



FLEX LNG

Interim Financial Information

Flex LNG Ltd.

Fourth Quarter of 2018

February 28, 2019

February 28, 2019 - Hamilton, Bermuda

Flex LNG Ltd. ("Flex LNG" or the "Company") today reports unaudited results for the three and twelve months ended December 31, 2018.

Highlights:

- Reported revenues of \$36.1 million for the fourth quarter of 2018, compared to \$7.9 million for the fourth quarter of 2017. Reported revenues of \$77.2 million for the full year 2018, compared to \$27.3 million for the full year 2017.
- Operating income before depreciation of \$28.3 million for the fourth quarter of 2018, compared to \$1.2 million for the fourth quarter of 2017. Operating income before depreciation of \$46.4 million for the full year 2018, compared to an operating loss before depreciation of \$12.6 million for the full year 2017.
- Reported net profit of \$15.2 million for the fourth quarter of 2018, compared to \$1.3 million for the fourth quarter of 2017. Reported net profit of \$11.8 million for the full year 2018, compared to a net loss of \$10.4 million for the full year 2017.
- In October 2018, Flex LNG successfully conducted a private placement, raising gross proceeds of approximately \$300 million, through the placement of 172,938,947 new shares at a subscription price of NOK 14.25 per share. Geveran Trading Co. Ltd. ("Geveran"), the Company's largest shareholder, was allocated 57,646,316 shares for approximately \$100 million. Following the private placement, Geveran holds a 44.6% ownership in the Company.
- In connection with the \$300 million private placement, Flex LNG entered into a transaction for the acquisition of five 5th generation LNG newbuildings.
- Subsequent to quarter end, the Company has secured a \$250 million financing from a syndicate of banks for the financing of the two newbuildings delivering in 2019.
- As the market has softened in the first quarter compared to the fourth quarter we do expect the financial figures for the first quarter to be more in line with the third quarter of 2018 due to lower headline rates and lower utilization level.

Øystein M Kalleklev, CEO comments:

"We are pleased to deliver strong results for the fourth quarter in line with our guidance. During the fourth quarter we capitalized on a strong market and clearly demonstrated the earnings potential of our new fifth generation LNG carriers. While the market is currently soft due to weaker shipping demand, we remain upbeat about the outlook for LNG shipping as a glut of new liquefaction capacity is coming on line both near and long term."

Business Update

Following agreements to acquire a total of seven vessels in 2018, Flex LNG now controls a fleet of 13 high-end 5th generation LNG carriers, including four vessels on the water and nine newbuildings. Two of the newbuildings are scheduled for delivery in 2019, five in 2020 and the remaining two in 2021. The newbuilding acquisitions have, in view of management, been agreed at attractive prices and payment terms. The two vessels acquired in May 2018 have an acquisition cost of \$184 million per vessel, with a 20% down payment at signing of the agreements and the remaining 80% at delivery to the Company. The five vessels acquired in the fourth quarter have an acquisition cost of \$180 million each, with a 30% payment at signing of the agreements and the remaining 70% at delivery to the Company. Three of these vessels will also be fitted with full re-liquefaction systems at an additional cost of \$6 million per vessel. The re-liquefaction systems reduce the boil-off rate to 0.035%, which makes these vessels particularly attractive for longer term charter parties as fuel and boil-off cost are for the charterer's account. Flex LNG is confident that charterers will appreciate the substantial improvement in unit transportation cost of our larger and fuel efficient vessels. With this fleet scale, Flex LNG will have the ability to 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 coming on line. According to industry sources, LNG production is expected to increase by 33mmtpa and 35mmtpa in 2019 and 2020, respectively. In addition, there is increased trading activity and the sailing distance is expected to increase due to a large part of new production volumes being located in the US and Russia which on average have greater distance to the end-user than the existing production capacity. This provides a sound fundamental outlook for the seaborne LNG transportation.

Results for the Three months and Year Ended December 31, 2018

The Company reports a net profit of \$15.2 million and earnings per share of \$0.03 for the fourth quarter of 2018 compared with a net profit of \$1.3 million and earnings per share of \$0.00 for the fourth quarter of 2017. Net profit for the year ended December 31, 2018 was \$11.8 million compared to net loss of \$10.4 million for the year ended December 31, 2017.

