



FLEX LNG

Interim Financial Information

Flex LNG Ltd.

Third Quarter 2018

27 November 2018

27 November 2018 - Hamilton, Bermuda

Flex LNG Ltd. (Oslo Børs: FLNG) (together with its subsidiaries, the "Company" or "Flex LNG"), an emerging leader in the Liquefied Natural Gas ("LNG") shipping, today reports unaudited results for the three and nine months ended 30 September 2018.

Highlights for Third Quarter of 2018:

- On 9 July 2018, the Company took delivery of Flex Rainbow from Samsung Heavy Industries according to schedule. Flex Rainbow is the Company's fourth LNGC on the water while nine LNGCs are currently under construction.
- Reported Revenues for the third quarter 2018 of \$19.0 million compared to \$9.8 million in third quarter 2017 and \$41.1 million for the first nine months of 2018 compared to \$19.5 million for first nine months of 2017.
- Reported an EBITDA of \$12.7 million compared to an EBITDA of \$(4.1) million in third quarter 2017. The EBITDA for the first nine months of 2018 was \$18.1 million compared to a negative EBITDA for first nine months of 2017 of \$(13.9) million.
- Reported net profit/(loss) for the third quarter and the first nine months of 2018 of \$1.2 million and \$(3.5) million respectively, compared to a net (loss) in third quarter and first nine months of 2017 of \$(4.0) million and \$(11.7) million respectively.

Subsequent Events:

- On 11 October 2018, Flex LNG successfully conducted a Private Placement, raising gross proceeds of the NOK equivalent of USD 300 million, corresponding to NOK 2,464 million (based on a currency exchange rate of USD/NOK 8.21), through the placing of 172,938,947 new shares at a subscription price of NOK 14.25 per share. The Private Placement was significantly oversubscribed. Geveran Trading Co. Ltd. ("Geveran"), the Company's largest shareholder, has been allocated 57,646,316 shares for approximately USD 100 million, and will retain a 44.6% ownership in the Company following the Private Placement.
- On 11 October 2018, in connection with the \$300m Private Placement, Flex LNG entered into a transaction for the acquisition of five 5th generation LNG newbuildings comprising three high-end MEGI LNG carriers currently under construction at Daewoo Shipbuilding and Marine Engineering Co. Ltd. ("DSME") with scheduled delivery in 2020 and two high-end X-DF LNG carriers currently under construction at Hyundai Samho Heavy Industries Co., Ltd. ("HSHI") with scheduled delivery in 2021 (collectively the "Vessels"). The LNG newbuildings were acquired from affiliates of Geveran Trading Co. Ltd. the Company's largest shareholder.

- As interest for large modern vessels have been very high in the winter season, Flex LNG is pleased to announce that it has already covered all available days for the fourth quarter. We are thus in position to give guidance on the expected revenues for the fourth quarter. Based on the current backlog, Flex LNG expects that the revenues for the fourth quarter of 2018 will be approximately \$ 35 million. This is considerably higher than the revenues of \$ 19 million reported for the third quarter. Forward guidance is subject to regular operation including off-hire and acceptance of vessels by charterers.

Øystein M Kalleklev, CEO/CFO comments:

"Flex LNG has rapidly become the largest owner of modern fifth generation LNG carriers with a fleet expansion from six to 13 vessels since we presented our first quarter results at end of May. Unlike the vast majority of other LNG shipping companies, we decided to strategically pursue shorter term employment until the shipping market showed signs of rebalancing. The market has now rebalanced with current fixtures now being agreed at all-time high rates. Thus, Flex LNG is very well positioned to reap the benefit of our strategy. This is somewhat evidenced by the company's improved financial performance in the third quarter, but more importantly highlighted by the very strong guidance for the fourth quarter as well as the outlook for next year. We think the LNG shipping market will remain tight due to a combination of large increase in liquefaction capacity in the near, medium and long-term, limited fleet growth, increased ton/mileage and increased focus on improving air quality favoring the ongoing switch from coal to natural gas"

Business Update

The Company today has four vessels on the water and nine additional newbuildings under construction which are set for delivery in 2019-2021, increasing the fleet to a total of thirteen high-end LNG carriers. Flex LNG has, during the last four months, become the largest owner of 5th generation LNGCs. With this fleet, Flex LNG will be present in all the three major basins providing for enhanced customer relationships and increased vessel utilization. The vessels currently in operation and under construction, will meet a significant increase in new LNG production capacity. Increased LNG supply/demand coupled with increased sailing distances due particularly to US and Russian volumes as well as increased trading activity, provides a sound fundamental outlook for the seaborne LNG transportation. Charter rates, both spot and longer term, have significantly improved during the last three months and Flex LNG is confident that Charterers will prefer the substantial improvement in unit transportation cost of our larger and fuel efficient vessels. Flex LNG has decided to fit three of the last newbuildings (DSME - MEGI) with a Full Re-liquefaction System (FRS) that improves the boil-off rate even further, to 0.035%. Flex LNG is confident that this is of significant interest for longer term charterers.

