwill was generated from the HiGas acquisition in 2017 upon SN Gas BV's acquisition of 66.6% of HiGas for $5.8 million. It is tested for impairment on an annual basis based upon the cash-generating unit which is considered to be the entire Group. The impairment test was based upon the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. The Group prepared a formal five-year management plan which was used in the calculation. The five-year plan was based upon historical experience, financial forecasts and expectations of industry trends and conditions. The discount rate was based upon the Group's weighted average cost of capital, adjusted for the assets' risk profile.

14. Accounts Payable and Accrued Expenses

Accounts Payable:

	December 31, 2019	December 31, 2018
	(in thousands)	
Trade payables	**$ 413**	$ 260
Withholding tax	**26**	29
Other	**—**	2
	$ 439	$ 291

Accrued Expenses:

	December 31, 2019	December 31, 2018
	(in thousands)	
Audit accrual	**$ 225**	$ 250
Legal accrual	**310**	—
Professional fee accrual	**958**	—
Salary and bonus accrual	**923**	—
Deferred income	**137**	140
Other	**60**	27
	$ 2,613	$ 417

15. Finance Lease Liability

The Group entered into an office lease agreement in January 2019 for five years. The initial liability recorded for the future finance lease liability was $0.9 million. Maturity analysis is as follows:

	December 31, 2019
Contractual undiscounted cash flows:	
Less than one year	$ 236
From two to three years	471
From four years and beyond	236
	943
Less: Future finance charges	(115)
	$ 828
Included in the financial statements as:	
Current maturities	**187**
Non-current maturities	**641**
	828

16. Restrictions 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.

17. Financial Risk Factors

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. 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.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses are a reasonable estimate of their fair value, due to the short maturity thereof.

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. Any appreciation of the expense currency against the US dollar will decrease profit margins. There is also exposure when a member of the Group holds accounts receivable or payable in a non-functional currency.

At December 31, 2019, if the US dollar had weakened or strengthened by 5% against the major currencies mentioned above, with all other currencies remaining constant, the recalculated profit for the year would have been approximately $0.5 million higher/lower, mainly as a result of lower/higher administrative and general expenses from non-US dollar transactions and foreign exchange gains/losses on translation of non-US dollar-denominated accounts receivable and payable balances.

Concentration of Credit Risk

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 $4.5 million at December 31, 2019. 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. The majority of receivables are currently in Euros. There are no receivables that are past due and no recorded allowance for doubtful accounts.

Financial Risk Factors

Risk management is carried out by the SNL central treasury department under policies approved by the Avenir Board of Directors. SNL treasury identifies, evaluates and hedges financial risks in close co-operation with the Group. 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.

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:

	As of December 31, 2019		As of December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Financial Assets:				
Cash and cash equivalents	$ 21,237	$ 21,237	$ 73,570	$ 73,570
Receivables, excluding VAT receivables	190	190	332	332
Financial Liabilities:				
Accounts payables, excluding withholding taxes	413	413	262	262
Related party payable balances	5,297	5,297	1,163	1,163
Finance lease liability	828	828	—	—

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

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

Maturity of Financial Liabilities

As of December 31, 2019	2020	2021	2022	2023	Total
Contractual obligations:					
Accounts payable	$ 413	$ —	$ —	$ —	$ 413
Related party payable balances	5,297	—	—	—	5,297
Finance lease liability	187	200	213	228	828
Finance lease interest	49	36	23	8	116
Total contractual obligations	$ 5,946	$ 236	$ 236	$ 236	$ 6,654

As of December 31, 2018	2019	Total
	(in thousands)	
Contractual obligations:		
Accounts payable	$ 262	$ 262
Related party payable balances	1,163	1,163
Total contractual obligations	**$ 1,425**	**$ 1,425**

18. Share options

The Company's Board of Directors approved the Avenir LNG Limited Share Option Plan 2018 on October 1, 2018. Options are to be granted in consideration of services to the Company and its subsidiaries.