Vessel operating revenues amounted to \$36.1 million for the fourth quarter of 2018, compared to \$7.9 million for the fourth quarter of 2017. Vessel operating revenues amounted to \$77.2 million for the full year 2018, compared to \$27.3 million for the full year 2017.

Vessel operating costs, including voyage related costs, broker commissions and technical operating expenses (such as crewing, insurance, lubes and repairs & maintenance) amounted to \$6.0 million in the fourth quarter of 2018, compared to \$5.8 million in the fourth quarter of 2017. Vessel operating costs for the year ended December 31, 2018 amounted to \$26.2 million, compared to \$36.5 million for the full year 2017. The full year 2018 costs include \$6.1 million in relation to vessels chartered in, compared to \$29.8 million in 2017, all of which were redelivered by the end of the first quarter 2018.

Administrative expenses were \$1.8 million for the fourth quarter of 2018, compared to \$0.8 million for the fourth quarter of 2017. Administrative expenses for the year ended December 31, 2018 were \$4.6 million, compared to \$3.4 million for the year ended December 31, 2017.

The Company's cash balance increased by \$38.5 million in the fourth quarter of 2018 to \$55.1 million (fourth quarter of 2017: \$1.9 million net outflow). In the year ended December 31, 2018, the Company's cash balance increased by \$45.1 million (2017: \$8.5 million inflow). In the year ended December 31, 2018, the operating cash inflow was \$34.1 million (2017: \$17.7 million outflow). In the year ended December 31, 2018, capital expenditures were \$582.6 million (2017: \$77.7 million), of which \$233.6 million was related to investments in newbuildings under construction while \$349.0 million was related to advance payments made in relation to the seven newbuildings acquired from related parties of Geveran. In the year ended December 31, 2018, net cash inflow from financing activities was \$593.6 million (2017: \$104.0 million net cash inflow), of which \$584.6 million was issuance of new debt, \$295.3 million were net proceeds from issuance of new shares, while \$286.1 million was repayment of debt.

Finance update

During the fourth quarter the Company conducted a private placement, raising gross proceeds of NOK 2,464 million, equivalent to approximately \$300 million, through the placement of 172,938,947 new shares at a subscription price of NOK 14.25 per share. Geveran was allocated 57,646,316 shares for approximately \$100 million in the private placement, following which Geveran holds a 44.6% ownership in the Company.

The full amount under the \$270 million revolving credit facility (the "Sterna RCF") provided by Sterna Finance Ltd., a related party is free and available until twelve months after delivery of the newbuilding Flex Courageous (scheduled August 2019) after which it will be reduced to \$30 million. The remaining \$30 million will however be available until July 1, 2023, unless otherwise agreed. For more info about the Sterna RCF, please see Note 6.

Subsequent to quarter end, the Company has secured a \$250 million secured term loan facility from a syndicate of banks for the financing of the two newbuildings Flex Constellation and Flex Courageous. The financing remains subject to documentation and customary closing conditions, and is expected to be drawn upon delivery of the vessels from the shipyard, currently scheduled for June and August 2018, respectively. The financing will partly cover the remaining \$144 million payable upon delivery of each of the vessels. The remaining balance is expected to be funded from the Company's available liquidity.

LNG Market Outlook and Strategy

During the fourth quarter spot LNG rates reached record levels as market players were positioning themselves ahead of the winter season. Due to a combination of higher temperatures meaning fewer heating days, liquidation of approximately 30 vessels utilized for floating storage the freight rates for LNG has slumped during first quarter of 2019 and also resulting in lower general fleet utilization. However during 2019 the LNG market is expected to grow by an incremental 33 million tonnes thereby increasing demand for shipping. During 2019 we expect about 38 vessels to be delivered which means there is only 1.15 new ships per million ton of new LNG compared to historic requirement for about 1.3 ships per million of ton LNG given lifting capacity of LNG carrier of about 750,000 tonnes per annum. Furthermore, the incremental growth in LNG will predominately arrive from US which in general have a longer sailing distance to the average end-user than the traditional exporters thereby increasing expected ton/mile..

The global liquefied natural gas market is evolving rapidly. More LNG is being produced than ever before and a greater share of LNG is being sold on shorter-term contracts than before. The global appetite for liquefied natural gas is rising as new demand for the clean-burning fuel is developing.

