

# Q3

## 2021 REPORT



OCEAN YIELD

## CONTENTS

Contents .....	2
Highlights .....	3
Selected key financial figures .....	3
Main events during the second quarter and post quarter end .....	4
Charter backlog .....	6
Risks .....	6
Outlook .....	6
Consolidated statement of profit and loss .....	8
Total comprehensive income .....	9
Consolidated statement of financial position .....	10
Consolidated statement of changes in equity .....	11
Consolidated statement of cash flows .....	12
Notes .....	13
Use and reconciliation of alternative performance measures .....	21

# THIRD QUARTER RESULTS 2021

Fornebu, 2<sup>nd</sup> November 2021, Ocean Yield ASA (“Ocean Yield” or the “Company”) announces results for the third quarter 2021.

## HIGHLIGHTS

- The Board of Directors has declared a dividend of USD 5.70 cents per share with an equivalent of NOK 0.4810 per share. This is the 33<sup>rd</sup> consecutive quarterly dividend paid by the Company.
- EBITDA for Q3 2021 was USD 33.0 million and EBITDA adjusted for finance lease effects was USD 54.7 million.
- Net profit for the period Q3 2021 was negative USD 2.5 million, which includes an impairment of USD 16.4 million on the FPSO *Dhirubhai-1* and one-off expenses related to the acquisition by KKR of USD 8.5 million. Adjusted net profit for Q3 2021 was USD 21.5 million.
- Octopus Bidco AS, a company owned by funds advised by KKR, has launched a voluntary cash offer for all shares in Ocean Yield.
- Ocean Yield has acquired 50% of three suezmax tankers owned 50/50 by Aker Capital AS and Ocean Yield, thereby increasing its ownership to 100%. The vessels have long-term charters to Nordic American Tankers Ltd.
- Ocean Yield has acquired 49.9% equity interest in one dual-fuel 15,300 TEU newbuilding container vessel with 18-year charter.
- Post quarter end, Ocean Yield has entered into an agreement to acquire six eco-design VLCCs for a total consideration of USD 375 million.
- Also post quarter end, Navig8 Ltd. exercised an option to sell two LR2 tankers on long-term charter to an unrelated third party. Delivery is expected to take place in Q1 2022 and Ocean Yield expects to record a small book profit from the sales.

Lars Solbakken, CEO of Ocean Yield, said in a comment:

*“KKR has launched a voluntary offer for all shares in Ocean Yield and our main shareholder Aker Capital AS, owning 61.7% of the Company has accepted the offer. The independent members of the Board of directors have recommended all shareholders to accept the offer.”*

## SELECTED KEY FINANCIAL FIGURES

<i>Amounts in USD million</i>	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
	2021	2021	2020	2021	2020	2020
Revenues and other income	47.3	<b>44.7</b>	57.2	<b>137.7</b>	208.4	258.8
EBITDA*	45.2	<b>33.0</b>	52.2	<b>120.5</b>	194.9	241.2
EBITDA adjusted for finance lease effects*	64.8	<b>54.7</b>	75.8	<b>182.4</b>	243.5	311.1
Net profit (loss) for the period	26.2	<b>(2.5)</b>	(104.4)	<b>45.2</b>	(89.5)	(141.3)
Adjusted Net profit*	24.3	<b>21.5</b>	22.0	<b>65.5</b>	58.4	77.9
Adjusted Net profit from continuing operations*	25.5	<b>22.6</b>	24.5	<b>69.6</b>	66.6	88.2
Equity ratio	31.3 %	<b>30.1 %</b>	27.5 %	<b>30.1 %</b>	27.5 %	27.9 %
EBITDA charter backlog (USD bn)*	2.8	<b>2.7</b>	2.9	<b>2.7</b>	2.9	2.9
Dividend declared per share (USD)	0.0570	<b>0.0570</b>	0.0515	<b>0.1685</b>	0.1515	0.2045

\* Definitions on page 21

# MAIN EVENTS DURING THE SECOND QUARTER AND POST QUARTER END

## Dividends

- The Board of Directors has declared a quarterly dividend payment of USD 5.70 cents per share for Q3 2021, with an equivalent of NOK 0.4810 per share. The dividend will be paid on or about 19<sup>th</sup> November 2021 to shareholders as of 8<sup>th</sup> November 2021 registered with the Norwegian Central Securities Depository (the “VPS”) as of 10<sup>th</sup> November 2021 (the “Record Date”). The ex-dividend date will be 9<sup>th</sup> November 2021.

## Voluntary offer for all shares in Ocean Yield

- In September, Octopus Bidco AS, a company controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (“KKR”) launched a voluntary offer (“the Offer”) for all the shares in Ocean Yield with a price of NOK 41.00 per share. The price implies a total equity value of NOK 7.2 billion for all the shares in Ocean Yield. The independent members of the Company’s board of directors unanimously recommended the Offer and Aker Capital AS, the largest shareholder of the Company, owning 61.65 per cent of the outstanding shares in the Company, has accepted the Offer, in addition to key members of management in the Company. The Offer period is expected to close on the 5<sup>th</sup> of November. The Offer price is subject to adjustment for the Q3 2021 dividend and will also be adjusted if the purchase option related to the FPSO *Dhirubhai-1* is exercised, as described later in this report.

## New investments

- In July, Ocean Yield acquired 50% of three suezmax tankers owned 50/50 by Aker Capital AS (“Aker Capital”) and Ocean Yield, thereby increasing its ownership to 100%. The vessels have long-term charters to Nordic American Tankers Ltd. The vessels had a total book value of approximately USD 107 million and Ocean Yield paid USD 5.9 million for Aker Capital’s 50% share of the equity in the company. The transaction was conducted on arm’s lengths basis and in accordance with Ocean Yield’s principles for related party transactions. Skandinaviska Enskilda Banken AB provided a fairness opinion for Ocean Yield.
- Ocean Yield agreed to acquire 49.9% equity interest in one dual-fuel LNG newbuilding container vessel with 18-year bareboat charter to a major European container line. The vessel, with a capacity of 15,300 TEU, is under construction at Hyundai Heavy Industries in South Korea and is expected to be delivered in Q3 2022. The investment is made through Box Holdings Inc., a joint venture between Ocean Yield and Quantum Pacific Shipping formed in 2016, which already owns six mega container vessels with long-term charters. The investment will be funded with a combination of cash and debt in Box Holdings Inc.
- Post quarter end, Ocean Yield agreed to acquire six eco-design VLCCs for a total consideration of about USD 375 million. Five of the vessels are built in 2016

and one in 2015 and will be on 10-year bareboat charters with purchase obligations at the end of the charter period to International Seaways Inc. The vessels will be financed with a combination of cash and long-term debt. The Company has signed loan agreements totalling USD 291 million for the financing of the vessels after the end of the quarter. Delivery of the vessels is expected during Q4 2021.

## Portfolio update

- The LR2 tankers *Navig8 Pride* and *Navig8 Providence* built in 2018 are employed on long-term charters to subsidiaries of Navig8 Ltd. The vessels are owned by a joint venture, where Ocean Yield owns 50%. In the charter contracts, Navig8 Ltd. has options to sell the vessels to third parties, which were declared post quarter end. Delivery of the vessels is expected to take place during Q1 2022. Ocean Yield expects to record a small book profit from the sales.
- With regards to the FPSO *Dhirubhai-1*, Ocean Yield and Aker Energy AS (“Aker Energy”) has for some time been in dialogue regarding the sale of the FPSO to Aker Energy for the use in development and commercialization of an oil field offshore Ghana. In connection with the voluntary offer for all shares in Ocean Yield, Aker Contracting FP ASA, an indirect subsidiary of the Company, and Aker Energy have entered into an agreement whereby Aker Energy (or a nominated affiliate) is granted an option to acquire the FPSO for USD 35.0 million. The purchase option must be exercised within 8<sup>th</sup> of November 2021 (the “Purchase Option”). If Aker Energy declares the Purchase Option at USD 35 million, the price per share in the Offer will be adjusted to NOK 41.74, subject to any adjustments for dividends or other distributions made by the Company. In the third quarter, an impairment of USD 16.4 million has been recorded against the book value of the FPSO, reducing the book value of the FPSO to USD 35 million.

## Funding

- In connection with the voluntary offer from KKR for the shares in Ocean Yield, bondholders meetings were summoned for the two unsecured bonds OCY05 and OCY07, and the hybrid perpetual bond OCY06. The Company requested the bondholders to approve the change of control and waive any listing requirement of the Ocean Yield shares and bondholders have now approved the requested amendments. As a consequence, amendment agreements will be entered into for the unsecured bonds and the hybrid perpetual bond.
- The Offer from KKR was subject to obtaining approval for the change of control in the Company from Ocean Yield’s banks. Post quarter end, all banks have given their consent to the change of control in all loan agreements.