For the years ended December 31,	Shares	2019 Weighted Average Exercise Price	Shares	2018 Weighted Average Exercise Price
Common share options				
Outstanding at beginning of year	**620,000**	**$ 1.00**	—	$ —
Issued	**1,500,000**	**1.14**	620,000	1.00
Outstanding at end of year	**2,120,000**	**$ 1.10**	620,000	$ 1.00
Exercisable at end of year	**470,000**	**$ 1.00**	420,000	$ 1.00
Weighted average fair value per share of options granted		**$ 1.32**		$ 0.64
Risk-free rate		**2.16%**		2.51%
Volatility		**46.15%**		49.66%

The volatility was measured based on the share price development of four companies within the LNG industry for the last ten years.

Share-based compensation expense has been recorded by the Group for $56,000 for the year ended December 31, 2019 and $300,000 for the thirteen months ended December 31, 2018. The Company has recorded a corresponding increase in its Contributed Capital account.

19. Commitments and Contingencies

The Group had an additional $254.9 million and $91.1 million of purchase commitments on December 31, 2019 and 2018, respectively. As of December 31, 2019, the Group had commitments for four 7,500 cbm LNG newbuildings, two 20,000 cbm LNG newbuildings and the Higas terminal. Of the total purchase commitments at December 31, 2019, $119.3 million is expected to be paid over the next 12 months and financing is in the process of being arranged for the newbuildings. The remaining payments will be paid out of existing liquidity or by issuing additional equity shares.

The newbuilding contract for the first two 7,500 cbm LNG carriers are being built by Keppel Singmarine, Shanghai, China, with expected delivery in 2020. The total cost for both ships is approximately $80.0 million, including site team costs and capitalised interest.

In the fourth quarter of 2018, Avenir LNG also entered into a contract with Sinopacific Offshore Engineering, Nantong, China, for two 20,000 cbm LNG carriers. On January 25, 2019, Avenir LNG made the first progress payment of $11.2 million. A payment of $5.6 million was made on November 22, 2019 with another $5.6 million expected to be paid in the first quarter of 2020. The ships are expected to be delivered in 2021 with a total expected cost of $117.8 million, including site team costs and capitalised interest.

An initial deposit of $7.8 million for two additional 7,500 cbm LNG carriers to be built by Sinopacific Offshore Engineering was made in the third quarter of 2019. A progress payment of $3.9 million was made on December 23, 2019 with another $3.9 million expected to be paid in the first quarter of 2020. Total cost for both ships is expected to be $82.0 million, including site team costs and capitalised interest.

A payment of $6.9 million was made in the third and fourth quarter of 2019 for the Higas EPC contract with a progress payment of $16.2 million expected to be made within the first half of 2020 and the remaining $4.9 million upon completion of the project in 2020. Total cost of the Higas terminal is expected to be $43.2 million.

20. Capital Stock

The Group's authorised and issued share capital consists of 500.0 million and 10,000 Common shares as of December 31, 2019 and 2018, respectively. There were 110.0 million shares outstanding December 31, 2019.

	Common Shares, par value $1 per share
Balance at November 30, 2017	**10,000**
Issuance of shares	**109,990,000**
Balance at December 31, 2018 and 2019	**110,000,000**

As mentioned in Note 1 above, SN LNG acquired 49.5 million shares and Golar and Höegh each acquired 24.7 million shares with the remaining 11.0 million acquired by external parties. All shares were sold at $1.00 per share. SN LNG's contribution consisted of cash of $17.0 million and the forgiveness of amounts due to SN LNG by Avenir of $32.5 million.

21. Loss per Share

The following is a reconciliation of the numerator and denominator of the basic and diluted losses per share calculation.

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Net loss	$ **(7,988)**	$ (10,442)
Basic and dilutive weighted average shares outstanding	**110,000**	26,192
Basic loss per share	**(0.07)**	(0.40)
Diluted weighted average loss per share	**(0.07)**	(0.40)

There was no difference in the weighted average number of shares used for the calculation of basic and diluted loss per share as the effect of the share options discussed in Note 18 and the warrants discussed in Note 22 was anti-dilutive.

22. Related Party Transactions

SNL Transactions

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Transactions with SNL:		
Site team services costs, capitalised to property, plant and equipment	**$ 1,688**	$ 550
Expenses paid by SN LNG on the Company's behalf	—	10,000
Support services	**683**	259
Finance expense	**1,643**	407

During 2018, the Group entered into three service agreement with subsidiaries of SNL for (a) newbuilding site team services, (b) accounting, finance, treasury and other support services and (c) the procurement of a President of Avenir.