By 2022, the US and Australia are expected to overtake Qatar as the biggest LNG exporters. However, with the expected addition of four more liquefaction trains in Qatar, scheduled to be fully operational by 2024, Qatar will return to its pole position. Industry sources report that final investment decisions are taking longer than usual, but the current anticipated output means the LNG shipping markets should benefit until 2022.

According to industry sources, demand growth remains strongest in the Far East, led by a switch from coal to gas in China and South Korea, which between them accounted for half of the demand increase in 2018.

As the IMO's emissions regulations bite, LNG is increasingly in demand as a marine fuel. Industry sources reports that 124 LNG-burning ships are currently in operation, with 136 more on order and another 111 capable of burning LNG. Bunkering with LNG is now possible at major bunkering ports worldwide.

The world's total LNG carrier fleet, with a size above 125,000 cmb, now exceeds 470 vessels and approximately 38 vessels are expected to be delivered in 2019. The shipping market is poised to improve as an expected ramp-up of US LNG export projects, coupled with limited fleet growth, have created a favorable backdrop over the next few years. 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, reduced European gas production and diversification of supply.

Flex LNG expects the coming growth of LNG production and the expected growth in demand for natural gas to continue tightening the shipping market. As such, the Company is well positioned with four LNG carriers on the water and a further nine newbuildings set for delivery over the next years. We believe that our state-of-the-art LNG carriers will command a premium in the market and be the preferred vessels for longer term charters. We continue to execute our chartering strategy to secure balanced fleet employment through actively marketing our LNG carriers in both the term and spot markets.

Fourth Quarter of Result Presentation

Flex LNG will release its financial results for the quarter and twelve months ended December 31, 2018 on Thursday February 28, 2019 on or about 07:00 am CET / 01:00 am EST

In connection with the earnings release, a webcast and conference call will be held at 14:00 pm CET / 08:00 am EST 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/vz3hu49x>

Attend by Conference Call:

Applicable dial-in telephone numbers are as follows:

Norway: +47 21 56 31 62

United Kingdom: +44 (0) 203 0095710

United States: +1 917-720-0178

Confirmation Code: 6782437

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 Ltd. (“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.

February 28, 2019

David McManus

Marius Hermansen

Ola Lorentzon

Nikolai Grigoriev

Interim Financial Report
Condensed Consolidated Income Statement

(Unaudited figures in USD,000)

	Q4 2018	Q4 2017	2018	2017
Vessel operating revenues	36,101	7,860	77,209	27,329
Vessel operating costs	(5,977)	(5,803)	(26,161)	(36,532)
Administrative expenses	(1,781)	(812)	(4,639)	(3,409)
Operating income/(loss) before depreciation	28,343	1,245	46,409	(12,612)
Depreciation	(6,872)	(1)	(17,412)	(2)
Operating income/(loss)	21,471	1,244	28,997	(12,614)
Finance income	283	25	607	123
Finance cost	(6,511)	—	(17,781)	(234)
Other financial items	(17)	2	(54)	2,335
Income/(loss) before tax	15,226	1,271	11,769	(10,391)
Income tax credit/(expense)	12	(5)	10	(17)
Net income/(loss)	15,238	1,266	11,779	(10,408)
Attributable to:				
Equity holders of the parent	15,238	1,266	11,779	(10,408)
Earnings/(loss) per share (\$):				
Basic and diluted	0.03	0.00	0.02	(0.03)

Condensed Consolidated Statement of Comprehensive Income

(Unaudited figures in USD,000)

	Q4 2018	Q4 2017	2018	2017
Income/(loss) for the period	15,238	1,266	11,779	(10,408)
Total other comprehensive profit/(loss)	(33)	—	—	—
Total comprehensive income/(loss) for the period	15,205	1,266	11,779	(10,408)
Attributable to:				
Equity holders of the parent	15,205	1,266	11,779	(10,408)

Condensed Consolidated Statement of Financial Position

(Unaudited figures in USD,000)