Results for the Three and Nine Months Ended 30 September 2018

The Company reports a net profit of \$1.2 million and profit per share of \$0.00 for the third quarter of 2018 compared with a net loss of \$(4.0) million and a loss per share of \$(0.01) for the third quarter of 2017. Net loss for the nine months ended 30 September 2018, was \$(3.5) million compared to net loss of \$(11.7) million for the nine months ended 30 September 2017.

Vessel operating revenues amounted to \$19.0 million and \$41.1 million in the third quarter and nine months. Vessel operating revenues for the third quarter and nine months ended 30 September 2017 were \$9.8 million and \$19.5 million respectively.

Vessel operating costs, including the costs to charter in vessels, voyage related costs, broker commissions and technical operating expenses (such as crewing, insurance, lubes and repairs & maintenance) amounted to \$5.2 million and \$20.2 million in the third quarter and nine months ended 30 September 2018, respectively. The year-to-date costs included \$6.1 million in relation to chartered in vessels.

Administrative expenses were \$1.1 million in the third quarter of 2018 compared to \$0.8 million in the third quarter of 2017.

The Company's cash balances decreased by \$61.0 million in the third quarter to \$16.6 million (2017: \$6.9 million net inflow). In the nine months to 30 September 2018 the Company's cash balance increased by \$6.6 million (2017: \$10.4 million inflow). In the nine months to 30 September 2018 the operating cash inflow was \$10.7 million (2017: \$16.9 million outflow). In the nine months to 30 September 2018, capital expenditures was \$308.2 million of which \$234.5 million was related to investment in newbuildings under construction while \$73.6 million was related to advance payments made in relation to the two newbuildings acquired on 28 May 2018 from an affiliate of Gevevan. In the nine months to 30 September 2018, net cash flow from financing activities was \$304.1 million of which \$584.6 million was issuance of new debt while \$280.2 million was repayment of debt

Finance update

The Rainbow SLB which was announced in connection with the 2018 first quarter earnings release was executed 12 July 2018 subsequent to the delivery of the newbuilding from SHI. The sale price under the lease is approx. 75% of the relevant ship building price for Flex Rainbow and the remaining 25% represents the advance hire for the ten

year lease period. The ship will be leased back, for a period of ten years. Flex LNG will be granted a purchase option from the second anniversary until the end of the lease period. The bareboat hire rate will be set according to Libor+350bps margin. There will be no fixed employment requirement under the lease.

The Company has as of 30 September 2018, \$270 million fully available in a revolving credit facility with Sterna Finance Limited (the "Sterna RCF"). Flex LNG repaid amounts drawn under the Sterna RCF in full on 13 July 2018. The Credit Facility can be drawn and repaid at the Company's discretion, providing the Company growth capital while minimizing interest expense during the construction phase of its LNGC newbuildings. This is a strong indication of the support and commitment of the Company's largest shareholder. The full amount under Sterna RCF is free and available until twelve months following delivery of Flex Courageous (scheduled August 2019) after which the lender can request a reduction in the facility from \$270 million to \$30 million. The remaining \$30 million will however be available until 1 July 2023 unless otherwise agreed. For more info about the Sterna RCF, please see note 6.

LNG Market Outlook and Strategy

Flex LNG believes that the LNG market is in the early stages of a multi-year recovery. The market for seaborne transportation of LNG has improved significantly during the third quarter with the primary driver being the nearly 50 per cent year on year growth in imports to China. Additionally there is high demand growth in other more mature markets such as South Korea and Taiwan. Bloomberg New Energy Finance estimate demand growth of approximately 8.5% in 2018, adding 24MMtpa to the global market which will reach a total of 308MMtpa by year end. South and Southeast Asia are also expected to show strong growth in 2018 and 2019. Future growth will come from new liquefaction trains under construction, expansion projects of existing terminals such as the announced addition by Cheniere of a train 3 at their Corpus Christi terminal and new greenfield projects such as the recently announced Canada LNG.

According to Bloomberg, North America will soon become the largest supplier of LNG with about 65MMtpa of additional capacity likely to reach FID. In addition they have assumed that Quatargas will follow through on their intent to expand their nameplate capacity from 77 million tonnes to 110 million tonnes.

Other notable projects which are in process of reaching Final Investment Decision ("FID") are Anadarko's Mozambique LNG project with close to 13 million ton capacity, expansion of capacity in Papua New Guinea of about 8 million tonnes as well as the Russian projects related to expansion of Sakhalin and the Arctic LNG greenfield.