As noted above, on August 17, 2018, SNL invoiced Avenir $10.0 million for development costs incurred on Avenir's behalf by SNL. This amount, along with a long-term related party loan of $22.5 million, was netted against SNL's obligation for the acquisition of 49.9 million of Avenir shares. The long-term loan related to the accumulated newbuilding costs and the acquisition of 66.6% of HiGas.

SN LNG, Golar and Höegh has agreed to guarantee the outstanding newbuilding commitments with the shipyards for a 1% commitment fee, equaling $1.6 million for the year ended December 31, 2019.

Board of Directors and Key Management Compensation

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

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Salary and benefits	**$ 630**	$ **152**
Pension cost	**47**	**151**
Share-based compensation	**51**	**300**
Total compensation and benefits	**$ 728**	$ **603**

Board Members were not remunerated for the period ended December 31, 2018. At the end of 2019 and 2018 the Board of Directors consists of 4 members.

Accounts Payable to related parties

	December 31, 2019	December 31, 2018
	(in thousands)	
Stolt-Nielsen M.S. Ltd	**$ 13**	$ 256
Golar	**433**	—
Höegh	**433**	—
SN LNG	**280**	181
Stolt-Nielsen M.S. Ltd (UK)	**3,197**	549
Stolt-Tankers B.V.	**805**	154
Other	**136**	23
Total	**$ 5,297**	$ 1,163

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.

23. Reconciliation of Net Loss to Cash used in Continuing Operations

	For the Thirteen Months Ended December 31, 2018	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Net loss	**$ (7,988)**	$ (10,442)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation expense	**289**	13
Finance income, net	**(16)**	(194)
Expenses paid by SN LNG on the Company's behalf	—	10,000
Share option expense	**56**	300
Foreign exchange gain	**32**	(5)
Income tax expense	—	5
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Increase in receivables	**(3,278)**	(826)
Decrease in related party receivables	—	158
Increase in prepaid expenses	**(349)**	(1,929)
Increase in related party payables	**3,280**	610
Increase in accounts payable and accrued expenses	**2,357**	489
Other, net	**(117)**	(35)
Cash used by operations	**$ (5,734)**	$ (1,856)

24. Business Acquisition

On July 31, 2018, SNG BV was acquired by Avenir for $20,000 from a subsidiary of SNL.

The assets and liabilities recognized at the date of the acquisition were as follows:

	(in thousands)
Cash	317
Receivables	430
Related party receivables	146
Prepaid and other current assets	37
Plant, property and equipment	4,638
Newbuilding deposit	15,489
Goodwill	61
Assets	21,118
Accounts payable	144
Accrued expenses	177
Long-term related party note liability	22,682
Liabilities	23,003
Net	(1,885)
Less: Cash paid	20
Included in Contributed capital	(1,905)

The acquisition of SNG BV has been accounted for as a business acquisition involving entities under common control as Avenir and SNG BV were subsidiaries of SNL at the date of transfer. No restatement from historical cost has been recorded. Therefore, the difference between the book value of the assets and liabilities and the amount paid has been recorded into retained deficit.

25. Subsequent Events

The existence of COVID – 19 was confirmed in early 2020 and has spread across mainland China and around the world, causing disruptions to businesses and economic activities. The Group considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group.

Despite this, the scale and duration, as well as the impact of COVID-19 remains uncertain and could have a material impact on our earnings, cash flow and financial condition.

AVENIR LNG LIMITED
RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the consolidated Group and Company financial statements for the year ended December 31, 2019 have been prepared in accordance with IFRS and gives a true and fair view of the Group and Company'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 and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group. We are also responsible for safeguarding the assets of the company and 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 3 to 22 and 30 to 42 were approved and signed on behalf of the Board of Directors.

Bermuda
April 30, 2020

Signed for and on behalf of the Board of Directors

NG. Stolt-Nielsen
____
Niels G. Stolt-Nielsen
Director

Independent auditors' report to the members of Avenir LNG Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's and the company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (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 and company balance sheets as at 31 December 2019; the consolidated income statement, the consolidated and company statements of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of shareholders' equity for the year then ended; and the notes to the financial statements which includes a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

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 25, 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 and company'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 the company 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 opinions. 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.

