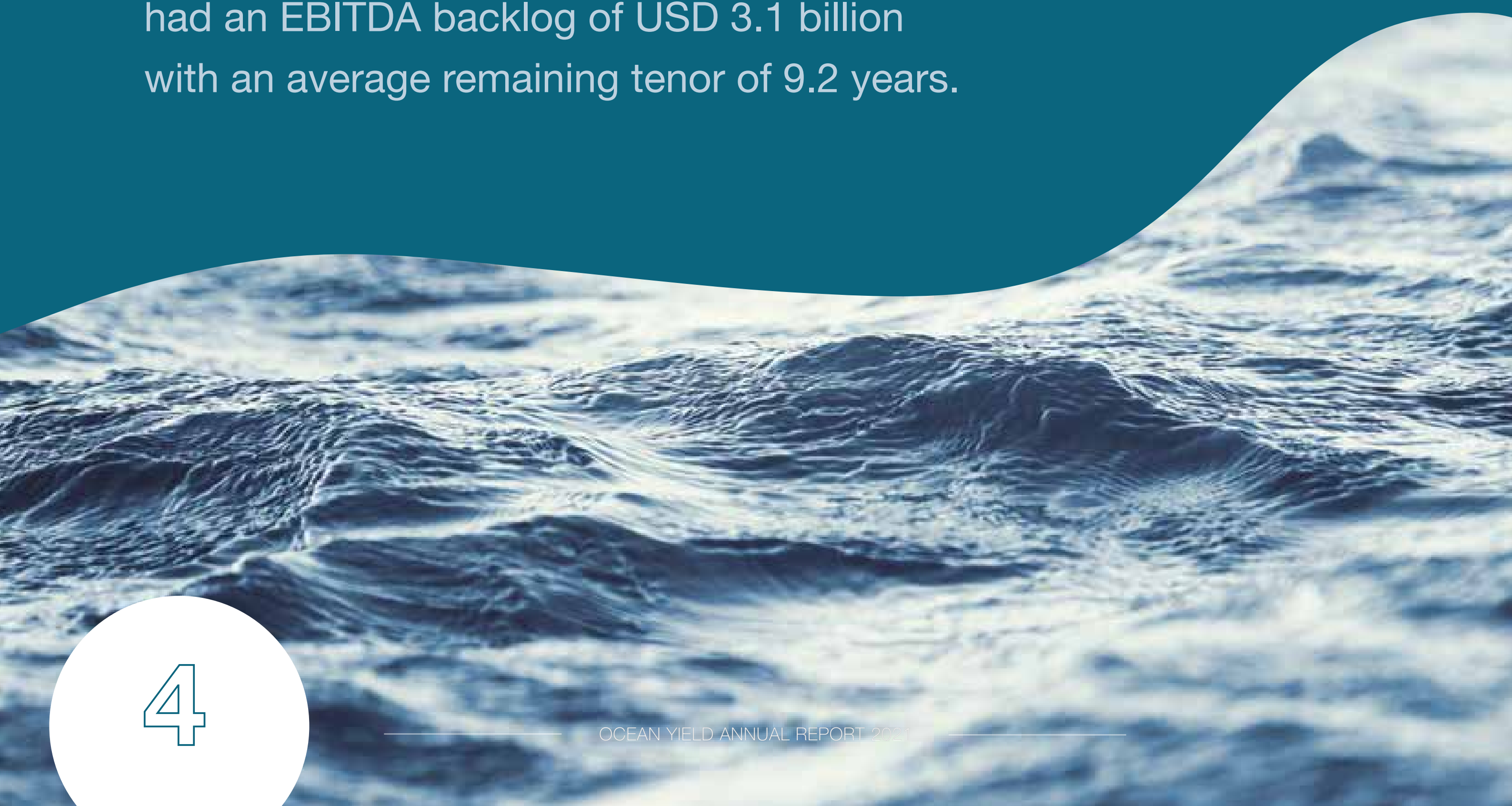
# ANNUAL REPORT 2021

Ocean Yield

*For Ocean Yield, the business model of owning vessels on long-term charters to a portfolio of international shipping companies, has continued to prove robust.*

# OCEAN YIELD IN BRIEF

Ocean Yield is a vessel owning company with focus on investments in vessels on long-term charters. As of year end 2021, the company had an EBITDA backlog of USD 3.1 billion with an average remaining tenor of 9.2 years.



Ocean Yield ("Ocean Yield" or the "Company") is a ship owning company with investments in vessels on long-term charters. The company has a broad and diversified portfolio that counted 64 vessels as of year end, spread over 8 different segments with long-term charters to 18 international counterparties.