The main hurdles for taking FID on this new capacity is traditionally securing off-take agreements in order to finance the projects. Securing upstream feedstock is seen to be less of an issue for most projects as there are ample supplies of available gas.

The LNGC fleet now exceeds 450 vessels and approximately 50 vessels are expected to be delivered in total for 2018. The shipping market is poised to improve as a ramp-up of US LNG export projects coupled with limited fleet growth have created a favorable backdrop over the next few years. Based on supply/demand model, it is estimated that 90 more ships will be required by 2020, resulting in a potential shortage of 30-45 vessels (Seaport Global). Fearnleys estimates a shortage of 47 vessels. Demand growth has been driven primarily from Asia with China committed to diversifying its energy portfolio to focus on cleaner energy sources to improve the air quality in metropolitan areas. Europe is also expected to increase its LNG imports during the year due to improved general macroeconomic conditions and diversification of supply.

Third Quarter Result Presentation

Flex LNG will release its financial results for the quarter and nine months ended 30 September 2018 on Tuesday 27 November 2018 on or about 06:00 am CET.

In connection with the earnings release, a webcast and conference call will be held at 08:30 a.m. CET. In order to attend the webcast and/or conference call you may do one of the following:

Attend by Webcast:

Use to the follow link prior to the webcast:

<https://edge.media-server.com/m6/p/tdxfc2te>

Attend by Conference Call:

Applicable dial-in telephone numbers are as follows:

Norway: +47 2100 2610

United Kingdom: +44 (0)330 336 9105

United States: +1 929-477-0324

Confirmation Code: **3822806**

A Q&A session will be held after the teleconference/webcast. Information on how to submit questions will be given at the beginning of the session. The presentation material which will be used in the teleconference/webcast can be downloaded on **www.flexlng.com** and replay details will also be available at this website.

Forward-Looking Statements

This report has been produced by Flex LNG Limited (“Flex LNG” or “the Company”), solely for information purposes and does not purport to give a complete description of the Company, its business or any other matter described herein.

The report contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates, sometimes identified by the words “believes”, “expects”, “intends”, “plans”, “estimates” and similar expressions.

The forward-looking statements contained in this presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. The Company does not provide assurance that the assumptions underlying such forward-looking statements are free from errors nor does the Company accept any responsibility for the future accuracy of the opinions expressed in the presentation or the actual occurrence of the forecasted developments.

No obligation is assumed to update any forward-looking statements or to confirm these forward-looking statements to actual results.

In addition to these important factors and matters discussed elsewhere herein, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward looking statements include the strength of the world economies, fluctuations in currencies and interest rates, general market conditions, change in governmental rules and regulations or actions taken by regulatory authorities.

Certain information and statistics contained herein have been derived from several sources. You are hereby advised that such industry data and statistics have not been prepared specifically for inclusion in these materials and Flex LNG has not undertaken any independent investigation to confirm the accuracy or completeness of such information.

Board of Directors of Flex LNG Ltd.

27 November 2018

David McManus

Marius Hermansen

Ola Lorentzon

Georgina E. Sousa

Nikolai Grigoriev

Interim Financial Report
Condensed Consolidated Income Statement

(Unaudited figures in USD,000)

30 September 2018					
	Q3 18	Q3 17	YTD 18	YTD 17	2017
Vessel operating revenues	19,008	9,758	41,108	19,469	27,329
Vessel operating costs	(5,167)	(12,985)	(20,183)	(30,729)	(36,532)
Administrative expenses	(1,132)	(848)	(2,858)	(2,596)	(3,409)
Operating income (loss) before depreciation	12,709	(4,075)	18,067	(13,856)	(12,612)
Depreciation	(5,477)	(1)	(10,541)	(2)	(2)
Operating income (loss)	7,232	(4,076)	7,526	(13,858)	(12,614)
Finance income	72	40	324	97	123
Finance cost	(6,124)	—	(11,270)	(234)	(234)
Other financial items	(1)	7	(37)	2,333	2,335
Income (loss) before tax	1,179	(4,029)	(3,457)	(11,662)	(10,391)
Income tax expense	—	(3)	(2)	(12)	(17)
Net income (loss)	1,179	(4,032)	(3,459)	(11,674)	(10,408)
Attributable to:					
Equity holders of the parent	1,179	(4,032)	(1,416)	(11,674)	(10,408)
Earnings per share (\$):					
Basic and diluted	—	(0.01)	(0.01)	(0.03)	(0.03)

Condensed Consolidated Statement of Comprehensive Income

(Unaudited figures in USD,000)