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
Uxbridge
30th April 2020

(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.

AVENIR LNG LIMITED

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

AVENIR LNG LIMITED

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AVENIR LNG LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	For the Year ended December 31, 2019	For the Thirteen Months ended December 31, 2018
	(in thousands)	
Administrative and general expenses (Note 3)	**$ (3,004)**	$ (10,321)
Other operating income	—	716
Operating Loss	**(3,004)**	(9,605)
Non-Operating Income:		
Finance expense from related parties (Note 4)	**(691)**	—
Finance income from related parties (Note 4)	**1,313**	54
Finance income (Note 4)	**868**	313
Other non-operating income	—	289
Foreign currency exchange (loss) gain	**(4)**	4
Net Loss and Total Comprehensive Loss	**$ (1,518)**	$ (8,945)

Notes 1 to 19 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

BALANCE SHEET

	As of December 31,	
	2019	**2018**
	(in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 5)	**$ 19,171**	$ 71,733
Receivables (Note 6)	**10**	53
Related party receivable balances (Note 11)	**5,943**	269
Prepaid expenses	**9**	—
Total Current Assets	**25,133**	72,055
Property, plant and equipment (Note 7)	**608**	—
Investment in subsidiaries (Note 8)	**23,494**	23,439
Investment in a joint venture (Note 9)	**10**	—
Newbuilding deposits (Note 7)	**11,745**	—
Long-term related party receivable (Note 11)	**42,418**	6,100
Total Non-current Assets	**78,275**	29,539
Total Assets	**$ 103,408**	$ 101,594
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Related party payable balances (Note 11)	**$ 2,280**	$ 294
Accrued expenses	**1,305**	15
Total Current Liabilities	**3,585**	309
Shareholders' Equity		
Common shares (Note 15)	**110,000**	110,000
Contributed capital (Note 18)	**356**	300
Retained deficit	**(10,533)**	(9,015)
Total Shareholders' Equity	**99,823**	101,285
Total Liabilities and Shareholders' Equity	**$ 103,408**	$ 101,594

Notes 1 to 19 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

STATEMENT OF SHAREHOLDERS' EQUITY

	Common Shares	Contributed Capital	Retained Deficit	Total
		(in thousands)		
Balance, December 1, 2017	$ 10	$ —	$ (70)	$ (60)
Comprehensive loss:				
Net loss	—	—	(8,945)	(8,945)
Total comprehensive loss	—	—	(8,945)	(8,945)
Transactions with shareholders:				
Share-based compensation	—	300	—	300
Issuance of shares	109,990	—	—	109,990
Total transactions with shareholders	109,990	300	—	110,290
Balance, December 31, 2018	**$ 110,000**	**$ 300**	**$ (9,015)**	**$ 101,285**
Comprehensive loss:				
Net loss	—	—	**(1,518)**	**(1,518)**
Total comprehensive loss	—	—	**(1,518)**	**(1,518)**
Transactions with shareholders:				
Share-based compensation	—	**56**	—	**56**
Total transactions with shareholders	—	**56**	—	**56**
Balance, December 31, 2019	**$ 110,000**	**$ 356**	**$ (10,533)**	**$ 99,823**

Notes 1 to 19 are integral part of these consolidated financial statements.

AVENIR LNG LIMITED

STATEMENT OF CASH FLOWS

	For the Year ended December 30, 2019	For the Thirteen Months ended December 30, 2018
	(in thousands)	
Cash (used in) provided from continuing operations (Note 16)	$ **(4,787)**	$ 68
Interest received	**910**	261
Net cash (used in) provided by operating activities	**(3,877)**	329
Cash flows used in investing activities:		
Acquisition of Stolt-Nielsen Gas BV	—	(20)
Capital expenditures	**(608)**	—
Deposits for newbuildings	**(11,745)**	—
Investment in a joint venture	**(10)**	—
Advances to subsidiary (Note 11)	**(36,317)**	(6,100)
Net cash used in investing activities	**(48,680)**	(6,120)
Cash flows from financing activities:		
Issuance of shares (Note 1 and 15)	—	77,520
Net cash generated from financing activities	—	77,520
Net (decrease) increase in cash and cash equivalents	**(52,557)**	71,729
Effect of exchange rate changes on cash	**(5)**	4
Cash and cash equivalents at beginning of period	**71,733**	—
Cash and cash equivalents at end of period	**$ 19,171**	$ 71,733

Notes 1 to 19 are integral part of these consolidated financial statements.