After being a publicly listed company since June 2013, the Company was acquired by funds controlled by Kohlberg Kravis Roberts & Co. L.P. ("KKR") towards the end of 2021 and de-listed from the Oslo Stock Exchange in December.

Ocean Yield currently has investments in car carriers, chemical tankers, product tankers, crude tankers, container vessels, dry bulk vessels, oil-service vessels, and gas carriers. As of December 31st 2021, the EBITDA charter backlog was USD 3.1 billion with average remaining contract duration of 9.2 years (weighted by EBITDA).

The Company's business strategy is to enter into long-term charters, which gives visibility with respect to future earnings of the Company. The main focus has primarily been on bareboat charters with a duration from ten to fifteen years, but the Company may also enter into time-charter contracts with shorter duration. Going forward, the intention is to continue to grow and diversify the portfolio of vessels on long-term charters in a private setting.

**Consolidated key numbers:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Total revenues and other income | 185.1 | 258.8 |
| EBITDA | 162.0 | 241.2 |
| EBITDA adjusted for finance lease effects | 248.5 | 311.1 |
| Net profit (loss) for the period | 63.0 | (141.3) |
| Adjusted Net profit | 89.1 | 77.9 |
| Adjusted Net profit from continuing operations | 93.5 | 88.2 |
| Cash and cash equivalents | 121.2 | 112.7 |
| Total assets | 2 325.0 | 2 286.3 |
| Interest-bearing debt | 1 618.9 | 1 610.8 |
| Net Interest-bearing debt | 1 497.7 | 1 497.7 |
| Total equity | 663.5 | 637.7 |
| Equity ratio | 28.5 % | 27.9 % |

# MANAGE-MENT

## ANDREAS RØDE
### CEO

Mr. Røde (born 1979) took on the role as CEO in February 2022. Before that, he has served as Head of Business Development and M&A since September 2017. Before joining Ocean Yield, Mr. Røde worked in the Corporate Finance department of Danske Bank as Managing Director, Head of Shipping and Offshore. Mr. Røde has more than 13 years of Investment Banking experience from leading financial institutions and has worked on a wide range of M&A, equity and debt capital markets transactions. Mr. Røde holds a Master of Arts (MA) in Accounting and Finance from University of Edinburgh and University of California Berkeley.

## EIRIK EIDE
### CFO

Mr. Eide (born 1970) has served as CFO of Ocean Yield since the inception in 2012. Before joining Ocean Yield, Mr. Eide served as CFO of Ship Finance Management AS, and through that position, he served as CFO of Ship Finance International Ltd. Mr. Eide has been working with shipping and finance for more than 20 years, with broad transaction and capital markets experience. His employment background includes the position as Head of Shipping and Corporate Finance at Orkla Finans AS, Director Fortis Bank (Nederland) N.V., Oslo Branch and Senior Vice President, DnB NOR (Oslo and London). Mr. Eide has a Master of Business and Economics degree from the Norwegian Business School.

## ANDREAS REKLEV
### COO

Mr. Reklev (born 1983) has served as Executive Vice President, Investments since August 2016 before taking on the role as Chief operating Officer in February 2022. Before joining Ocean Yield, Mr. Reklev was Chief Financial Officer in Team Tankers International, a chemical tanker company listed on the Oslo Stock Exchange. Prior to joining Team Tankers in 2012, Mr. Reklev held various positions in Camillo Eitzen & Co ASA, a diversified shipping company with activities mainly in bulk, gas, and chemical shipping. Mr. Reklev has a Bachelor of Science in Finance from Norwegian Business School.

# OTHER KEY PERSONNEL

## ERIK HILLER HOLOM
### Head of Business Development

Mr. Holom has served as Vice President, Investments since 2017 before taking on the role as Head of Investments in February 2022. Before joining Ocean Yield, Mr. Holom worked in the corporate finance department at Danske Bank, focusing on the shipping and offshore industries. Prior to joining Danske Bank in 2014, he worked as an investment banking analyst for SEB. Mr. Holom holds an M.Sc. in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU).

# BOARD OF DIRECTORS

## VINCENT POLICARD
### Chairman

Vincent Policard (London) joined KKR in 2012 and is a Partner and Co-Head of European Infrastructure. At KKR, he has been actively involved in a number of infrastructure investments including Renvico, Coriance, ELL, Deutsche Glasfaser, Q Park, Hivory, Hyperoptic, and Open Dutch Fiber and is a member of the Infrastructure Investment Committee and the Infrastructure Portfolio Management Committee. Mr. Policard is currently on the board of directors of Q Park, Hivory, Hyperoptic, X-Elio, Telxius, and Open Dutch Fiber. Prior to joining KKR, Mr. Policard spent over a decade at Morgan Stanley, most recently as an executive director on Morgan Stanley's infrastructure fund team where he was responsible for originating and executing transactions in the European infrastructure sector, playing a leading role in investments in Madrilena Red de Gas and Eversholt Rail Group. He started his career at BNP Paribas in the M&A advisory business. Mr. Policard holds an M.B.A. from HEC Paris, a Masters in Political Science from Sciences Po Paris and a Masters of Law from Assas University (Paris).