30 September 2018					
	Q3 18	Q3 17	YTD 18	YTD 17	2017
Income (loss) for the period	1,179	(4,032)	(3,459)	(11,674)	(10,408)
Total other comprehensive profit	33	—	(36)	—	—
Total comprehensive income (loss) for the period	1,212	(4,032)	(3,495)	(11,674)	(10,408)
Attributable to:					
Equity holders of the parent	1,212	(4,032)	(3,495)	(11,674)	(10,408)

Condensed Consolidated Statement of Financial Position

(Unaudited figures in USD,000)

30 September 2018				
	Note	Q3 18	Q3 17	2017
New building assets and capitalized costs	3	—	593,011	594,937
Vessel purchase prepayment	3	146,073	72,000	72,000
Vessels and equipment	3	820,371	4	3
Total non-current assets		966,444	665,015	666,940
Inventory		1,508	2,055	1,041
Other current assets		3,850	4,757	6,568
Cash and cash equivalents	4	16,574	11,881	9,961
Total current assets		21,932	18,693	17,570
TOTAL ASSETS		988,376	683,708	684,510
Share capital		3,681	3,680	3,680
Share premium		885,453	885,364	885,323
Other equity		(372,382)	(370,205)	(368,902)
Equity attributable to equity holders of the parent		516,752	518,839	520,101
Total equity		516,752	518,839	520,101
Long-term debt	6	437,443	160,000	160,000
Total non-current liabilities		437,443	160,000	160,000
Current liabilities		10,816	4,869	4,409
Short term portion of long-term debt		23,365	—	—
Total current liabilities		34,181	4,869	4,409
Total liabilities		471,624	164,869	164,409
TOTAL EQUITY AND LIABILITIES		988,376	683,708	684,510

Condensed Consolidated Statement of Cash Flows

<i>(Unaudited figures in USD,000)</i>					
30 September 2018	YTD 18	Q3 18	YTD 17	Q3 17	2017
Profit/(loss) before tax	(3,457)	1,179	(11,662)	(4,029)	(10,391)
Working capital adjustments	3,600	(1,378)	(2,926)	(1,147)	(4,987)
Other non-cash items	10,553	5,440	(2,345)	1	(2,345)
Net cash flow from operating activities	10,696	5,241	(16,933)	(5,175)	(17,723)
Payments on newbuilding contracts and capitalized expenditure	(234,560)	(44,714)	(4,589)	(1,626)	(5,714)
Advance payment for new build assets	(73,600)	—	(72,000)	1	(72,000)
Net cash flow used in investing activities	(308,160)	(44,714)	(76,589)	(1,625)	(77,714)
Net proceeds from issue of share capital	—	—	220,988	—	220,988
Net proceeds from issuance of debt	584,613	155,925	—	—	—
Repayment of debt	(280,163)	(177,538)	(117,000)	—	(117,000)
Other	(373)	76	(24)	(74)	(29)
Net cash flow from financing activities	304,077	(21,537)	103,964	(74)	103,959
Net cash flow	6,613	(61,010)	10,442	(6,874)	8,522
Cash balance at beginning of period	9,961	77,584	1,439	18,755	1,439
Cash balance at end of period	16,574	16,574	11,881	11,881	9,961

Condensed Consolidated Statement of Changes in Equity

(Unaudited figures in USD,000)

30 September 2018	Share capital	Share premium reserve	P&L reserve	Option, warrant and shares	To equity holders
At 01.01.2018	3,680	885,323	(379,530)	10,562	520,035
Loss for the period	—	—	(3,459)	—	(3,459)
Other comprehensive income	—	—	33	—	33
Total comprehensive income	—	—	(3,426)	—	(3,426)
Shares issued	1	130	—	11	142
Share issuance costs	—	—	—	—	—
Share-based payment (shares)	—	—	—	—	—
At 30.09.2018	3,681	885,453	(382,956)	10,573	516,751

30 September 2017	Share capital	Share premium reserve	P&L reserve	Option, warrant and shares	To equity holders
At 01.01.2017	1,279	563,174	(369,122)	10,611	205,942
Loss for the period	—	—	(11,674)	—	(11,674)
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	(11,674)	—	(11,674)
Shares issued	2,401	326,773	—	(99)	329,075
Share issuance costs	—	(4,583)	—	—	(4,583)
Share-based payment (shares)	—	—	—	79	79
At 30.09.2017	3,680	885,364	(380,796)	10,591	518,839

Notes to the Interim Consolidated Accounts

Note 1: General information

Flex LNG Ltd (together with its subsidiaries, the “Company” or “FLEX LNG”) is a limited liability company, originally incorporated in the British Virgin Islands and registered in Bermuda as of June 2017. The Company’s activities are focused on seaborne LNG transportation. The interim condensed consolidated financial statements of the Company for the quarter and nine month ended 30 September 2018 were authorized by the Board of Directors for release on 27 November 2018.