1. Basis of Preparation

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 financial statements have been prepared in accordance with the accounting policies outlined in Note 2. These accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations issued by the IFRS interpretations Committee.

The object of the Company is to hold investments related to the small-scale LNG segment. The Company was incorporated on March 20, 2017 by Stolt-Nielsen LNG Holdings Ltd. ("SN LNG"), an indirect subsidiary of Stolt-Nielsen Limited ("SNL"). Avenir purchased the shares of Stolt-Nielsen Gas BV ("SNG BV") from SN LNG for $20,000 on July 31, 2018. SNG BV had entered into two 7,500 cbm LNG newbuilding contracts from Keppel Singmarine in 2017. SNG BV also had a 66.6% owned subsidiary, HiGas S.r.L. ("HiGas"), which is in the process of building a terminal and distribution facility in the port of Oristano, Sardinia.

On October 1, 2018, SN LNG, Golar LNG Ltd ("Golar") and Höegh LNG Holdings Ltd. ("Höegh") announced a combined investment commitment of $182 million to pursue opportunities to deliver LNG to areas of stranded demand, as well as the development of LNG bunkering capabilities. The initial contribution was $49.5 million from SN LNG and $24.7 million from each of Golar and Höegh. SN LNG's contribution consisted of cash of $17.0 million and $32.5 million related to the forgiveness of amounts due to SN LNG by Avenir.

On November 13, 2018, an additional 11.0 million shares were issued for $11.0 million to a group of institutional and professional investors. Avenir's shares were listed on the Norwegian over-the-counter market on November 14, 2018.

In 2019, the Company entered into a contract for two 7,500 cbm LNG newbuildings. In addition, SN LNG finalised contracts for two 20,000 cbm LNG newbuildings. In addition, in 2018, SNG BV contributed $5.9 million to HiGas for an additional 14.4% ownership of HiGas.

The year end of the Company was changed to December 31 in 2018 so the 2018 financial statements include thirteen months of activity. As a result, the income statement results are not comparable.

2. Significant Accounting Policies

Critical Accounting Estimates and Judgements

In connection with the preparation of the financial statements, management has made assumptions and estimates about future events, and applied judgements that affect the reported amounts of assets, liabilities, 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, applied on a consistent basis. 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 judgement and estimate used in the preparation of the Financial Statements:

Impairment Review of Investment in Subsidiaries

Description: The Company's Investment in subsidiaries is reviewed for impairment whenever circumstances indicate the underlying subsidiaries, SNG BV or HiGas' carrying value of the ships or property 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: 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 is an expanding market and the Group's newbuildings have yet to be delivered. Also, HiGas has only started to build its terminal in Sardinia. Although Management believes that the underlying assumptions supporting the assessment are reasonable and appropriate at the time they are made, it is reasonably possible that a further decline in the economic environment 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 have been used in the recoverability assessment included, among others, charter rates, ship operating expenses, utilisation, drydocking requirements, future growth rates, supply-demand balance of LNG ships and residual value. Specifically, forecasted charter rates are based on information regarding current spot market rates from industry experts. Estimated outflows for operating expenses and drydockings are based on historical costs adjusted for assumed inflation.

Effect if actual results differ from assumptions: Although Management believes the underlying assumptions supporting the impairment assessment are reasonable, if contracted and charter rate trends and percentage of and rates on renewal of contracts vary significantly from forecast, this might trigger impairment indicators and result in an impairment review of the Company's Investment in SNG BV and possibly a material impairment of the asset.

Basis of measurement

The financial statements are prepared on the historical cost basis.

The existence of COVID – 19 was confirmed in early 2020 and has spread across mainland China and around the world, causing disruptions to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

Despite this, the scale and duration, as well as the impact of COVID-19 remains uncertain and could have a material impact on our earnings, cash flow and financial condition.