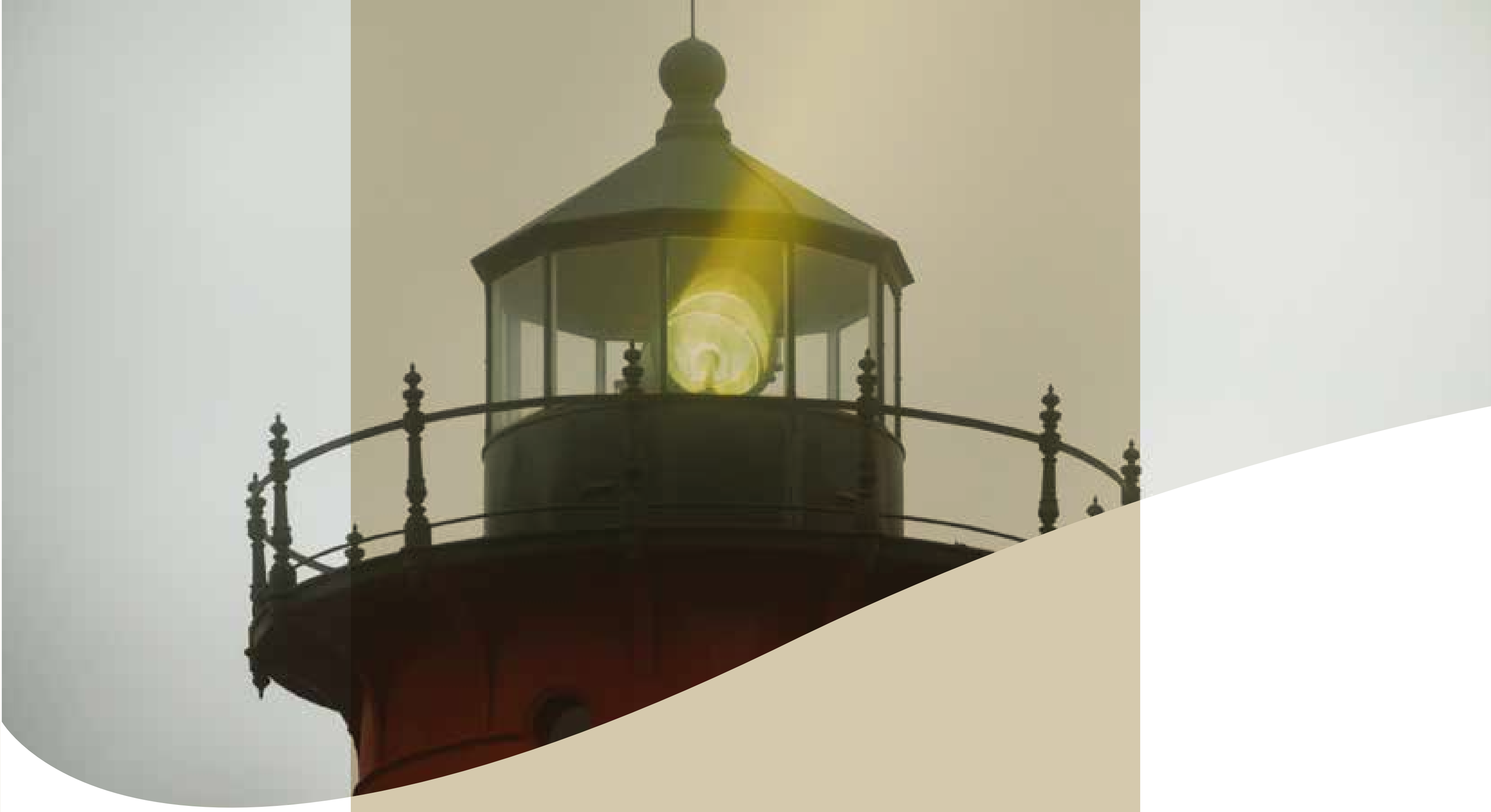
## BERNARDO NOGUEIRA
### Board Member

Bernardo Nogueira (London) joined KKR in 2017 and is a Principal on the European Infrastructure team. Mr. Nogueira has been involved in the firm's investments in Hyperoptic, Hivory, Calisen, T-Solar Global Operating Assets and Saba. Prior to joining the Firm, Mr. Nogueira was with Goldman Sachs' investment banking division in Madrid and London focusing on mergers, acquisitions and financing transactions mainly in the power, energy and utilities space. Mr. Nogueira holds a Master' in Finance from Nova School of Business and Economics and a Master's in International Management from CEMS - The Global Alliance in Management Education.