Note 2: Accounting principles

Basis of preparation

The interim condensed consolidated financial statements for the quarter have been prepared in accordance with accounting principles generally accepted in the United States. The condensed consolidated financial statements do not include all of the disclosures required in the annual and interim consolidated financial statements. These financial statements should be read in conjunction with the Company’s year end financial statements for the year ended 31 December 2017.

Use of estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (“USGAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions impact, among others, the following: the amount of uncollectible accounts and accounts receivable, the amount to be paid for certain liabilities, including contingent liabilities, the amount of costs to be capitalized in connection with the construction of our newbuildings and the expected economic lives of our vessels. Actual results could differ from those estimates.

Principles of consolidation

The consolidated financial statements include the accounts for us and our wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated on consolidation.

Operating revenues and expenses

The Company recognizes revenues from time charters daily over the term of the charter as the applicable vessel operates under the charter. The Company does not recognize revenues during days that the vessel is off hire. All

revenues from voyage charters are recognized on a proportionate performance method. The Company uses a load-to-discharge basis in determining proportionate performance for all spot voyages. Certain voyage expenses incurred between signing the charter party and arrival at loading port are deferred and amortized during the charter period.

Repositioning fees in respect of time charters are recognized at the end of the charter when the fee becomes fixed and can be reliably measured. However when a fixed amount not dependent on redelivery location is stipulated in the charter, the repositioning fee is recognized on a straight line basis over the term of the time charter.

Whether the entity is entitled to a ballast bonus agreed at the start of the charter, this is recognized on a straight line basis over the term of the charter.

Cash and cash equivalents

The Company classifies all highly liquid investments with an original maturity date of three months or less as cash and cash equivalents.

Trade receivables

The amount shown as trade receivables, net, at each balance sheet date, includes receivables from charterers for hire net of any provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts primarily based on the aging of such balances and any amounts in disputes. No provision for doubtful debt was held as of 30 September 2018.

Inventories

Inventories comprise principally of fuel and lubricating oils and are stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Vessels and equipment

All pre-delivery costs incurred during the construction of newbuildings, including interest, supervision and technical costs, are capitalized.

Depreciation is calculated on a straight-line basis over a vessel's estimated useful life, less an estimated residual value. Depreciation is calculated using an estimated useful life of 35 years or a shorter period if regulations prevent the Company from operating the vessels for 35 years. In comparison, the technical fatigue life of our LNGCs are 40 years.

The Company follows the direct expense method of accounting for dry-docking and special survey costs where such are expensed in the period incurred. The vessels undergo dry-dock or special survey approximately every five years during the first fifteen years of their life and, subsequently, every two and a half years to the end of their useful life. Costs relating to routine repairs and maintenance are also expensed as incurred.

Vessels and equipment that are "held for use" are assessed for impairment when events or circumstances indicate the carrying amount of the asset may not be recoverable. If the asset's net carrying value exceeds the net undiscounted cash flows expected to be generated over its remaining useful life, the carrying amount of the asset is reduced to its estimated fair value. Estimated fair value is determined based on discounted cash flows or appraised values. In cases where an active second hand sale and purchase market does not exist, the Company uses a discounted cash flow approach to estimate the fair value of an impaired vessel. In cases where an active second hand sale and purchase market exists, an appraised value is generally used to estimate the amount the Company would expect to receive if it were to sell the 30 September 2018 vessel.

Newbuildings

The carrying value of the vessels under construction, or Newbuildings, represents the accumulated costs to the balance sheet date which the Company has had to pay by way of purchase instalments and other capital expenditures together with capitalized interest and associated finance costs. No charge for depreciation is made until the vessel is available for use.

Vessel purchase prepayments relate to amounts advanced on ship building contracts where title of the vessel does not transfer to the Company until the date of delivery.

Debt issuance costs

Loan costs, including debt arrangement fees, are capitalized and amortized on a straight-line basis over the term of the relevant loan. The straight line basis of amortization approximates the effective interest method. Amortization of loan costs is included in interest expense. If a loan is repaid early, any unamortized portion of the related deferred

charges is charged against income in the period in which the loan is repaid. The Company has recorded debt issuance costs (i.e. deferred charges) as a direct deduction from the carrying amount of the related debt.

Earnings per share

Basic earnings per share are computed based on the income available to ordinary shareholders and the weighted average number of shares outstanding. Diluted earnings per share include the effect of the assumed conversion of potentially dilutive instruments.

Note 3: New building assets and capitalized costs

On 9 January 2018, the Company successfully took delivery of its first LNG carrier newbuilding the Flex Endeavour.

On 11 January 2018, the Company successfully took delivery of its second LNG carrier newbuilding the Flex Enterprise.