	Note	December 31,2018	December 31,2017
New building assets and capitalized costs	3	—	594,937
Vessel purchase prepayment	3	421,472	72,000
Vessels and equipment	3	812,489	3
Total non-current assets		1,233,961	666,940
Inventory		915	1,041
Other current assets		4,413	6,568
Cash and cash equivalents	4	55,097	9,961
Total current assets		60,425	17,570
Total assets		1,294,386	684,510
Share capital		5,410	3,680
Share premium		1,189,665	895,951
Other equity		(367,751)	(379,530)
Equity attributable to equity holders of the parent		827,324	520,101
Total equity		827,324	520,101
Long-term debt	6	431,602	160,000
Total non-current liabilities		431,602	160,000
Current liabilities		12,095	4,409
Short term portion of long-term debt	6	23,365	—
Total current liabilities		35,460	4,409
Total liabilities		467,062	164,409
Total equity and liabilities		1,294,386	684,510

Condensed Consolidated Statement of Cash Flows

(Unaudited figures in USD,000)

	2018	Q4 2018	Q4 2017	2017
Profit/(loss) before tax	11,769	15,226	1,271	(10,391)
Working capital adjustments	4,919	1,319	(2,057)	(5,156)
Other non-cash items	17,392	6,839	(5)	(2,175)
Net cash flow provided by operating activities	34,080	23,384	(791)	(17,722)
Payments on newbuilding contracts and capitalized expenditure	(233,550)	1,011	(1,124)	(5,714)
Advance payment for new build assets	(349,000)	(275,400)	—	(72,000)
Net cash flow provided by investing activities	(582,550)	(274,389)	(1,124)	(77,714)
Net proceeds from issue of share capital	295,311	295,311	—	220,988
Net proceeds from issuance of debt	584,613	—	—	—
Repayment of debt	(286,069)	(5,906)	—	(117,000)
Other	(249)	123	(5)	(29)
Net cash flow provided by financing activities	593,606	289,528	(5)	103,959
Net cash flow	45,136	38,523	(1,920)	8,523
Cash, cash equivalents and restricted cash at the beginning of the period	9,961	16,574	11,881	1,439
Cash, cash equivalents and restricted cash at the end of the period	55,097	55,097	9,961	9,961

Condensed Consolidated Statement of Changes in Equity

(Unaudited figures in USD,000)

	Share capital	Share premium reserve	P&L reserve	To equity holders
At January 1, 2018	3,680	895,951	(379,530)	520,101
Profit for the period	—	—	11,779	11,779
Other comprehensive loss	—	—	—	—
Total comprehensive income	—	—	11,779	11,779
Shares issued	1,729	298,271	—	300,000
Share issuance costs	—	(4,689)	—	(4,689)
Share-based payment (shares)	1	132	—	133
At December 31, 2018	5,410	1,189,665	(367,751)	827,324

	Share capital	Share premium reserve	P&L reserve	To equity holders
At January 1, 2017	1,279	573,785	(369,122)	205,942
Loss for the period	—	—	(10,408)	(10,408)
Other comprehensive income/(loss)	—	—	—	—
Total comprehensive loss	—	—	(10,408)	(10,408)
Shares issued	2,401	326,674	—	329,075
Share issuance costs	—	(4,624)	—	(4,624)
Share-based payment (shares)	—	116	—	116
At December 31, 2017	3,680	895,951	(379,530)	520,101

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, but re-domiciled to Bermuda in 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 year ended December 31, 2018 were authorized by the Board of Directors for release on February 28, 2019.

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 (“U.S. GAAP”). The condensed consolidated financial statements do not include all of the disclosures required in the annual consolidated financial statements. These financial statements should be read in conjunction with the Company’s year-end financial statements for the year ended December 31, 2017.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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: vessels, the amount to be paid for certain liabilities, the amount of costs to be capitalized in connection with the construction of our newbuildings, initial dry dock cost component and the useful 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.

Vessel operating revenues and expenses

The Company employs all of its vessels on time charters and recognizes these as operating leases under ASC 842, for which it has early adopted from January 1, 2018. The Company receives a fixed charter hire per day of on-hire

whereby revenue is recognized and recorded on an accrual basis over the term of the charter as service is provided.

If the Company receives a re-positioning fee or fixed ballast bonus for its vessels, this is recognized over the period of the time charter on a straight line basis since the amount is both fixed and determinable at the beginning of the time charter.