The shareholders regularly review the cash requirements of the Company and under the Shareholders' Agreement will take all reasonable endeavours to procure that financing is available to meet the Company's capital expenditure commitments and working capital needs. The shareholders have also committed to invest an additional $72.0 million to fulfil the Company's capital commitments. Failure of the shareholders to do this could result in uncertainty over the Company's ability to continue as a going concern.

Management believes that the Company's cash position and the shareholders' commitments will provide the cash necessary to satisfy the Company's working capital and capital expenditure requirements as well as satisfy the Company's other financial commitments. The Company therefore adopted the going concern basis in preparing its consolidated financial statements.

Cash and cash equivalents

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

Foreign currency

(i) Foreign currency transactions

The Company's financial statements are presented in the functional currency of the primary economic environment in which it operates, which is the U.S. dollar.

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.

Equity capital stock

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

Administrative and general expenses

Administrative and general expenses include professional fees and management service fees from related parties.

Finance income

Finance income are recognised in the income statement as they accrue, using the effective interest method.

Taxes

The Company is incorporated in Bermuda, which is a non-taxable jurisdiction.

IFRS effective as of December 31, 2019

IFRS 16, Leases ("IFRS 16") requires lessees to recognise assets and liabilities for most leases as "right to use" assets. The implementation date for the Company was as of January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. Currently, the Company does not have any material leases so this had no effect on their financial statements.

IFRS issued but not yet effective as of December 31, 2019

The Company does not expect there to be a material impact on its Financial Statements from any other new standard that is not yet effective, apart from additional disclosures in the financial statements.

3. Administrative and General Expenses

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Recruitment costs	$ —	$ 78
Audit fees	**15**	15
Legal professional fees	**2,484**	18
Tax consultant fees	**177**	—
Other professional fees	**209**	138
Development expenses paid by SNL on behalf of Avenir (Note 11)	—	10,000
Management fee from Stolt-Nielsen Gas Limited	**103**	23
Other	**16**	49
	$ 3,004	$ 10,321

Auditors' remuneration to PricewaterhouseCoopers LLP was $15,000 for the year ended and thirteen months ended December 31, 2019 and 2018, respectively. All fees were to accrue for the audits of the Company.

4. Finance Income and Expense

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Finance income on related party loan	**$ 1,313**	$ **54**
	$ 1,313	$ **54**

The interest rate on the related party loan with Stolt-Nielsen Gas B.V. was 3.2% for the year ended December 31, 2019 and 4.6% for the period from October 1 to December 31, 2018.

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Interest on cash deposits with financial institutions	$ 868	$ 313
	$ 868	$ 313

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Finance interest with related parties	$ 1,199	$ —
Capitalised interest	(508)	
	$ 691	$ —

The interest for the year ended December 31, 2019 related to the newbuilding guarantee agreement with SN LNG, Golar and Höegh. See Note 14. The interest rate on the related party loan was 1% of outstanding commitments.

5. Cash and Cash Equivalents

	As of December 31, 2019	2018
	(in thousands)	
Cash and cash equivalents	$ 19,171	$ 71,733

Cash and cash equivalents comprise cash and short-term time deposits held by the Company.

6. Receivables

	As of December 31, 2019	2018
	(in thousands)	
Interest receivables	$ 10	$ 53

See Note 13 for an analysis of the credit risk of receivables.

7. Property, Plant and Equipment and Newbuildings

	Construction In Progress
Cost	
Balance at December 31, 2018	—
Additions	608
Balance at December 31, 2019	$ 608

Newbuilding Deposits

The Newbuilding deposits are the yard payments on the contract for two 7,500 cbm LNG carriers to be built by Sinopacific Offshore Engineering, Nantong, China,. The total cost for all ships will be approximately $82.0 million, including site team costs and capitalized interest which are recorded in Construction in progress.

8. Investment in Subsidiaries

The Company holds the following direct investments:

		December 31, 2018	Additions	December 31, 2019
			(in thousands)	
Direct investments:				
Stolt-Nielsen Gas BV	The Netherlands	$ 23,139	$ —	$ 23,139
Avenir LNG M.S. Ltd	United Kingdom	300	55	355
		$ 23,439	$ 55	$ 23,494

The Company has an 80% ownership in HiGas through SN Gas BV.