On 22 June 2018, the Company successfully took delivery of its third LNG carrier newbuilding the Flex Ranger.

On 9 July 2018, the Company successfully took delivery of its third LNG carrier newbuilding the Flex Rainbow.

On 28 May 2018, Flex LNG entered into an agreement to acquire two 174,000 CBM X-DF LNGC newbuildings under construction at HHI for \$ 184 million each, which includes newbuilding supervision. 20 per cent was due following signing of such agreement while remaining 80 per cent is due at delivery. The Company has made advance payments of \$73.6 million which are recorded as vessel purchase prepayments as the seller continues to hold the shipbuilding contract with the yard and is responsible for the supervision of the vessels' construction, with the title transferring to Flex LNG at the date of delivery.

In relation to the two LNGCs that will be delivered in 2019, the Company made advance payments of \$72.0 million in the second quarter of 2017 representing 20 per cent of the purchase price, with the balance due on delivery. Under the purchase agreement, the seller continues to hold the shipbuilding contract with the yard and is responsible for the supervision of the vessels' construction, with the title transferring to Flex LNG at the date of delivery.

As of 30 September 2018, the Company currently had four newbuildings under construction. The Flex Constellation and the Flex Courageous are under construction at DSME and are due for delivery in June 2019 and August 2019 respectively. The Flex Aurora and Flex America are under construction at HSHI and are due for delivery in the second and third quarter of 2020.

On 11 October 2018, Flex LNG entered into a transaction for the acquisition of five 5th generation LNG newbuildings comprising three high-end MEGI LNG carriers currently under construction at Daewoo Shipbuilding and Marine Engineering Co. Ltd. ("DSME") with scheduled delivery in 2020 and two high-end X-DF LNG carriers currently under construction at HSHI with scheduled delivery in 2021 (collectively the "Vessels"). The LNG newbuildings is acquired from affiliates of Gevevan Trading Co. Ltd. the Company's largest shareholder. The company made advance payments of \$275.4 million in the fourth quarter of 2018 representing 30 percent of the transaction price, with the balance due on delivery. Under the purchase agreement, the seller continues to hold the shipbuilding contract with the yard and is responsible for the supervision of the vessels' construction, with the title transferring to Flex LNG at the date of delivery.

The Company has reviewed recoverable amounts of the newbuild contracts and has concluded that no impairment provision was required for the vessels under construction.

Note 4: Cash and cash equivalents

For the purpose of the consolidated cash flow statements, cash and cash equivalents comprise the following;

(Unaudited figures in USD'000)

	Unaudited	
	Q3 2018	Q3 2017
Cash at bank and in hand	16,574	11,881

The company has \$0.1 million of restricted cash as at 30 September 2018 (2017: \$nil). This is restricted by law for the Norwegian tax authorities in relation to social security of employees for which there were none in the nine months to 30 September 2017.

Note 5: Capital & other commitments

The remaining capital commitments as at 30 September 2018 are detailed in the table below.

USD million (unaudited)	<u>1 year</u>	<u>2 years</u>	<u>> 3 years</u>	<u>Total</u>
Loan repayments	24	25	418	467
Newbuildings	288	294	—	582
Total	312	319	418	1,049

As the remaining newbuildings are acquired on Norwegian Sales Form (NSF) basis remaining capex for newbuildings includes building supervision, but excludes future change requests, sundry buyers' supplies, fit out, studies and lube oils.

On 11 October 2018, the company entered into a transaction for the acquisition of five 5th generation LNG newbuildings, three of which have scheduled delivery in 2020 and the remaining two in 2021. The company made advance payments of \$275.4 million in the fourth quarter of 2018, representing 30 percent of the transaction price, with the remaining \$642.6 million due on delivery.

Note 6: Other financial liabilities

\$ 315 million Secured Term Loan Facility

On 20 December 2017, the Company signed a \$315 million secured term loan facility (the "TLF") to finance the first three of its newbuildings - DSME HN 2447 (Flex Endeavour), DSNE HN 2448 (Flex Enterprise) and SHI HN 2107 (Flex Ranger) with a group of six banks. The closing conditions were fulfilled on 28 December 2017 and two loan tranches of each \$105 million were utilized in connection with the two newbuilding deliveries in January 2018. The remaining \$105 million loan tranche was utilized in connection with the delivery of Flex Ranger in June 2018. The tenor of the TLF is five years from the date of the last newbuilding financed under the TLF, resulting in an average term of approximately 5.4 years given delivery of Flex Ranger on 22 June 2018.