If the Company receives a variable ballast bonus, then this is recognized on a straight line basis from the date that the re-delivery port is declared to the date of arrival at the re-delivery port.

Under a time charter agreement, the Company is responsible for both the operation and maintenance of the vessel which would be considered to be a non-lease performance obligation. The Company has chosen to elect the practical expedient of ASC 842 to not separate lease and non-lease components and instead combine these as a single performance obligation.

Costs incurred during the leasing period for the maintenance and operation of the vessels are expensed as incurred as the timing and pattern of transfer of the components are identical to the operating lease revenue earned from the charter hire.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.

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

Vessels are carried at historical cost less accumulated depreciation and impairment adjustments, if any.

The depreciation on vessels will be reviewed annually to ensure that the method and period used reflect the pattern in which the asset's future economic benefits are expected to be consumed.

The gross carrying amount of the vessel is the purchase price, including duties/taxes, borrowing costs and any other direct costs attributable to bringing it to the location and condition necessary for the vessels intended use. Capitalization of costs will cease once the vessel is in the location and condition necessary for it to be able to operate in the manner consistent with its intended design.

On delivery, the total acquisition costs of the vessel will be segregated to groups of components that have different expected useful lives. The different groups of components will be depreciated over their expected useful lives. Subsequent costs, such as repair and maintenance costs, are recognized in the income statement as incurred.

Each vessel is required to be dry docked every 60 months for classification society surveys and inspections of, among other things, the underwater parts of the vessel. The Company capitalizes costs associated with the dry dockings in accordance with ASC Topic 360 "Property, Plant and Equipment" and amortizes these costs on a straight-line basis over the period to the next expected dry docking. Amortization of dry docking costs is included in depreciation in the income statement. Where a vessel is newly acquired, or constructed, a proportion of the cost of the vessel is allocated to the components expected to be replaced at the next dry docking based on the expected costs relating to the next dry docking. Dry docking costs are included within operating activities on the statement of cash flows.

The cost of the vessel and dry dock, less their estimated residual value, are depreciated on a straight-line basis over the respective asset's useful economic life. The residual value for owned vessels is calculated by multiplying the lightweight tonnage of the vessel by the market price of scrap per tonne. The following useful lives have been used:

Vessels: 35 years

Periodical special survey: 2.5-5 years

Newbuildings

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

Direct costs relating to obtaining a loan are deferred and amortized over the term of the loan using the effective interest rate method. Amortization of debt issuance costs is included under finance costs on the income statement. The Company has recorded debt issuance costs as a direct deduction from the carrying amount of the related debt.

Earnings per share

Basic earnings per share (EPS) is computed based on the income available to ordinary shareholders divided by the weighted average number of shares outstanding. Diluted EPS is computed by dividing the net income available to common stockholders by the weighted average number of common shares and dilutive common share equivalents then outstanding.

Note 3: New building assets and Vessel purchase prepayments

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

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

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

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

In May 2018, we entered into agreements with related parties of Geveran Trading Co. Ltd. ("Geveran"), the Company's largest shareholder, for the acquisition of the two newbuilding X-DF LNG carriers Flex Aurora and Flex Amber for a purchase price of \$184.0 million per vessel. The vessels are currently under construction at HSHI pursuant to shipbuilding contracts between HSHI and the seller, who will continue to be responsible for the supervision of the vessels' construction. Flex LNG has made an advance payment of \$73.6 million to the seller, representing twenty percent of the aggregate purchase price, with the remaining balance of \$147.2 million per vessel due upon the delivery to us. The vessels are scheduled for delivery in the second and the third quarters of 2020, respectively.

In relation to the two LNG newbuildings scheduled for delivery in 2019, the Company made an advance payment of \$72.0 million in the second quarter of 2017 representing 20% of the aggregate purchase price, with the balance of \$144.0 million per vessel due upon delivery to us. 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.