# THIRD QUARTER FINANCIAL REVIEW

## Profit and Loss items

- **Operating lease revenues** were USD 17.4 million in Q3 2021 compared with USD 17.2 million in Q2 2021.
- **Finance lease revenues** were USD 21.6 million in Q3 2021 compared with USD 21.3 million in Q2 2021.
- **Income from investment in associates**, which is related to the 50.0% ownership in four tankers and 49.9% ownership in seven mega container vessels, were USD 5.4 million in Q3 2021 compared with USD 5.9 million in Q2 2021. The reduction compared with the second quarter is mainly related to the acquisition of the remaining 50% of the shares in a joint venture with Aker Capital, owning three Suezmax tankers. Hence, these vessels are no longer included under *Income from investments in associates*, but included under *Finance Lease Revenue* on a 100% basis.
- **Other revenues** were USD 0.2 million in Q3 2021 compared with USD 3.0 million in Q2 2021. The figure in the second quarter included extra-ordinary revenues related to the sale of dry-bulk vessels and minor amendments to the finance-lease on one VLCC.
- **Total revenues and other income** for Q3 2021 were hence USD 44.7 million compared with USD 47.3 million for Q2 2021 million.
- **Vessel operating expenses** were USD 0.0 million in Q3 2021 compared with USD 0.2 million in Q2 2021. The expenses recognized in the second quarter was related to final payments on the ship management contract with Solstad Offshore ASA for the vessel *Connector*, which was sold in Q4 2020.
- **Wages and other personnel expenses & Other operating expenses** were USD 11.7 million in Q3 2021 compared with USD 2.0 million in Q2 2021. The figures in Q3 2021 is mainly due to legal fees and provisions for transaction costs relating to the voluntary offer from KKR.
- **Depreciation and amortization** were USD 7.3 million in Q3 2021, compared with USD 7.3 million in Q2 2021.
- **Operating profit** was USD 25.6 million in Q3 2021, compared with USD 37.9 million in Q2 2021.
- **Financial income** was USD 0.4 million in Q3 2021 compared with USD 0.7 million in Q2 2021. This is mainly related to guarantee fees in connection with joint-ventures and interest income from cash deposits.
- **Financial expenses** were USD 12.0 million in Q3 2021, compared with USD 12.9 million in Q2 2021.
- **Foreign exchange gains** were USD 3.9 million in Q3 2021, compared with a gain of USD 1.1 million in Q2 2021. The foreign exchange movements are mainly a result of fluctuations in the USD/NOK exchange rate, as two of Ocean Yield's bond loans are denominated in NOK.

- **Change in fair value of financial instruments** was negative with USD 2.3 million in Q3 2021 compared with a positive movement of USD 0.8 million in Q2 2021. This is mainly related to the Company's cross currency swaps, which have been used to swap NOK exposure into USD.
- **The Net profit before tax** in Q3 2021 was USD 15.7 million compared with a net profit before tax of USD 27.7 million for Q2 2021.
- **Tax payable** was positive USD 0.3 million in Q3 2021 compared with negative USD 0.2 million in Q2 2021.
- **Change in deferred tax** was negative USD 1.0 million in Q3 2021, compared with USD 0.0 million in Q2 2021.
- **The Net profit from continuing operations** for Q3 2021 was USD 15.0 million compared with USD 27.4 million for Q2 2021.
- **Net profit from discontinued operations (net of tax)**, which is related to the FPSO *Dhirubhai-1*, was negative USD 17.5 million in Q3 2021 compared with negative USD 1.2 million in Q2 2021. The result is mainly due to a USD 16.4 million impairment on the book value of the FPSO recognized in the third quarter.
- **Net profit for the period** Q3 2021 was negative USD 2.5 million compared with a net profit for the period of USD 26.2 million for Q2 2021. Adjusted for impairments and other non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the adjusted net profit for the period was USD 21.5 million as compared with USD 24.3 million in Q2 2021.

## Balance sheet items

- **Vessels and equipment** was USD 529.9 million in Q3 2021 compared with USD 536.6 million in Q2 2021. The decrease compared with the second quarter is related to ordinary depreciation of vessels on operating leases.
- **Investments in associates**, which includes 49.9% interest in seven mega container vessels (including one newbuilding) and 50% interest in four tankers on long-term charter, was USD 181.1 million in Q3 2021 compared with USD 185.8 million in Q2 2021.
- **Finance lease receivables and related assets, including short term portion** were USD 1,302.4 million in Q3 2021 compared with USD 1,247.5 million in Q2 2021. The increase is mainly related to the acquisition of 50% of three Suezmax tankers with long term charters from Aker Capital AS.
- **Restricted cash deposits** were USD 1.4 million compared with USD 1.1 million in Q2 2021. The cash deposits are posted as collateral with banks for the Company's cross currency swaps related to unsecured bond loans.
- **Cash & cash equivalents** at the end of Q3 2021 were USD 114.0 million, compared with USD 101.2 million at the end of Q2 2021. In addition, USD 0.5 million of cash is included in *Assets held for sale*.
- **Assets held for sale** were USD 37.0 million compared with USD 53.5 million in Q2 2021. This amount is relat-

ed to the FPSO *Dhirubhai-1*. An impairment of USD 16.4 million has been recorded against the value of the FPSO in the third quarter. Included in the USD 37.0 million is the book value of the FPSO of USD 35.0 million, trade receivables and other assets of USD 1.5 million and cash of USD 0.5 million.

- **Book equity** was USD 654.3 million at the end of Q3 2021, compared with USD 668.1 million at the end of Q2 2021. The equity ratio was 30.1% at the end of Q3 2021 compared with 31.3% in Q2 2021.
- **Interest bearing long-term debt** was USD 1,167.1 million compared with USD 1,101.7 million in Q2 2021. During the third quarter, the Company has drawn USD 17.2 million of debt related to four container vessels, repaid USD 19.1 million related to the sale of a vessel and repaid USD 45.1 million in ordinary installments. In addition, USD 96.0 million of debt related to three Suezmax tankers on long-term charter is now fully consolidated following the acquisition of 50% of the shares in the joint-venture from Aker Capital.
- **Interest bearing short-term debt** was USD 310.2 million in Q3 2021 compared with USD 330.6 million in Q2 2021.
- **Fair value of derivatives, including the long- and short-term portion** was USD 17.7 million in Q3 2021 compared with USD 15.3 million in Q2 2021. The increase compared with the second quarter is mainly a result of the movements in the USD/NOK exchange rate, which affects the fair value of the Company's cross currency swaps related to unsecured bond loans denominated in NOK.
- **Total assets** were USD 2,175.7 million in Q3 2021, compared with USD 2,131.9 million in Q2 2021.

#### Cash flow

- **Net cash flow from operating activities** was USD 46.4 million in Q3 2021 compared with USD 51.0 million in Q2 2021.
- **Net cash flow from investing activities** was positive USD 25.4 million compared with USD 58.0 million in Q2 2021. The positive figures in the second and third quarters are mainly due to sale of vessels.
- **Net cash flow from financing activities** was negative USD 60.2 million compared with negative USD 134.8 million in Q2 2021. The figure in Q3 2021 is mainly related to net repayment of debt and dividends.
- **Net change in cash and cash equivalents** was positive USD 11.7 million in Q3 2021 compared with negative USD 25.9 million in Q2 2021.

## CHARTER BACKLOG

The EBITDA charter backlog at the end of Q3 2021 was USD 2.7 billion with an average remaining contract duration of 8.4 years. This includes Ocean Yield's pro-rata interest in vessels owned in joint ventures. The total fleet, counted 63 vessels at the end of the third quarter, which includes wholly and partly owned vessels.

## RISKS

The Company's fleet is fixed on long-term bareboat charters with fixed rates (only subject to interest-rate clause adjustments) and is as such not affected by market fluctuations. However, for two AHTS vessels the Company is exposed to market rates, as these vessels are trading on variable, market related rates with Solstad Offshore ASA.

If the FPSO *Dhirubhai-1* is not sold to Aker Energy as described earlier in this report, there is a risk for further impairment of the book value of this unit down to scrap value.

The Company is also exposed to a number of other risks, including counterparty-, financing-, interest rate-, currency-, impairment- and residual value risk related to its vessels.

For a more detailed description of risk factors, please refer to the annual report for 2020, which is available on [www.oceanyield.no](http://www.oceanyield.no).

## OUTLOOK

Ocean Yield has a sound balance sheet and a strong liquidity position and should be well positioned to continue to arrange attractive sale and lease-back transactions, as evidenced by the recently announced transaction for six VLCCs. With KKR having launched an offer for all shares in Ocean Yield, the Company may be taken private during the first half of 2022.