9. Investment in Joint Venture

In December 2019, the Group contributed $9,800 for 49% ownership in Future Horizon, a new joint venture with MSC Berhad. This joint venture has entered into a three year time charter with Petronas LNG, upon delivery of the first newbuilding of a subsidiary of the Company in 2020. Equity accounting will applied to this joint venture.

10. Accrued Expenses

	December 31, 2019	December 31, 2018
	(in thousands)	
Audit accrual	$ 15	$ —
Legal accrual	460	—
Professional fee accrual	830	15
	$ 1,305	$ 15

11. Related Party Transactions

SNL Transactions

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Transactions with SNL:		
Development costs incurred by SNL on behalf of Avenir	—	10,000
Support services	103	23

The Company has entered into three service agreements with subsidiaries of SNL for (a) newbuilding site team services for its subsidiary, SN Gas BV, (b) accounting, finance, treasury and other support services and (c) the procurement of the President of Avenir.

Also, on August 17, 2018, SNL invoiced Avenir $10.0 million for development costs incurred on Avenir's behalf by SNL. This amount, along with a long-term related party loan of $22.5 million, was netted against SNL's obligation for the acquisition of 49.9 million of Avenir shares. The long-term loan related to the accumulated newbuilding costs and the acquisition of 66.6% of HiGas.

Board of Directors and Key Management Compensation

The Company has no employees as all services are performed by employees of its subsidiaries. Board Members did not charge any costs for the three months ended December 31, 2018. At the end of 2018 the Board of Directors consisted of 4 members.

Accounts Receivable from related parties

	As of December 31, 2019	2018
	(in thousands)	
Stolt-Nielsen Gas BV	$ 1,542	$ 269
SN LNG	497	—
Avenir LNG MS Ltd	3,904	—
Total	$ 5,943	$ 269

Accounts Payable to related parties

	As of December 31,	
	2019	2018
	(in thousands)	
Stolt-Nielsen M.S. Ltd	$ —	$ 190
Golar	**254**	—
Höegh	**254**	—
Stolt Tankers BV	**320**	—
Stolt Bitumen Singapore PTE Ltd	**27**	23
Stolt-Nielsen M.S. Ltd (UK)	**1,425**	81
Total	$ **2,280**	$ **294**

Long-term related party receivables

	As of December 31,	
	2019	2018
	(in thousands)	
Stolt-Nielsen Gas BV	$ **42,418**	$ **6,100**

Short-term accounts receivable was a result of normal cash management activities while short-term accounts payable was owed to subsidiaries of SNL for performance of management services.

SN Gas BV entered into two long-term related party receivables with the Company. The first loan, which is being used to fund the HiGas' terminal construction contract, has an outstanding balance of $24.1 million and $6.1 million at December 31, 2019 and 2018, respectively. The second loan is being used to fund newbuilding yard payments and has a due date of September 30, 2022. The amount outstanding at December 31, 2019 was $18.4 million. The loans are at an average interest rate of 4.63% per annum for 2019 and 2018.

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 are exercisable.

12. Restrictions 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.

13. Financial Risk Factors

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses are a reasonable estimate of their fair value, due to the short maturity thereof.

Concentration of Credit Risk

Receivables are from subsidiaries of the Company or from related parties. The maximum exposure to credit risk is the related party receivable balance of $5.9 million for the year ended December 31, 2019.

Financial Risk Factors

Risk management is carried out by the SNL central treasury department under policies approved by the Avenir Board of Directors. SNL treasury identifies, evaluates and hedges financial risks in close co-operation with the Company. 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.