In October 2018, Flex LNG entered into agreements with related parties of Geveran, for the acquisition of five newbuilding LNG carriers, the Flex Freedom, Flex Reliance, Flex Resolute, Flex Vigilant and Flex Volunteer, for an aggregate purchase price of approximately \$918.0 million, or approximately \$180.0 million per vessel with an additional \$6.0 million per vessel for the full re-liquefaction systems on three of the vessels. The Flex Freedom, Flex Reliance and Flex Resolute are MEGI LNG carriers under construction at DSME with two vessels scheduled for delivery in the third quarter of 2020 and the remaining vessel in the fourth quarter of 2020. The Flex Vigilant and Flex Volunteer are X-DF LNG carriers with expected delivery in first and second quarters of 2021, respectively. The sellers will continue to be responsible for the supervision of the vessels' construction. We made an advance payment of \$275.4 million in aggregate to the sellers in the fourth quarter of 2018, representing thirty percent of the aggregate purchase price. The remaining balance of \$130.2 million for each of three MEGI newbuildings and \$126 million for the two X-DF newbuilding is due upon the delivery of the respective vessels to us.

The Company has reviewed recoverable amounts of the newbuilding 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 statement of cash flows, cash and cash equivalents comprise the following;

<i>(Unaudited figures in USD,000)</i>	2018	2017
Cash at bank and in hand	55,097	9,961

The Company has \$0.2 million of restricted cash as at December 31, 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 twelve months to December 31, 2017.

Note 5: Capital & other commitments

The remaining capital commitments as at December 31, 2018 are detailed in the table below.

<i>(Unaudited figures in USD,000)</i>	2019	2020	2021	2022	2023	Thereafter	Total
Loan repayments	23,625	25,478	26,404	26,404	241,963	116,156	460,030
Newbuildings	288,000	685,000	252,000	—	—	—	1,225,000
Total	311,625	710,478	278,404	26,404	241,963	116,156	1,685,030

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.

Note 6: Other financial liabilities

\$315 million Secured Term Loan Facility

On December 20, 2017, the Company signed a \$315 million secured term loan facility (the "\$315 Million Facility") to finance the first three of its newbuildings - Flex Endeavour, Flex Enterprise and Flex Ranger with a group of six banks. The three loan tranches of \$105 million each were utilized in connection with delivery of the newbuildings, two in January 2018 and the remaining in June 2018. The tenor of the \$315 Million Facility is five years from the delivery date of the final newbuilding financed under the facility, resulting in an average term of approximately 5.4 years given the delivery of Flex Ranger on June 22, 2018. The facility has a variable interest rate of LIBOR plus a margin of 2.85% per annum.

Under the terms of the \$315 Million Facility, the Company has the option to swap vessels as collateral for the facility without having to refinance the loan. 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 \$315 Million Facility also has no requirement that the Company obtain firm term employment for any of the vessels financed under the facility. The financial covenants under the facility at a Group level include: book equity level of minimum 25%; positive working capital; and a minimum liquidity being the higher of \$15 million and 5% of net interest bearing debt. The financial covenants under the facility at an individual borrower level include: positive working capital; and a minimum liquidity of \$1.2 million. The facility also contains a minimum value clause. Furthermore, under the terms of the \$315 Million Facility the Company can seek to increase the amount under the loan tranches in the event that it secures longer term employment for a vessel financed under the facility.

Sale and Leaseback Flex Rainbow

The sale and leaseback of Flex Rainbow was executed on July 12, 2018, subsequent to the delivery from the shipyard. The net sales price under the lease is 75% of the original ship building price for Flex Rainbow and the remaining 25% represents advance hire for the ten year lease period. There is no fixed employment requirement under the lease so that Flex LNG is free to employ the vessel as it sees fit in order to optimize its chartering strategy. The facility contains a minimum value clause. The sale and leaseback has been considered a financing arrangement whereby the initial amount received will be recognized as a loan against the vessel due to Flex LNG's repurchase options during the ten year leasing period. Flex LNG will pay fixed hire, treated as principal repayment, which will reduce the price of the repurchase options for the vessel over time, with the variable portion of the charter hire based on LIBOR plus a margin of 3.5% per annum on the outstanding amount under the lease.

\$270 million Sterna Revolving Credit Facility ("Sterna RCF")

In order to alleviate financing risk, the \$270 million Sterna RCF will be available until 12 months following delivery of Flex Courageous, which is scheduled to be delivered in August 2019. Thereafter \$30 million will be available for working capital until July 1, 2023, unless otherwise agreed. The Sterna RCF is currently secured by a share pledge in the ship owning companies for Flex Constellation and Flex Courageous. The Sterna RCF carries an interest rate of LIBOR plus 3.0% per annum. As of December 31, 2018, the amount outstanding under the Sterna RCF was \$nil. \$270 million is therefore available and undrawn under this facility.