Fornebu, 2<sup>nd</sup> November 2021

Ocean Yield ASA



Frank O. Reite  
Chairman



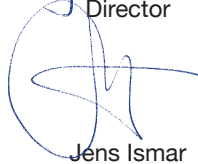
Kjell Inge Røkke  
Director



Annicken Gann Kildahl  
Director



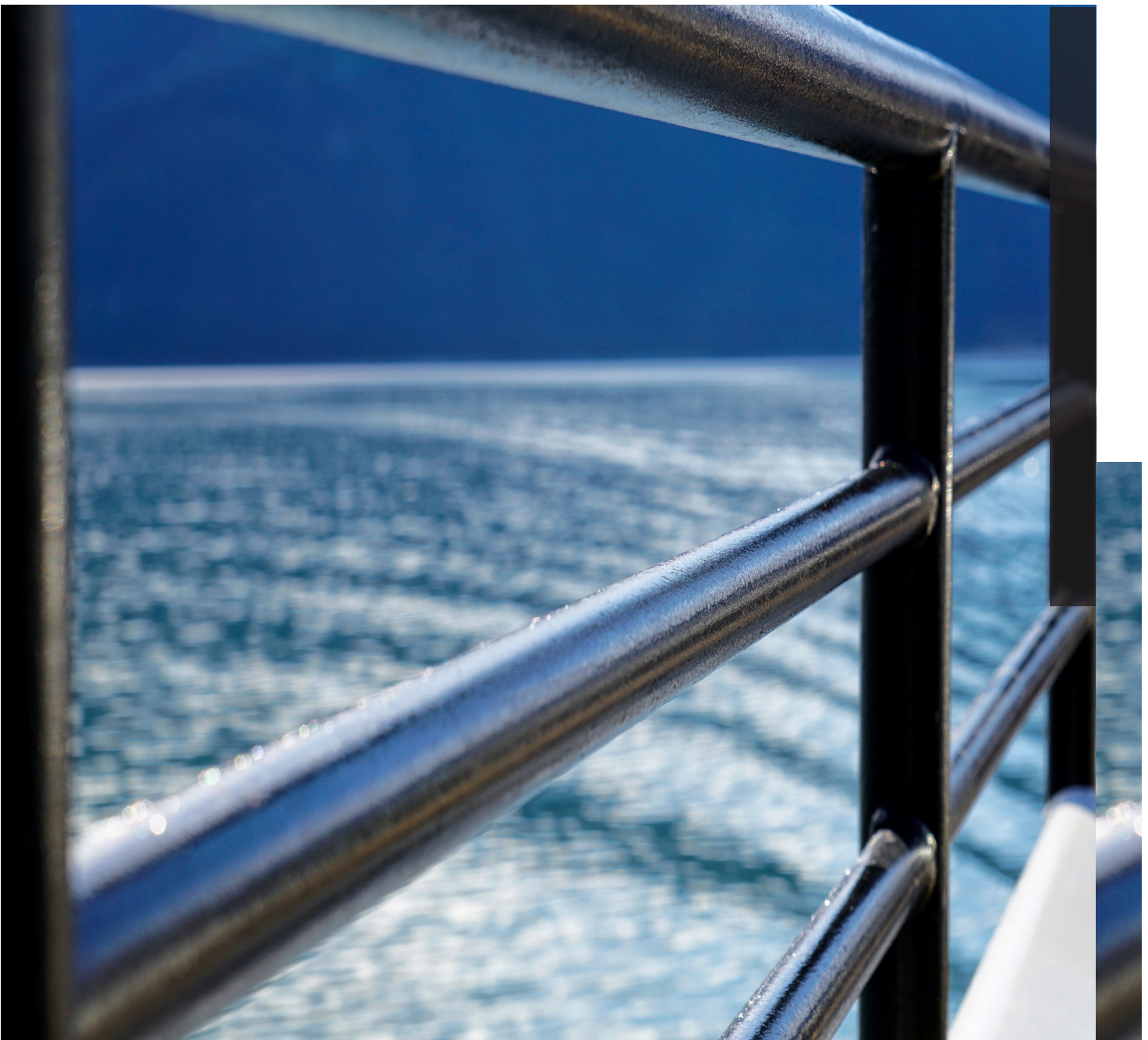
Anne Christin Døvingen  
Director



Jens Ismar  
Director



Lars Solbakken  
CEO





# OCEAN YIELD ASA GROUP CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE THIRD QUARTER 2021

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

<i>Amounts in USD million</i>	Note	2nd Quarter 2021	3rd Quarter 2021	3rd Quarter 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
Operating lease revenue		17.2	17.4	25.5	50.8	74.9	95.5
Finance lease revenue		21.3	21.6	24.9	65.3	88.9	112.4
Income from investments in associates		5.9	5.4	6.0	17.1	16.4	22.4
Other income		3.0	0.2	0.8	4.5	28.2	28.5
<b>Total revenues and other income</b>	5	<b>47.3</b>	<b>44.7</b>	<b>57.2</b>	<b>137.7</b>	<b>208.4</b>	<b>258.8</b>
Vessel operating expenses		(0.2)	(0.0)	(2.3)	(0.8)	(6.3)	(7.9)
Wages and other personnel expenses		(1.3)	(7.5)	(1.5)	(10.6)	(4.4)	(6.0)
Other operating expenses		(0.7)	(4.2)	(1.2)	(5.7)	(2.8)	(3.6)
Depreciation and amortization	8	(7.3)	(7.3)	(11.7)	(21.9)	(36.6)	(45.7)
Impairment charges	8	-	-	(34.6)	-	(62.2)	(62.2)
Loss from sale of vessels		-	-	-	-	-	(70.7)
<b>Operating profit (loss)</b>		<b>37.9</b>	<b>25.6</b>	<b>5.9</b>	<b>98.6</b>	<b>96.1</b>	<b>62.5</b>
Financial income		0.7	0.4	1.0	1.9	1.4	2.1
Financial expenses		(12.9)	(12.0)	(17.1)	(38.9)	(68.8)	(84.7)
Foreign exchange gains/losses		1.1	3.9	(6.8)	4.7	(13.5)	(39.7)
Change in fair value of financial instruments	7	0.8	(2.3)	10.5	1.3	0.8	26.8
<b>Net financial items</b>		<b>(10.2)</b>	<b>(10.0)</b>	<b>(12.5)</b>	<b>(31.0)</b>	<b>(80.0)</b>	<b>(95.4)</b>
<b>Net profit (loss) before tax</b>		<b>27.7</b>	<b>15.7</b>	<b>(6.6)</b>	<b>67.5</b>	<b>16.0</b>	<b>(32.9)</b>
Tax payable		(0.2)	0.3	0.4	(0.2)	(0.3)	(0.4)
Change in deferred tax		(0.0)	(1.0)	(0.8)	(1.7)	(2.2)	(2.9)
<b>Net profit (loss) from continuing operations</b>		<b>27.4</b>	<b>15.0</b>	<b>(7.1)</b>	<b>65.6</b>	<b>13.5</b>	<b>(36.1)</b>
Net profit (loss) from discontinued operation, net of tax	6	(1.2)	(17.5)	(97.3)	(20.5)	(103.0)	(105.1)
<b>Net profit (loss) for the period</b>		<b>26.2</b>	<b>(2.5)</b>	<b>(104.4)</b>	<b>45.2</b>	<b>(89.5)</b>	<b>(141.3)</b>
Attributable to:							
Equity holders of the parent		24.1	(4.7)	(106.9)	38.8	(97.1)	(150.9)
Non-controlling interests		-	-	0.3	-	0.4	0.4
Dividends on hybrid capital		2.1	2.1	2.2	6.3	7.2	9.3
<b>Net profit (loss) for the period</b>		<b>26.2</b>	<b>(2.5)</b>	<b>(104.4)</b>	<b>45.2</b>	<b>(89.5)</b>	<b>(141.3)</b>
Weighted average number of shares outstanding		175.2	175.2	175.2	175.2	175.2	175.2
<b>Earnings per share (USD)</b>		<b>0.14</b>	<b>(0.03)</b>	<b>(0.61)</b>	<b>0.22</b>	<b>(0.55)</b>	<b>(0.86)</b>
<b>Earnings per share (USD), continuing operations</b>		<b>0.14</b>	<b>0.07</b>	<b>(0.05)</b>	<b>0.34</b>	<b>0.03</b>	<b>(0.26)</b>
Total number of shares outstanding, eksl. treasury shares		175.2	175.2	175.1	175.2	175.1	175.2