The TLF affords the Company significant balance sheet and operational flexibility. Under the terms of the TLF, the Company has the option to swap vessels as collateral for the facility without having to refinance the loan and incur associated costs. This enables the Company to have flexibility to take a vessel out of the collateral base in the event it can be financed in other ways and redeploy the loan to finance a separate newbuilding. The TLF also has no requirement that the Company obtain firm term employment for any of the LNGCs financed under the facility and

the financial covenants for the TLF are also not linked to earnings, but rather balance sheet values being book equity level exceeding 25 per cent and free cash being higher than \$ 15 million and 5 per cent of net interest bearing debt. The combination of no requirement of employment and non-earnings based covenants allows for an opportunistic employment approach designed to maximize the Company's exposure to periods of strength in the LNGC rate environment. Furthermore, under the terms of the TLF the Company can seek to increase the size of the loan tranches in the event that it secures longer term employment for a vessel financed under the facility.

\$ 270 million Sterna Revolving Credit Facility

In order to alleviate financing risk for the remaining three vessels, the \$270 million Sterna RCF was amended and the full amount will now be available until 12 months following delivery of DSME HN 2471 (TBN Flex Courageous). Thereafter \$30 million will be available for working capital until the maturity of the TLF, unless otherwise agreed. The Sterna RCF relinquished its security in the Flex Endeavour and Flex Enterprise and has secured its loan by share pledge in ship owning companies for Flex Constellation and Flex Courageous. While the Company intends to finance its additional newbuildings with non-affiliated commercial financing, the continued availability of the Sterna RCF will ensure that the Company has minimal financing or liquidity risk. As of 30 September 2018 the amount outstanding under the Sterna RCF was \$nil. Thus, \$270 million is therefore available and undrawn under this facility.

Sale Lease Back of Flex Rainbow

The Rainbow SLB which was announced in connection with the 2018 first quarter earnings release was executed 12 July 2018 subsequent to the delivery of newbuilding from SHI. The sale price under the lease is approximately 75 per cent of the relevant ship building price for Flex Rainbow and the remaining 25 per cent represent the advance hire for the ten year lease period. There will be no fixed employment requirement under the lease so that Flex LNG is free to employ the vessel as it see fit in order to optimize its chartering strategy in a improving LNGC market.

Note 7: Going concern

The interim financial statements have been prepared based on the going concern assumption, which contemplates the realization of assets and liabilities as part of the normal business course.

The Board believes that the going concern assumption remains appropriate for the Company. Given the Sterna RCF, the TLF and the recent Rainbow SLB, the Company is expected to have working capital for a period of not

less than twelve months. In all cases where the Company requires additional funding, there can be no assurance that such funds may be raised on terms that are reasonable, if at all.

The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainties detailed in the report.

Note 8: Related party transactions

A newbuilding supervision agreement has been entered into with Frontline Management (Bermuda) Ltd. for Flex Rainbow which was as delivered in the quarter from SHI on the 9 July 2018. For the DSME and HHI newbuildings, supervision costs are included in the purchase price. In the nine month period to 30 September 2018, costs of \$1.6 million have been capitalized. At 30 September 2018, Flex LNG Group had a related party payable of \$1.7 million to Frontline Management (Bermuda) Ltd.

On 12 July 2018, Flex LNG entered into a contract to acquire two LNG carrier newbuildings with X-DF machinery, Flex Aurora and Flex Amber, from an affiliate of the Company's largest shareholder, Geveran Trading & Co Ltd.

The Flex LNG Group receives staff, office, commercial, legal and accounting support from companies affiliated to Geveran and has accrued costs of approximately \$0.2 million in this respect.

Note 9: Subsequent events

Private placement USD 300 million

On 11 October 2018, Flex LNG successfully conducted a Private Placement, raising gross proceeds of the NOK equivalent of USD 300 million, corresponding to NOK 2,464 million (based on a currency exchange rate of USD/NOK 8.21), through the placing of 172,938,947 new shares at a subscription price of NOK 14.25 per share.

Approval and publication of prospectus

The Norwegian Financial Supervisory Authority (Nw. Finanstilsynet) has approved the prospectus of FLEX LNG Ltd. relating to the listing of 172,938,947 new shares in the Company, issued in the private placement completed on 11 October 2018. The Shares are freely tradable on Oslo Børs under the trading symbol "FLNG" registered on the Company's ordinary ISIN BMG359471031.

Acquisition of five LNG carriers from Geveran

On 11 October 2018, Flex LNG entered into a transaction for the acquisition of five 5th generation LNG newbuildings comprising three high-end MEGI LNG carriers currently under construction at Daewoo Shipbuilding and Marine Engineering Co. Ltd. ("DSME") with scheduled delivery in 2020 and two high-end X-DF LNG carriers currently under construction at Hyundai Samho Heavy Industries Co., Ltd. ("HHI") with scheduled delivery in 2021 (collectively the "Vessels"). The LNG newbuildings is acquired from affiliates of Geveran Trading Co. Ltd. the Company's largest shareholder. The company made advance payments of \$275.4 million in the fourth quarter of 2018 representing 30 percent of the transaction price, with the balance due on delivery. Under the purchase agreement, the seller continues to hold the shipbuilding contract with the yard and is responsible for the supervision of the vessels' construction, with the title transferring to FLEX at the date of delivery.