Note 7: Related party transactions

In May 2018, Flex LNG entered into a transaction with related parties of Geveran, the Company's largest shareholder, for the acquisition of two 174,000 cbm X-DF LNG carrier newbuildings. The acquisition price is \$184 million per vessel, with 20% paid upfront and the remaining 80% payable upon delivery of the vessels in 2020.

In October 2018, the Company conducted a private placement, raising gross proceeds of the NOK equivalent of \$300 million. Geveran was allocated 57,646,316 shares for approximately \$100 million. Using the funds from the private placement, the Company entered into a transaction with related parties of Geveran for the acquisition of five 5th generation LNG carrier newbuildings with expected delivery dates in 2020 and 2021. The total transaction price for the vessels was \$918 million with 30% paid upfront and the remaining 70% to be paid upon delivery of the vessels.

At December 31, 2018, the Company had related party receivables of \$1.1 million and \$0.7 million from Frontline Ltd. and Seatankers Management (Bermuda) Ltd., respectively. At December 31, 2018, the Company had related party payables of \$0.1 million and \$0.1 million due to Frontline Management (Bermuda) Ltd. and Frontline Management AS respectively.

The Company receives staff, office, commercial, technical, legal and accounting support from companies related to Geveran, and has accrued costs during 2018 of approximately \$1.5 million in this respect.

Note 8: Subsequent events

Financing of Flex Constellation and Flex Courageous

In the first quarter 2019, the Company secured a \$250 million secured term loan facility from a syndicate of banks for the financing of the two newbuildings Flex Constellation and Flex Courageous. The financing remains subject to documentation and customary closing conditions, and is expected to be drawn upon delivery of the vessels from the shipyard, currently scheduled for June and August 2018, respectively. The facility will have a term of five years from delivery of the last vessel and will bear interest at LIBOR plus a margin of 2.35% per annum. The facility will contain a minimum value clause, and financial covenants that require Flex LNG, on a consolidated basis, to maintain a book equity level of minimum 25%; a minimum liquidity being the higher of \$25 million and 5% of net interest bearing debt; and a positive working capital.

Note 9: Key Figures

	2018	2017
No. of shares fully diluted	542,409,287	367,972,382
No. of shares outstanding	540,999,287	367,972,382
Average no. of outstanding shares	404,511,014	307,639,159
Share price (NOK)	12.25	12.95
Market capitalization (NOK'm)	6,627	4,765

Top 20 Shareholders as of December 31, 2018

Shareholder	Number of shares	Ownership interest
Geveran Trading Co Ltd	241,338,119	44.6%
Verdipapirfondet DNB Norge (IV)	16,328,187	3.0%
Goldman Sachs & Co. LLC	13,860,462	2.6%
Skagen Vekst	13,500,000	2.5%
DNB NOR Markets, Aksjehand/Analyse	8,435,138	1.6%
State Street Bank and Trust Comp	6,193,792	1.1%
Citibank, N.A.	5,787,809	1.1%
Verdipapirfondet Pareto Investment	5,750,000	1.1%
Verdipapirfondet Delphi Norden	5,500,000	1.0%
BNP Paribas Securities Services	5,500,000	1.0%
Fidelity Puritan Trust: Fidelity	5,399,800	1.0%
Barclays Capital Sec. Ltd Firm	5,177,647	1.0%
TR European Growth Trust Plc	5,169,893	1.0%
Credit Suisse AG, Dublin Branch	4,744,642	0.9%
Vatne Equity AS	4,050,000	0.7%
Catella Hedgefond	4,012,500	0.7%
Invesco Perp Euran Smler Comps FD	3,856,455	0.7%
Goldman Sachs International	3,577,980	0.7%
J.P. Morgan Bank Luxembourg S.A.	3,562,224	0.7%
Citibank, N.A.	3,376,690	0.6%
Others	175,877,949	32.5%
Total	540,999,287	100%

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed consolidated financial statements for the period January 1 to December 31, 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

February 28, 2019