## TOTAL COMPREHENSIVE INCOME

<i>Amounts in USD million</i>	2nd Quarter 2021	3rd Quarter 2021	3rd Quarter 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
Net profit (loss) for the period	26.2	(2.5)	(104.4)	45.2	(89.5)	(141.3)
<b>Other comprehensive income, net of income tax</b>						
<b>Items that will not be reclassified to the income statement</b>						
Remeasurements of defined benefit liability (asset)	-	-	-	-	-	(0.0)
Total for items that will not be reclassified to the income statement	-	-	-	-	-	(0.0)
<b>Items that are or may be reclassified to the income statement</b>						
Share of other comprehensive income from investment in associates	(1.6)	0.9	0.6	6.7	(16.2)	(14.7)
Change in fair value of available for sale financial assets	-	-	(0.0)	-	(0.5)	(0.1)
Currency translation differences	-	-	0.0	-	(0.0)	(0.0)
Total for items that are or may be reclassified to the income statement	(1.6)	0.9	0.6	6.7	(16.8)	(14.8)
Total change in other comprehensive income, net of income tax	(1.6)	0.9	0.6	6.7	(16.8)	(14.8)
<b>Total comprehensive income for the period</b>	<b>24.7</b>	<b>(1.7)</b>	<b>(103.8)</b>	<b>51.8</b>	<b>(106.3)</b>	<b>(156.1)</b>
Attributable to:						
Equity holders of the parent	22.6	(3.8)	(106.2)	45.5	(113.8)	(165.8)
Non controlling interests	-	-	0.3	-	0.4	0.4
Dividends on hybrid capital	2.1	2.1	2.2	6.3	7.2	9.3
<b>Total comprehensive income for the period</b>	<b>24.7</b>	<b>(1.7)</b>	<b>(103.8)</b>	<b>51.8</b>	<b>(106.3)</b>	<b>(156.1)</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in USD million</i>	Note	30 June 2021	30 September 2021	30 September 2020	31 December 2020
<b>ASSETS</b>					
Vessels and equipment	8	536.6	529.9	699.9	550.4
Investments in associates		185.8	181.1	175.1	178.0
Finance lease receivables and related assets	9	975.7	1 050.2	1 257.3	1 220.0
Restricted cash deposits		1.1	1.4	14.2	1.3
Other shares and other non-current assets		2.7	2.6	1.9	1.6
Deferred tax assets		( 0.0)	-	-	0.0
<b>Total non-current assets</b>		<b>1 701.9</b>	<b>1 765.2</b>	<b>2 148.3</b>	<b>1 951.2</b>
Finance lease receivables, short term portion	9	271.8	252.2	164.1	164.2
Trade and other interest-free receivables		3.4	7.3	6.1	4.2
Cash and cash equivalents		101.2	114.0	158.6	112.7
<b>Current assets</b>		<b>376.4</b>	<b>373.5</b>	<b>328.8</b>	<b>281.1</b>
Assets held for sale	6	53.5	37.0	58.3	54.0
<b>Total current assets</b>		<b>430.0</b>	<b>410.5</b>	<b>387.2</b>	<b>335.1</b>
<b>Total assets</b>		<b>2 131.9</b>	<b>2 175.7</b>	<b>2 535.5</b>	<b>2 286.3</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital		271.0	271.0	271.0	271.0
Treasury shares		( 0.1)	( 0.1)	( 0.2)	( 0.0)
Other paid-in capital		214.4	202.1	366.1	237.3
<b>Total paid-in capital</b>	<b>13</b>	<b>485.3</b>	<b>473.1</b>	<b>636.9</b>	<b>508.3</b>
Retained earnings and translation reserves		57.8	56.2	( 63.5)	4.4
<b>Total equity attributable to equity holders of the parent</b>		<b>543.1</b>	<b>529.3</b>	<b>573.4</b>	<b>512.7</b>
Hybrid capital		125.0	125.0	125.0	125.0
Non controlling interests		-	-	0.0	0.0
<b>Total equity</b>		<b>668.1</b>	<b>654.3</b>	<b>698.4</b>	<b>637.7</b>
Interest-bearing long-term debt	12	1 101.7	1 167.1	1 435.2	1 139.0
Deferred tax liabilities		5.8	6.8	4.6	5.2
Mobilization fee and advances		0.5	0.4	1.5	0.6
Fair value of derivatives	7	11.9	15.2	28.7	13.7
Finance lease liabilities		0.4	0.8	0.8	0.6
<b>Total non-current liabilities</b>		<b>1 120.4</b>	<b>1 190.3</b>	<b>1 470.8</b>	<b>1 159.2</b>
Interest-bearing short-term debt	12	330.6	310.2	335.6	471.8
Fair value of derivatives	7	3.5	2.4	16.2	5.3
Trade and other payables		8.0	17.0	12.9	10.1
<b>Current liabilities</b>		<b>342.1</b>	<b>329.6</b>	<b>364.7</b>	<b>487.2</b>
Liabilities directly associated with the assets held for sale	<b>6</b>	1.3	1.5	1.6	2.2
<b>Total current liabilities</b>		<b>343.4</b>	<b>331.1</b>	<b>366.3</b>	<b>489.4</b>
<b>Total liabilities</b>		<b>1 463.8</b>	<b>1 521.4</b>	<b>1 837.1</b>	<b>1 648.6</b>
<b>Total equity and liabilities</b>		<b>2 131.9</b>	<b>2 175.7</b>	<b>2 535.5</b>	<b>2 286.3</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in USD million</i>	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Share-holders equity	Hybrid capital	Non controlling interests	Total equity
<b>Balance at 31st December 2019</b>	<b>271.0</b>	<b>366.1</b>	<b>(0.4)</b>	<b>(11.9)</b>	<b>(42.0)</b>	<b>155.6</b>	<b>738.4</b>	<b>125.0</b>	<b>13.2</b>	<b>876.6</b>
Profit for the period	-	-	-	-	-	(89.9)	(89.9)	-	0.4	(89.5)
Other comprehensive income	-	-	-	(0.5)	(0.0)	(16.2)	(16.8)	-	-	(16.8)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.5)</b>	<b>(0.0)</b>	<b>(106.1)</b>	<b>(106.7)</b>	<b>-</b>	<b>0.4</b>	<b>(106.3)</b>
Dividend	-	-	-	-	-	(51.0)	(51.0)	-	(0.5)	(51.5)
Dividend on hybrid capital	-	-	-	-	-	(7.2)	(7.2)	-	-	(7.2)
Decrease in non-controlling interests (i)	-	-	-	-	-	-	-	-	(13.0)	(13.0)
Treasury shares acquired	-	-	(0.7)	-	-	-	(0.7)	-	-	(0.7)
Treasury shares sold	-	-	0.7	-	-	(0.2)	0.5	-	-	0.5
Change of functional currency in subsidiaries	-	-	-	-	42.0	(42.0)	0.0	-	-	0.0
<b>Balance at 30th September 2020</b>	<b>271.0</b>	<b>366.1</b>	<b>(0.4)</b>	<b>(12.4)</b>	<b>-</b>	<b>(50.9)</b>	<b>573.4</b>	<b>125.0</b>	<b>-</b>	<b>698.4</b>
<b>Balance at 31st December 2020</b>	<b>271.0</b>	<b>237.4</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>4.4</b>	<b>512.7</b>	<b>125.0</b>	<b>-</b>	<b>637.7</b>
Net profit (loss) for the period	-	-	-	-	-	45.2	45.2	-	-	45.2
Other comprehensive income	-	-	-	-	-	6.7	6.7	-	-	6.7
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.8</b>	<b>51.8</b>	<b>-</b>	<b>-</b>	<b>51.8</b>
Dividend	-	(28.9)	-	-	-	-	(28.9)	-	-	(28.9)
Dividend on hybrid capital	-	(6.3)	-	-	-	-	(6.3)	-	-	(6.3)
Treasury shares acquired	-	-	(0.4)	-	-	-	(0.4)	-	-	(0.4)
Treasury shares sold	-	(0.0)	0.3	-	-	-	0.3	-	-	0.3
Other	-	0.1	-	-	-	(0.1)	0.1	-	-	0.1
<b>Balance at 30th September 2021</b>	<b>271.0</b>	<b>202.3</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>56.2</b>	<b>529.3</b>	<b>125.0</b>	<b>-</b>	<b>654.3</b>





## CONSOLIDATED STATEMENT OF CASH FLOWS

	2nd Quarter 2021	3rd Quarter 2021	3rd Quarter 2020 <i>Restated*</i>	Jan - Sep 2021	Jan - Sep 2020 <i>Restated*</i>	Jan - Dec 2020
<i>Amounts in USD million</i>						
Net profit (loss) for the period	26.2	(2.5)	(104.4)	45.2	(89.5)	(141.3)
Income tax expense	0.3	0.7	0.5	1.9	2.6	3.3
Depreciation and amortization	7.3	7.3	11.7	22.0	36.6	45.8
Impairment charges and other non-recurring items	-	16.4	128.5	16.4	156.1	157.0
Loss from sale of vessel	-	-	-	-	-	69.8
Repayment on finance lease receivables	19.6	21.8	23.4	61.9	75.8	97.1
Income from investments in associates	(5.9)	(5.4)	(6.0)	(17.1)	(16.4)	(22.4)
Dividend received from investments in associates	9.3	0.0	4.9	9.6	13.5	18.1
Net interest expenses (+)	11.8	11.3	15.9	36.3	62.9	77.5
Interest paid	(10.8)	(10.7)	(15.7)	(34.1)	(65.3)	(79.0)
Interest received	0.7	0.4	0.1	1.9	1.2	2.4
Unrealized foreign exchange gain/loss	0.5	(4.4)	6.3	(3.7)	(24.0)	(2.3)
Change in fair value of financial instruments	(0.8)	2.3	(10.5)	(1.3)	(0.8)	(26.8)
Other changes in operating activities	(7.3)	9.3	(1.7)	2.1	(45.4)	(48.1)
<b>Net cash flow from operating activities</b>	<b>51.0</b>	<b>46.4</b>	<b>53.1</b>	<b>141.0</b>	<b>107.3</b>	<b>151.1</b>
Acquisition of vessels and equipment	0.0	(0.1)	(0.2)	(0.9)	(0.4)	(4.2)
Sale of vessel	-	-	-	-	-	73.5
Sale of vessels (de-consolidation of subsidiary)	-	-	80.9	-	80.9	80.9
Proceeds from Insurance claim	-	-	26.3	-	26.3	26.3
Acquisition of vessels accounted for as finance lease receivables	-	-	(24.1)	-	(91.1)	(91.1)
Sale of vessel accounted for as finance lease	57.7	30.7	26.5	130.2	53.0	69.2
Investments in other non-current assets	-	-	0.0	1.1	-	1.9
Acquisition of shares in subsidiary, net of cash acquired	-	(4.9)	-	(4.9)	-	-
Net change in Investment in associated companies	-	-	-	-	10.2	10.2
Net change in long-term interest-bearing receivables	0.3	(0.3)	12.2	(0.2)	6.9	19.8
<b>Net cash flow from investing activities</b>	<b>58.0</b>	<b>25.4</b>	<b>121.6</b>	<b>125.3</b>	<b>85.8</b>	<b>186.5</b>
Proceeds from issuance of long-term interest-bearing debt	(0.1)	16.3	70.6	143.8	192.4	195.1
Repayment of long-term interest-bearing debt	(123.0)	(64.2)	(130.7)	(374.1)	(292.7)	(480.8)
Repayment of long-term interest-bearing debt (de-consolidation of subsidiary)	-	-	(50.9)	-	(50.9)	(50.9)
Repayment on finance lease liabilities	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)
Dividend paid	(9.6)	(10.0)	(8.8)	(28.9)	(51.0)	(60.0)
Dividend on hybrid capital	(2.1)	(2.1)	(2.2)	(6.3)	(7.2)	(9.3)
Dividend paid to non-controlling interests	-	-	-	-	(0.5)	(0.5)
Net change in treasury shares	0.0	-	(0.4)	(0.2)	(0.2)	0.0
<b>Net cash flow from financing activities</b>	<b>(134.8)</b>	<b>(60.2)</b>	<b>(122.4)</b>	<b>(266.0)</b>	<b>(210.3)</b>	<b>(406.7)</b>
<b>Net change in cash and cash equivalents</b>	<b>(25.9)</b>	<b>11.7</b>	<b>52.3</b>	<b>0.3</b>	<b>(17.2)</b>	<b>(69.0)</b>
Exchange rate differences	(0.2)	0.4	0.2	0.1	(3.5)	(2.0)
Cash and cash equivalents at beginning of the period	127.1	101.2	106.4	112.7	185.5	185.5
Non-controlling interests' share of cash at time of de-consolidation	-	-	(1.2)	-	(1.2)	(1.2)
Change from associated company to subsidiary	-	1.0	-	1.0	-	-
Change in cash reported with assets held for sale	0.2	(0.2)	1.0	(0.1)	(4.9)	(0.4)
<b>Cash and cash equivalents at the end of the period</b>	<b>101.2</b>	<b>114.0</b>	<b>158.6</b>	<b>114.0</b>	<b>158.6</b>	<b>112.7</b>