Further information is provided in note 3.

Launch of Flex Constellation

On 27 October 2018, Flex LNG successfully launched Flex Constellation at the DSME yard. She is a state of the art large 173,400 cbm LNG carrier with two stroke slow speed engine with M-Electronic Gas Injection (ME-GI) and Partial Reliquifaction System (PRS). She is scheduled for delivery in June 2019 after her sea trials.

Management change

On 1 November 2018, Flex LNG LTD. announced the appointment of Mr. Harald Gurvin as Chief Financial Officer of Flex LNG Management AS, the main management company of the Flex LNG Group. Mr. Gurvin is expected to join Flex LNG in January 2019. Mr. Gurvin brings extensive shipping, finance and capital market experience to Flex LNG. He has served as Chief Financial Officer of NYSE listed Ship Finance International Limited ("Ship Finance") since March 2012. From 2008 until 2012, Mr. Gurvin served as Senior Vice President at Ship Finance.

Note 10: Major contracts

- On 11 January 2018, Flex Endeavour commenced its time charter to Uniper Global Commodities ("Uniper"). The time charter to Uniper is for a firm period of 15 months plus an option period of 3 months.
- On 18 April 2018 Flex LNG entered into a 12 months time-charter agreement with Enel Trade S.p.A. ("Enel"). The time charter period of 12 months will commence during the second half of 2019. Enel also has the option to extend the contract by an additional 12 months subsequent to the firm period.
- On 12 July 2018 Flex Rainbow entered into a 6+3 months Time Charter with a major European energy company following mobilization at yard in South Korea.

Note 11: Key Figures

	Q3 2018	Q3 2017	2017
No. of shares fully diluted	369,170,340	367,972,382	367,972,382
No. of shares outstanding	368,060,340	367,972,382	367,972,382
Average no. of outstanding shares	368,017,105	288,186,302	307,639,159
Share price (NOK)	14.05	8.86	12.95
Market capitalization (NOK'm)	5,171	3,260	4,765

Top 20 Shareholders as of 30 September 2018

Shareholder	Number of shares	Ownership interest
Geveran Trading Co Ltd	183,691,803	49.9%
Verdipapirfondet DNB Norge (IV)	15,299,347	4.2%
Skagen Vekst	9,000,000	2.4%
DNB NOR Markets, Aksjehand/analyse	8,616,022	2.3%
Credit Suisse Securities	7,655,718	2.1%
Goldman Sachs & Co. LLC	6,716,673	1.8%
Fidelity Puritan Trust: Fidelity	5,343,800	1.5%
UBS AG	5,000,000	1.4%
State Street Bank and Trust Comp	4,694,554	1.3%
Catella Hedgefond	3,874,413	1.1%
Vatne Equity AS	3,850,000	1.0%
TR European Growth Trust Plc	3,470,000	0.9%
Norron Sicav - Target	3,290,000	0.9%
Goldman Sachs International	3,043,898	0.8%
State Street Bank and Trust Comp	2,868,050	0.8%
SES AS	2,650,000	0.7%
Invesco Perp Euran Smler Comps FD	2,640,511	0.7%
Stein Mohn	2,623,733	0.7%
AS Audley	2,568,000	0.7%
Eika Norge	2,341,002	0.6%
Others	88,822,816	24.1%
Total	368,060,340	100%

INTERIM REPORT JANUARY - SEPTEMBER 2018

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed consolidated financial statements for the period 1 January to 30 September 2018 have been prepared in accordance with U.S generally accepted accounting principles, and give a true and fair view of the Company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first nine months of the financial year and their impact on the condensed consolidated financial statements, a description of the principal risks and uncertainties for the remaining three months of the financial year, and major related parties transactions.

The Board of Directors

Flex LNG Ltd.

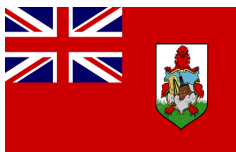
Hamilton, Bermuda

27 November 2018



FLEX LNG

Flex LNG Offices:



Flex LNG Limited
Par-La-Ville Place
14 Par-La-Ville Road
Hamilton Bermuda



Flex LNG Management AS
Bryggegate 3
0250 Oslo
Norway



Flex LNG Management Ltd.
3rd Floor, 183 St. Vincent Street
Glasgow G2 5QD
United Kingdom



Flex LNG Management Ltd.
1 Wallich Street
#14-02 Guoco Tower
Singapore 078881