Fair Value of Financial Instruments

The following estimated fair value amounts of financial instruments have been determined by the Company, 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:

	As of December 30, 2019		As of December 30, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Financial Assets:				
Cash and cash equivalents	$ **19,171**	$ **19,171**	$ 71,733	$ 71,733
Receivables	**10**	**10**	53	53
Related party receivable balances	**29,097**	**5,943**	269	269
Long-term related party receivable	**19,264**	**42,418**	6,100	6,100
Financial Liabilities:				
Related party payable balances	**2,280**	**2,280**	294	294
Accrued expenses	**1,305**	**1,305**	—	—

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

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

Maturity of Financial Liabilities

As of December 31, 2019	Less than 1 yr	2-3 yrs	4-5 yrs	Total
	(in thousands)			
Contractual obligations:				
Related party payable balances	$ 2,280	$ —	$ —	$ 2,280
Accrued expenses	1,305	—	—	1,305
Total contractual obligations	**$ 3,585**	**$ —**	**$ —**	**$ 3,585**

As of November 30, 2018	Less than 1 yr	2-3 yrs	4-5 yrs	Total
	(in thousands)			
Contractual obligations:				
Related party payable balances	$ 294	$ —	$ —	$ 294
Total contractual obligations	**$ 294**	**$ —**	**$ —**	**$ 294**

14. Commitments and Contingencies

The Company's subsidiary, the Company and its subsidiaries had $254.9 million and $91.1 million of purchase commitments on December 31, 2019 and 2018, respectively. As of December 31, 2019, the Company and its subsidiaries had commitments for four 7,500 cbm LNG newbuildings, two 20,000 cbm LNG newbuildings and the Higas terminal. Of the total purchase commitments at December 31, 2019, $119.3 million is expected to be paid over the next 12 months and financing is in the process of being arranged for the newbuildings. The remaining payments will be paid out of existing liquidity or by issuing additional equity shares.

15. Common Shares

The Company's authorised and issued share capital consists of 500.0 million and 10,000 Common shares as of December 31, 2018 and November 30, 2017, respectively. There were 110.0 million shares outstanding.

	Common Shares, par value $1 per share
Balance at November 30, 2017	**10,000**
Issuance of shares	**109,990,000**
Balance at December 31, 2018 and 2019	**110,000,000**

16. Reconciliation of Net Loss to Cash Provided by Continuing Operations

	For the Year Ended December 31, 2019	For the Thirteen Months Ended December 31, 2018
	(in thousands)	
Net loss	**$ (1,518)**	$ (8,945)
Adjustments to reconcile net loss to net cash from operating activities:		
Finance income, net	**(1,490)**	(367)
Expenses paid by SN LNG on the Company's behalf	—	10,000
Foreign exchange gain	**5**	(4)
Changes in assets and liabilities:		
Increase in related party receivables	**(4,361)**	—
Increase in related party payables	**1,988**	17
Increase in prepaid expenses	**(10)**	—
Increase in accrued expenses	**598**	15
Other, net	**1**	(648)
Cash (used in) provided by operations	**$ (4,787)**	$ 68

17. Business Acquisition

On July 31, 2018, Avenir acquired SN Gas BV for $20,000 from a subsidiary of SNL. The Company contributed $23.1 million to SN Gas BV by forgiving a loan subsequent to the acquisition.

18. Share Option Plan

The Company's Board of Directors approved the Avenir LNG Limited Share Option Plan 2018 on October 1, 2018. Options are to be granted in consideration of services to the Company and its subsidiaries.

For the years ended December 31,	Shares	2019 Weighted Average Exercise Price	Shares	2018 Weighted Average Exercise Price
Common share options				
Outstanding at beginning of year	**620,000**	**$ 1.00**	—	$ —
Issued	**1,500,000**	**1.14**	620,000	1.00
Outstanding at end of year	**2,120,000**	**$ 1.10**	620,000	$ 1.00
Exercisable at end of year	**470,000**	**$ 1.00**	420,000	$ 1.00
Weighted average fair value per share of options granted		**$ 1.32**		$ 0.64
Risk-free rate		**2.16%**		2.51%
Volatility		**46.15%**		49.66%%

The volatility was measured based on the share price development of four companies within the LNG industry for the last ten years.

Share-based compensation expense has been recorded by a subsidiary of the Company for $56,000 for the year ended December 31, 2019 and $300,000 for the thirteen months ended December 31, 2018. The Company has recorded a corresponding increase in its Investment in subsidiaries.

19. Subsequent Events

The existence of COVID – 19 was confirmed in early 2020 and has spread across mainland China and around the world, causing disruptions to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group.

Despite this, the scale and duration, as well as the impact of COVID-19 remains uncertain and could have a material impact on our earnings, cash flow and financial condition.