\*Repayment on finance lease receivables has been moved from Cashflow from investing activities to Cashflow from operating activities

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE THIRD QUARTER 2021

## NOTE 1 INTRODUCTION

Ocean Yield is a company domiciled in Norway. The condensed consolidated interim financial statements for the third quarter and nine months ending 30<sup>th</sup> September 2021 comprise Ocean Yield and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group for the year ended 31<sup>st</sup> December 2020 and quarterly reports are available at [www.oceanyield.no](http://www.oceanyield.no).

## NOTE 2 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended 31<sup>st</sup> December 2020.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 2<sup>nd</sup> November 2021.

## NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

Accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended 31<sup>st</sup> December 2020.

## NOTE 4 ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group’s accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as of the year ended 31<sup>st</sup> December 2020.



## NOTE 5 OPERATING SEGMENTS

Ocean Yield identifies segments based on the Group's management and internal reporting structure.

<b>Operating profit</b>	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
<i>Amounts in USD million</i>	2021	2021	2020	2021	2020	2020
Tankers	12.4	12.4	12.4	36.1	50.0	62.1
Container vessels	7.0	6.6	7.2	20.5	21.8	28.9
Car Carriers	4.9	4.9	5.0	14.5	17.4	22.4
Other Shipping	9.7	7.4	9.4	27.1	28.0	37.4
Other Oil Service*	6.0	6.3	(25.7)	16.9	(14.3)	(79.0)
Other companies and eliminations	(2.0)	(12.0)	(2.4)	(16.6)	(6.9)	(9.2)
<b>Operating profit</b>	<b>37.9</b>	<b>25.6</b>	<b>5.9</b>	<b>98.6</b>	<b>96.1</b>	<b>62.5</b>

\*The segment Other Oil Service includes an impairment of USD 34.6 million in Q3 2020 and a loss from sale of vessels of USD 70.7 million in Q4 2020.

## NOTE 6 DISCONTINUED OPERATIONS AND HELD FOR SALE ASSETS

The FPSO *Dhirubhai-1* is being marketed for sale and was reclassified as an asset held for sale as from Q1 2020, and the FPSO segment, which only relates to the FPSO *Dhirubhai-1* has been presented as 'discontinued operations'.

acquire the FPSO for USD 35 million. If a sale is not concluded within a reasonable time period, the vessel can no longer be accounted for as held for sale.

The FPSO has been classified as held for sale beyond the one-year period defined in IFRS 5. An option agreement has been entered into with Aker Energy, where Aker Energy may

### Results from discontinued operations

	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
<i>Amounts in USD million</i>	2021	2021	2020	2021	2020	2020
Operating revenues	0.4	0.4	0.2	1.0	0.3	0.3
<b>Total revenues and other income</b>	<b>0.4</b>	<b>0.4</b>	<b>0.2</b>	<b>1.0</b>	<b>0.3</b>	<b>0.3</b>
Vessel operating expenses	(0.7)	(0.6)	(1.4)	(2.1)	(3.7)	(4.4)
Wages and other personnel expenses	(0.3)	(0.4)	(0.3)	(1.1)	(0.8)	(1.1)
Other operating expenses	(0.6)	(0.5)	(1.0)	(2.0)	(3.8)	(4.8)
Depreciation and amortization	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)
Impairment charges and other non recurring items	-	(16.4)	(94.8)	(16.4)	(94.8)	(94.8)
<b>Operating profit (EBIT)</b>	<b>(1.2)</b>	<b>(17.5)</b>	<b>(97.3)</b>	<b>(20.5)</b>	<b>(102.9)</b>	<b>(104.9)</b>
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Foreign exchange gains/losses	0.0	0.0	0.0	0.1	(0.1)	(0.2)
<b>Net financial items</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(0.1)</b>
<b>Net profit before tax</b>	<b>(1.2)</b>	<b>(17.5)</b>	<b>(97.3)</b>	<b>(20.5)</b>	<b>(103.0)</b>	<b>(105.1)</b>
Tax payable	-	-	-	-	-	-
Change in deferred tax	-	-	-	-	-	-
<b>Profit (loss) from discontinued operation, net of tax</b>	<b>(1.2)</b>	<b>(17.5)</b>	<b>(97.3)</b>	<b>(20.5)</b>	<b>(103.0)</b>	<b>(105.1)</b>



## Cash flows from discontinued operations

	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
<i>Amounts in USD million</i>	2021	2021	2020	2021	2020	2020
Profit for the period	(1.2)	(17.5)	(97.3)	(20.5)	(102.9)	(105.1)
Income tax expense	-	-	-	-	-	-
Depreciation and amortization	0.0	0.0	0.0	0.1	0.0	0.1
Impairment charges and other non-recurring items	-	16.4	94.8	16.4	94.8	94.8
Net interest expenses (+)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Interest paid	-	-	-	-	(0.0)	(0.0)
Interest received	-	-	-	-	0.0	0.0
Unrealized foreign exchange gain/loss	(0.0)	(0.0)	(0.0)	(0.0)	0.1	0.1
Other changes in operating activities	(0.3)	0.4	(0.6)	(0.4)	(14.1)	(13.7)
<b>Net cash flow from operating activities</b>	<b>(1.5)</b>	<b>(0.7)</b>	<b>(3.1)</b>	<b>(4.4)</b>	<b>(22.1)</b>	<b>(23.8)</b>
Acquisition of vessels and equipment	-	-	(0.2)	-	(0.2)	(0.2)
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>-</b>	<b>(0.2)</b>	<b>-</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Net change in cash and cash equivalents</b>	<b>(1.5)</b>	<b>(0.7)</b>	<b>(3.2)</b>	<b>(4.4)</b>	<b>(22.3)</b>	<b>(23.9)</b>
Intra Group transactions	1.3	0.9	2.1	4.5	20.4	17.6
Exchange rate differences	0.0	(0.0)	0.0	(0.0)	(0.1)	(0.1)
Cash and cash equivalents at beginning of the period	0.5	0.3	5.9	0.4	6.9	6.9
<b>Cash and cash equivalents at the end of the period</b>	<b>0.3</b>	<b>0.5</b>	<b>4.9</b>	<b>0.5</b>	<b>4.9</b>	<b>0.4</b>

## Assets held for sale and related liabilities

At 30<sup>th</sup> September 2021 assets held for sale were stated at fair value less costs to sell and comprise the following:

	30 June	30 September
<i>Amounts in USD million</i>	2021	2021
Vessels and equipment	51.4	35.0
Trade and other interest-free receivables	1.8	1.5
Cash and cash equivalents	0.3	0.5
<b>Assets held for sale</b>	<b>53.5</b>	<b>37.0</b>
Current provisions (field abandonment)	0.4	0.4
Trade and other payables	0.9	1.1
<b>Liabilities directly associated with the assets held for sale</b>	<b>1.3</b>	<b>1.5</b>

The fair value of the assets held for sale has been categorized as a Level 3 in the fair value hierarchy. The valuation is based on recent development with regards to the FPSO Dhirubhai-1.

The Company has been in dialogue regarding the sale of the FPSO to Aker Energy. In connection with the voluntary offer for all shares in Ocean Yield, Aker Contracting FP ASA, an indirect subsidiary of the Company, and Aker Energy has entered into an agreement whereby Aker Energy (or a nominated affiliate) is granted an option to acquire the FPSO for USD 35 million. An impairment of USD 16.4 million has been recorded against the book value of the FPSO in the third

quarter, and the book value is as of quarter-end USD 35 million.

If Aker Energy does not exercise the purchase option there is a risk for further impairment of the book value of this unit in Q4 2021.

## NOTE 7 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

All cross currency interest rate swaps are recorded at fair value, and are considered by the Group to be level 2 financial instruments under the fair value hierarchy. The cross currency swaps are used to swap floating rate bond loans denominated in NOK into floating USD interest rates, as Ocean Yield uses USD as its functional currency.

<i>Amounts in USD million</i>	Change Q3 2021	Change Jan - Sep 2021	Fair value as of 30th September 2021
Cross Currency Interest Rate Swaps	(3.2)	(2.6)	(14.9)
Interest rate swaps	0.9	3.9	(2.8)
<b>Total</b>	<b>(2.3)</b>	<b>1.3</b>	<b>(17.7)</b>

<i>Amounts in USD million</i>	Change Q3 2020	Change Jan - Sep 2020	Fair value as of 30th September 2020
Cross Currency Interest Rate Swaps	7.6	2.4	(36.6)
Forward exchange contracts	0.3	0.5	-
Interest rate swaps	2.6	(2.1)	(8.3)
<b>Total</b>	<b>10.5</b>	<b>0.8</b>	<b>(44.9)</b>

## NOTE 8 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2021:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other/elim	Total
<b>Balance at 1 January 2021</b>	-	-	<b>231.2</b>	<b>143.0</b>	<b>168.0</b>	-	<b>8.2</b>	<b>550.4</b>
Acquisitions	-	-	-	-	0.9	-	(0.0)	0.9
Fixed assets acquired through financial lease	-	-	-	-	-	-	0.5	0.5
Depreciation	-	-	(8.1)	(4.1)	(8.9)	-	(0.8)	(21.9)
Impairment	-	-	-	-	-	-	-	-
<b>Balance at 30th September 2021</b>	-	-	<b>223.1</b>	<b>138.9</b>	<b>160.0</b>	-	<b>7.9</b>	<b>529.9</b>

Vessels defined as finance leases are not included in Note 8 but included in Note 9 'Finance lease receivables and related assets'.

The FPSO *Dhirubhai-1* has been classified as held for sale from 1<sup>st</sup> January 2020. Please refer to note 6 for more information.

As of quarter-end the Group has assessed the values of the vessels *Far Senator*, *Normand Statesman* and one of the Group's car carriers. The value in use has been estimated for all vessels and has been calculated based on the present value of estimated future cash flows. The projected cash flows represents management's best estimate for future charter hire for the vessels. The value in use calculations have been placed within level 3 in the fair value hierarchy, as they are based on few observable inputs.

For *Far Senator* and *Normand Statesman* the Company has estimated the charter hire expected to be received from the charter contracts, and this has been applied in the calculation of value in use. In addition the Company has made assumptions regarding the charter hire for the vessels after expiry of the contracts. The estimated cashflows are based on an assumed economic life of the vessels of 25 years.

For the car carrier the charterhire in the bareboat contract has been used for the estimated cashflows. The Company has in addition made assumptions regarding the residual value at the end of the charter contract.

The value in use was calculated using a discount rate of 7.6% p.a. after tax for *Far Senator* and *Normand Statesman* (8.0% p.a. in 2020) and 5.7% p.a. after tax for the Car Carrier (5.3% p.a. in 2020). Implied pre-tax discount rate is equal to the discount rate after tax for *Far Senator* and *Normand Statesman*. For the car carrier the implied pre-tax discount rate is 6.2% p.a.

As of quarter-end the estimated value in use is equal to or higher than the book value of the vessels, and no impairment or reversal of impairment has been recognized. The book value of *Far Senator* and *Normand Statesman* was as of quarter-end USD 80.1 million and the book value for the car carrier was USD 24.1 million.

The calculations of value in use are highly sensitive to the estimated level of future charter rates, the estimated residual values and the estimated useful life of the vessels.



## NOTE 9 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

The net finance lease receivables as of 30<sup>th</sup> September 2021 was as follows:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other shipping	Other Oil Service	FPSO	Total
<i>Gross finance lease receivable</i>							
Less than one year	185.6	12.1	-	31.4	29.1	-	258.2
One to two years	84.0	12.1	-	30.2	29.1	-	155.3
Two to three years	80.4	12.1	-	28.9	29.1	-	150.5
Three to four years	79.6	12.1	-	28.4	29.1	-	149.1
Four to five years	79.1	12.1	-	27.9	29.1	-	148.2
More than five years	369.2	45.4	-	192.0	29.1	-	635.7
Unguaranteed residual values	171.9	22.2	-	8.9	57.7	-	260.6
<b>Gross finance lease receivable</b>	<b>1 049.7</b>	<b>128.1</b>	<b>-</b>	<b>347.6</b>	<b>232.1</b>	<b>-</b>	<b>1 757.5</b>
Less: Unearned finance income	(249.2)	(29.6)	-	(85.9)	(89.4)	-	(454.1)
<b>Total finance lease receivables</b>	<b>800.6</b>	<b>98.4</b>	<b>-</b>	<b>261.7</b>	<b>142.7</b>	<b>-</b>	<b>1 303.4</b>
<i>Present value of minimum lease payments</i>							
Less than one year	182.9	11.7	-	30.5	27.0	-	252.2
One to two years	83.2	11.1	-	27.8	36.2	-	158.3
Two to three years	67.9	10.6	-	25.3	16.2	-	120.0
Three to four years	63.5	10.0	-	23.5	13.5	-	110.6
Four to five years	59.7	9.5	-	22.0	11.2	-	102.4
More than five years	269.1	31.5	-	127.6	13.5	-	441.7
Unguaranteed residual values	74.3	13.9	-	5.0	25.1	-	118.3
<b>Total finance lease receivables</b>	<b>800.6</b>	<b>98.4</b>	<b>-</b>	<b>261.7</b>	<b>142.7</b>	<b>-</b>	<b>1 303.4</b>
Pre-delivery instalments	(1.0)	-	-	-	-	-	(1.0)
<b>Total finance lease receivables and related assets</b>	<b>799.5</b>	<b>98.4</b>	<b>-</b>	<b>261.7</b>	<b>142.7</b>	<b>-</b>	<b>1 302.4</b>

The net finance lease receivables as of 30<sup>th</sup> September 2020 was as follows:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other shipping	Other Oil Service	FPSO	Total
<i>Gross finance lease receivable</i>							
Less than one year	86.4	12.1	-	44.2	27.4	-	170.2
One to two years	85.2	12.1	-	47.1	29.1	-	173.4
Two to three years	85.4	12.1	-	45.0	31.4	-	173.9
Three to four years	84.5	12.1	-	42.5	29.1	-	168.3
Four to five years	83.6	12.1	-	41.2	29.1	-	165.9
More than five years	498.1	57.5	-	279.3	58.1	-	893.0
Unguaranteed residual values	181.0	22.2	-	28.1	57.7	-	288.9
<b>Gross finance lease receivable</b>	<b>1 104.3</b>	<b>140.2</b>	<b>-</b>	<b>527.4</b>	<b>261.9</b>	<b>-</b>	<b>2 033.7</b>
Less: Unearned finance income	(335.9)	(35.1)	-	(131.3)	(110.0)	-	(612.3)
<b>Total finance lease receivables</b>	<b>768.3</b>	<b>105.1</b>	<b>-</b>	<b>396.1</b>	<b>151.9</b>	<b>-</b>	<b>1 421.4</b>
<i>Present value of minimum lease payments</i>							
Less than one year	83.7	11.7	-	43.1	25.6	-	164.1
One to two years	83.7	11.1	-	43.5	36.5	-	174.8
Two to three years	71.6	10.6	-	39.6	18.4	-	140.1
Three to four years	66.6	10.0	-	35.6	13.7	-	125.9
Four to five years	61.9	9.5	-	32.8	11.3	-	115.5
More than five years	307.6	38.9	-	184.1	24.7	-	555.3
Unguaranteed residual values	93.3	13.2	-	17.3	21.8	-	145.7
<b>Total finance lease receivables</b>	<b>768.3</b>	<b>105.1</b>	<b>-</b>	<b>396.1</b>	<b>151.9</b>	<b>-</b>	<b>1 421.4</b>



## Changes to financial leases in 2021

Eneti Inc., previously known as Scorpio Bulk Inc., who has taken a strategic decision to exit the dry-bulk sector, declared options to sell the dry-bulk vessels *SBI Lynx*, *SBI Libra*, *SBI Virgo*, *SBI Cronos* and *SBI Achilles* to unrelated third parties. The sale of two of the vessels was completed during the first quarter and the remaining three during the second quarter. A profit of USD 3.4 million have been recognized from these sales in the first half of 2021.

Chemical Tankers Inc. who is chartering the chemical tankers *Navig8 Topaz*, *Navig8 Tourmaline* and *Navig8 Tanzanite* has declared the five-year purchase option on the vessels. The vessel *Navig8 Topaz* was delivered to Chemical Tankers Inc. in July 2021 and *Navig8 Tourmaline* was delivered in October 2021. The last vessel will be delivered in November 2021.

Navig8 Ltd. who is chartering the chemical tanker *Navig8 Universe* and *Navig8 Constellation* has declared the five-year purchase option on the vessels. The vessel *Navig8 Universe* was delivered to Navig8 Ltd. in October 2021 and *Navig8 Constellation* will be delivered in November 2021.

The leases related to the VLCCs *Nissos Despotiko* and *Nissos Rheina* have been subject to minor amendments, where the repayments in the leases will be accelerated by USD 1.8 million over the next two years. Due to the amendments a gain of USD 1.0 million was recognized in the second quarter.

Okeanis Eco Tankers, the charterer of the VLCCs *Nissos Santorini* and *Nissos Antiparos*, declared an option in the charter contract to sell the vessels to third parties. Delivery of the vessels is expected to take place during Q4 2021.

## NOTE 10 INVESTMENTS IN ASSOCIATES

<i>Amounts in USD million</i>	BOX Holdings	OY Holding LR2	OY Holding Suez	Total
Ownership	49.9 %	50.0 %		
<b>Balance 1st January 2021</b>	<b>168.0</b>	<b>3.8</b>	<b>6.1</b>	<b>178.0</b>
Dividends received	(13.9)	(0.2)	(0.5)	(14.6)
Income from investments in associates	16.1	0.5	0.4	17.1
Other comprehensive income from investments in associates	6.7	-	-	6.7
Change from associated company to subsidiary	-	-	(6.1)	(6.1)
<b>Total investments in associates 30th September 2021</b>	<b>177.0</b>	<b>4.1</b>	<b>-</b>	<b>181.1</b>
<i>Carrying amount of investment in associates:</i>				
Non-currents assets	750.8	106.4	-	857.2
Current assets	45.8	14.5	-	60.3
Non-current liabilities	(389.9)	(103.7)	-	(493.6)
Current liabilities	(130.2)	(8.9)	-	(139.1)
<b>Net assets (100%)</b>	<b>276.5</b>	<b>8.2</b>	<b>-</b>	<b>284.8</b>
<b>Share of net assets</b>	<b>138.0</b>	<b>4.1</b>	<b>-</b>	<b>142.1</b>
<i>Adjustment to carrying value of investment:</i>				
Finance lease receivables	41.7	-	-	41.7
Adjustment to interest-bearing long-term debt	(2.7)	-	-	(2.7)
<b>Carrying amount of investments in associates 30th September 2021</b>	<b>177.0</b>	<b>4.1</b>	<b>-</b>	<b>181.1</b>

In July, Ocean Yield acquired 50% of three suezmax tankers owned 50/50 by Aker Capital and Ocean Yield. Ocean Yield's ownership is now 100% and the investment is no longer treated as an investment in associate, but as an investment in subsidiaries, which is consolidated with 100%.

The vessels have long-term charters to Nordic American Tankers Ltd. The vessels had a total book value of approximately USD 107 million and Ocean Yield paid USD 5.9 million for Aker's 50% share of the equity in the company. The transaction was conducted on arm's lengths basis and in accordance with Ocean Yield's principles for related party transactions. Skandinaviska Enskilda Banken AB provided a fairness opinion for Ocean Yield.

In Q3 2021 Ocean Yield agreed to acquire 49.9% equity interest in one dual-fuel LNG newbuilding container vessel with 18-year bareboat charter to a major European container line. The vessel, with a capacity of 15,300 TEU, is under construction at Hyundai Heavy Industries in South Korea and is expected to be delivered in Q3 2022. The investment will be made through Box Holdings Inc., a joint venture between Ocean Yield and Quantum Pacific Shipping formed in 2016, which already owns six mega container vessels with long-term charters. The investment will be funded with a combination of cash and debt in Box Holdings Inc.

## NOTE 11 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 30<sup>th</sup> September 2021 the following contractual obligations related to the purchase of vessels:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Total
Already paid	-	-	-	-	-	-	-
Q4 2021	5.5	-	-	-	-	-	5.5
Q1-Q2 2022	82.5	-	-	-	-	-	82.5
<b>Total contractual obligations</b>	<b>88.0</b>	-	-	-	-	-	<b>88.0</b>
Total remaining payments	88.0	-	-	-	-	-	88.0

The obligations above related to the segment 'Tankers', relates to two suezmax newbuilding tankers with 10-year bareboat charters to Nordic American Tankers Ltd. The net purchase price will be up to USD 44 million per vessel after seller's credits of minimum 20%. The vessels are scheduled for delivery during the first half of 2022.

## NOTE 12 INTEREST-BEARING DEBT

Material changes in interest-bearing debt (short- and long-term) during 2021:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other/elim	Total
Balance at 1st January 2021	572.2	77.5	128.1	415.8	194.7	-	222.6	1 610.8
New loans	-	17.2	128.8	-	-	-	-	146.0
Paid loan fees	-	(0.9)	(1.3)	-	-	-	-	(2.2)
Instalments	(58.0)	(5.9)	(134.9)	(97.6)	(26.0)	-	(51.7)	(374.1)
Change from associated company to subsidiary	96.0	-	-	-	-	-	-	96.0
Effect of movements in foreign exchange and loan fees amortized	1.7	0.2	0.5	1.4	0.4	-	(3.4)	0.8
<b>Total interest-bearing liabilities 30th September 2021</b>	<b>611.9</b>	<b>88.0</b>	<b>121.1</b>	<b>319.6</b>	<b>169.1</b>	-	<b>167.5</b>	<b>1 477.2</b>
Long-term	441.7	78.8	108.1	293.1	77.8	-	167.5	1 167.1
1st year instalments	170.2	9.2	13.1	26.5	91.2	-	(0.0)	310.2
<b>Total interest-bearing liabilities 30th September 2021</b>	<b>611.9</b>	<b>88.0</b>	<b>121.1</b>	<b>319.6</b>	<b>169.1</b>	-	<b>167.5</b>	<b>1 477.2</b>
Undrawn facilities	-	-	-	-	-	-	-	-

In the first quarter, Ocean Yield signed a new loan agreement for a refinancing of the five car carriers on long-term charters to Höegh Autoliners. The loan facility was maturing in June 2021 and has been extended by another four years.

In two separate transactions, the Company has prepaid the bonds outstanding under the bond issue OCY04 in full. In total, NOK 450 million has been prepaid and settlement took place in April and June 2021.

In July 2021 Ocean Yield signed a loan agreement to increase the financing related to the four feeder container vessels on long-term charter to CMB NV. The loan facility has been increased with USD 17 million and the maturity date has been extended until 2027.

In connection with the voluntary offer from KKR for the shares in Ocean Yield, bondholders meetings were summoned for the two unsecured bonds OCY05 and OCY07, and the hybrid perpetual bond OCY06. The Company requested the bondholders to approve the change of control and waive any listing requirement of the Ocean Yield shares and bondholders have now approved the requested amendments. As a consequence, amendment agreements will be entered into for the unsecured bonds and the hybrid perpetual bond. For OCY06, it was agreed that the coupon would be increased with 0.25% p.a., from 6.50% to 6.75% p.a., combined with a 1% fee. In addition, certain call options were adjusted. For OCY05 and OCY07, a fee of 0.50% is payable.

## NOTE 13 SHARE CAPITAL AND DIVIDENDS

In Q1 2021 certain members of senior management have acquired a total of 82,000 shares in the Company. The purchase of shares was made as part of the Company's management incentive program.

As of 30<sup>th</sup> September 2021 the Company had a share capital of NOK 1,752,865,750 divided into 175,285,575 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 70,171.

In Q3 2021, USD 10.0 million was paid in dividends, following the announcement of the Q2 2021 results.

### **Voluntary offer for all shares in Ocean Yield**

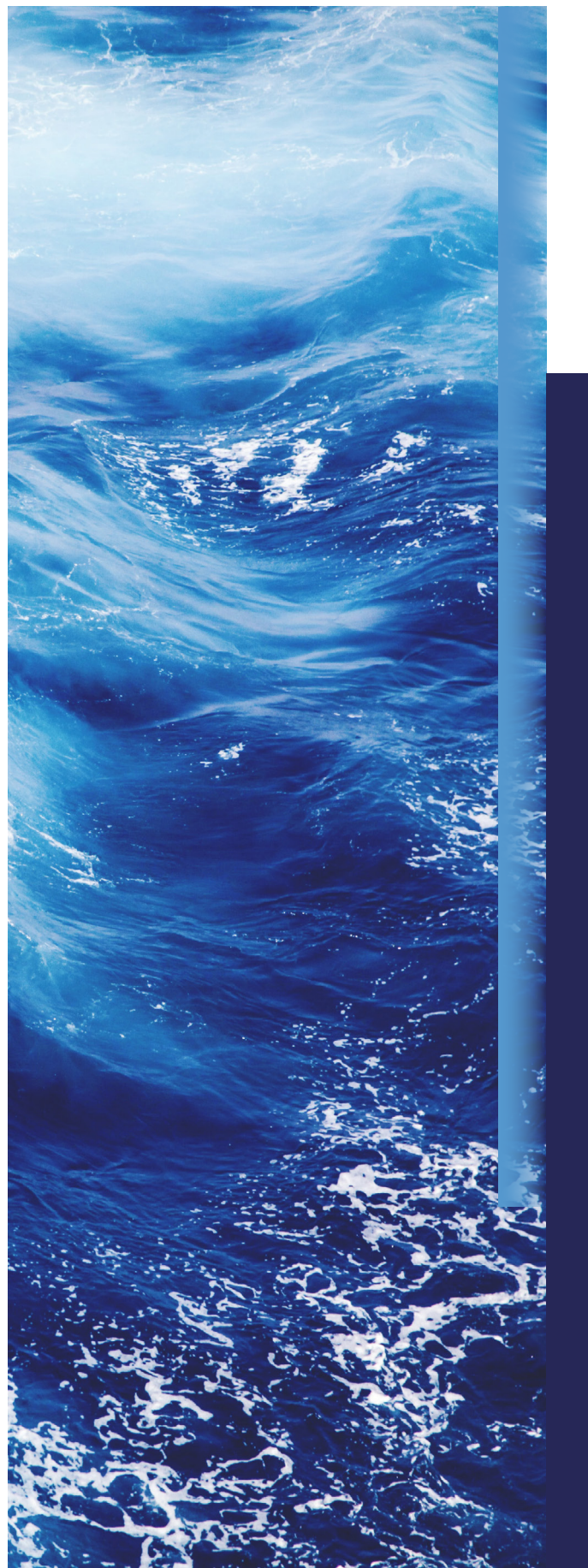
In September, Octopus Bidco AS, a company controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. launched a voluntary offer for all the shares in Ocean Yield with a price of NOK 41.00 per share. The price implies a total equity value of NOK 7.2 billion for all the shares in Ocean Yield. The independent members of the Company's board of directors unanimously recommended the Offer and Aker ASA, the largest shareholder of the Company through its subsidiary Aker Capital AS, owning 61.65 per cent of the outstanding shares in the Company, has accepted the Offer. The Offer period will close on 5<sup>th</sup> of November. The Offer price is subject to adjustment for the Q3 2021 dividend and will also be adjusted if the purchase option related to the FPSO *Dhirubhai-1* is exercised.

## NOTE 14 EVENTS AFTER THE BALANCE SHEET DATE

Post quarter end Navig8 Ltd. has declared options to sell the LR2 tankers *Navig8 Pride* and *Navig8 Providence* to third parties. The vessels are employed on long-term charters to subsidiaries of Navig8 Ltd. and are owned by a joint venture, where Ocean Yield owns 50%. Delivery of the vessels is expected to take place during Q1 2022. Ocean Yield expects to record a small book profit from the sales.

Post quarter end, Ocean Yield agreed to acquire six modern, eco-design VLCCs for a total consideration of USD 375 million. The vessels, which are built in 2016 and 2015 will be on 10-year bareboat charters with purchase obligations at the end of the charter period to companies owned and guaranteed by International Seaways Inc. Delivery of the vessels is expected during Q4 2021. The Company has signed loan agreements totalling USD 291 million for the financing of the vessels after the end of the quarter.

Also post quarter end, an agreement was reached with the bondholders of OCY05, OCY06 and OCY07 to approve the change of control and the listing requirement for the shares in the loan agreements.





## USE AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are defined as numerical measures that either exclude or include amounts that are not excluded or included in the comparable measures calculated and presented in accordance with GAAP (i.e. IFRS).

The following financial measure may be considered an alternative performance measure:

- EBITDA: Earnings before financial items, income taxes, depreciation, amortization and impairment charges.
- EBITDA adjusted for finance lease effects: EBITDA adjusted for Repayment of finance lease receivables.
- EBIT: Earnings before financial items and income taxes.
- Adjusted net profit from continuing operations: Net profit adjusted for discontinued operations, impairment charges, foreign exchange gains/losses, fair value adjustments of derivatives, changes in deferred tax and non-recurring items.
- EBITDA Charter Backlog: represents the estimated EBITDA backlog from signed contracts. Figures are based on management's estimates which may be subject to change. These include assumptions on certain purchase options in bareboat charter contracts not being exercised, adjustments made for finance lease effects, investments in joint ventures, currency effects and the forward interest rates for floating rate lease agreements.

The Company believes presenting EBITDA, EBITDA adjusted for finance lease effects, EBIT and Adjusted net profit from continuing operations as useful to investors as they provide other useful measures of Ocean Yield's profitability from its operations. Regarding EBITDA adjusted for finance lease effects, the Company believes it is useful for investors to present information showing all vessels accounted for on a consistent basis, as it will more closely reflect the Group's cash flows from operations. Regarding Adjusted net profit from continuing operations, the Company considers Adjusted net profit from continuing operations to be a relevant performance criteria. The net profit is adjusted for significant non-cash and non-recurring items, and the Adjusted net profit from continuing operations is thus a useful measure when it comes to the Company's dividend capacity.

EBITDA and EBIT are disclosed in the condensed consolidated income statement as separate line items. Reconciliation of other alternative performance measures to the financial statements are as follows:

	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
<i>Amounts in USD million</i>	2021	2021	2020	2021	2020	2020
Total revenues and other income	47.3	44.7	57.2	137.7	208.4	258.8
Vessel operating expenses	(0.2)	(0.0)	(2.3)	(0.8)	(6.3)	(7.9)
Wages and other personnel expenses	(1.3)	(7.5)	(1.5)	(10.6)	(4.4)	(6.0)
Other operating expenses	(0.7)	(4.2)	(1.2)	(5.7)	(2.8)	(3.6)
<b>EBITDA</b>	<b>45.2</b>	<b>33.0</b>	<b>52.2</b>	<b>120.5</b>	<b>194.9</b>	<b>241.2</b>
Repayment on finance lease receivables	19.6	21.8	23.4	61.9	75.8	97.1
Other revenue - insurance claim Höegh Xiamen	-	-	0.2	-	(27.2)	(27.2)
<b>EBITDA adjusted for finance lease effects</b>	<b>64.8</b>	<b>54.7</b>	<b>75.8</b>	<b>182.4</b>	<b>243.5</b>	<b>311.1</b>

<i>Amounts in USD million</i>	2nd Quarter 2021	3rd Quarter 2021	3rd Quarter 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
Net profit (loss) for the period	26.2	(2.5)	(104.4)	45.2	(89.5)	(141.3)
Other income - insurance claim Höegh Xiamen	-	-	0.2	-	(27.2)	(27.2)
Impairment of Höegh Xiamen	-	-	0.0	-	27.7	27.7
Impairment of Dhirubhai-1	-	16.4	94.8	16.4	94.8	94.8
Impairment of Connector	-	-	34.6	-	34.6	34.6
Loss from sale of Connector	-	-	-	-	-	70.7
Net effects from sale of SBM Installer	-	-	(1.6)	-	(1.6)	(1.6)
Refinancing Far Senator/Normand Statesman (fixed NOK to floating USD)	-	-	-	-	3.6	3.6
Restructuring agreement Far Senator/Normand Statesman	-	-	-	-	-	(1.1)
Gain from acquisition of 50% of OY Suez Holding	-	(0.2)	-	(0.2)	-	-
Expenses related to sale of Ocean Yield ASA	-	8.5	-	8.5	-	-
Foreign exchange gains/losses	(1.1)	(3.9)	6.8	(4.7)	13.5	39.7
Change in fair value of financial instruments	(0.8)	2.3	(9.2)	(1.3)	0.4	(25.5)
Change in deferred tax	0.0	1.0	0.8	1.7	2.2	2.9
Other non-recurring items	-	-	-	-	-	0.7
<b>Adjusted Net profit</b>	<b>24.3</b>	<b>21.5</b>	<b>22.0</b>	<b>65.5</b>	<b>58.4</b>	<b>77.9</b>
Loss from discontinued operation, net of tax	1.2	1.1	2.5	4.1	8.2	10.3
<b>Adjusted Net profit from continuing operations</b>	<b>25.5</b>	<b>22.6</b>	<b>24.5</b>	<b>69.6</b>	<b>66.6</b>	<b>88.2</b>

Attributable to:

Equity holders of the parent	22.2	19.4	19.6	59.2	50.4	67.8
Non-controlling interests	-	-	0.2	-	0.8	0.8
Dividends on hybrid capital	2.1	2.1	2.2	6.3	7.2	9.3
<b>Adjusted Net profit</b>	<b>24.3</b>	<b>21.5</b>	<b>22.0</b>	<b>65.5</b>	<b>58.4</b>	<b>77.9</b>

Attributable to:

Equity holders of the parent	23.4	20.5	22.1	63.3	58.6	78.1
Non-controlling interests	-	-	0.2	-	0.8	0.8
Dividends on hybrid capital	2.1	2.1	2.2	6.3	7.2	9.3
<b>Adjusted Net profit from continuing operations</b>	<b>25.5</b>	<b>22.6</b>	<b>24.5</b>	<b>69.6</b>	<b>66.6</b>	<b>88.2</b>





OCEAN YIELD ASA

Oksenøyveien 10  
Lysaker, Norway

P.O. Box 513  
NO-1327 Lysaker  
Norway

+47 41 74 20 00  
post@oceanyield.no  
www.oceanyield.no



OCEAN YIELD