*KKR has substantial capital available for the support of the Company in making new investments. The strategic focus will continue to be on modern tonnage and newbuildings within the conventional shipping segments.*

# BOARD OF DIRECTOR´S REPORT

For Ocean Yield, the business model of owning vessels on long-term charters to a portfolio of international shipping companies, has continued to prove robust. Following the COVID-19 pandemic in 2020, we have seen a strong recovery in most commodity shipping markets, which was followed by increased oil and gas prices towards the end of the year.



**2021** was a milestone year for Ocean Yield, as the Company was acquired by funds advised by Kohlberg Kravis Roberts & Co. L.P. ("KKR") for NOK 41.259 per share, implying an equity value of the Company of about USD 800 million. The transaction was completed through a voluntary offer for all shares in Ocean Yield, where KKR reached approximately 94% ownership. Immediately thereafter, a compulsory acquisition of the remaining 6% shares was completed, resulting in KKR owning 100%. Subsequently the shares in Ocean Yield were de-listed from the Oslo Stock Exchange and the company converted from ASA to AS. Concurrently, a new Board of Directors was elected, consisting of senior representatives from KKR. This transaction marked the end of more than 8 years as a publicly listed company on the Oslo Stock Exchange with Aker ASA as majority shareholder.

With KKR as new owner, Ocean Yield's ambition is to continue to grow and diversify the fleet further in a private setting. The Company's strategy remains unchanged, with focus on investments in modern vessels and newbuildings within the conventional shipping segments with long term charters. KKR's infrastructure funds have substantial capital available to support the Company in making new investments and growing the fleet even further.

For Ocean Yield, the business model of owning vessels on long-term charters to a portfolio of international shipping companies, has continued to prove robust and resilient. Following the COVID-19 pandemic in 2020, we have seen a strong recovery in most commodity shipping markets, which was followed by increased oil and gas prices towards the end of the year. For Ocean Yield, all counterparties performed in accordance with their contracts during the year and there were no defaults in the portfolio. Counterparty risk in most segments improved on the back of strong commodity markets and congestion in world ports, while the tanker market remained weak due to lower oil production and reduced demand.

With the tragic events currently unfolding in Ukraine, the Company is monitoring the situation on a day-to day-basis, with specific focus on Sanctions. The Company does not have any operations or contracts directly related to Russia or Ukraine and has specific wording in all relevant bareboat charters with respect to Sanctions. Please refer to the "Risk" section later in this report.

In 2021, the Company continued to invest in vessels with long-term charters, with a total of USD 527.5 million invested in new projects during the year. This includes six VLCCs, two LR2 product tankers and 49.9% interest in one dual-fuel container vessel with long-term charter. Further, the Company sold fourteen vessels during the year through exercise of purchase or sales options in the charter agreements by the counterparties. This included 5 chemical tankers, 5 dry bulk vessels, two VLCCs and one FPSO. In addition, options have been exercised for another three vessels that will be delivered during 2022.

Ocean Yield continued its policy of paying quarterly dividends to its shareholders during 2021. The company paid a dividend of USD 5.45 cents per share in the first quarter, which increased to USD 5.70 cents in the second and third quarter. For the fourth quarter, the company declared a dividend of USD 22.8 cents per share, which was higher than normal due to a strong cash position and extraordinary dividends from the joint venture Box Holding Inc., following a refinancing of this company, which is expected to be received in Q2 2022.

In total, USD 39.65 cents in dividends per share was declared and USD 38.9 million in dividends were paid out to the Company's shareholders. Dividends declared are typically paid out in the following quarter.

## THE GROUP'S OPERATIONS AND FLEET

Ocean Yield invests in vessels on long-term charters across multiple segments. The fleet as of year-end counted 64 vessels including newbuildings, consisting of 15 crude tankers, 10 product tankers (of which four are owned 50%), 5 chemical tankers, 10 dry-bulk vessels, 11 container vessels (of which seven are owned 49.9%), 5 oil service vessels, 5 car carriers and 3 gas carriers. As of year-end 2021, 62 out of 64 vessels were chartered out on long-term contracts with an average duration of 9.2 years.

Ocean Yield's head office is in Bærum, Norway.

## REVIEW OF 2021

*NEW INVESTMENTS*

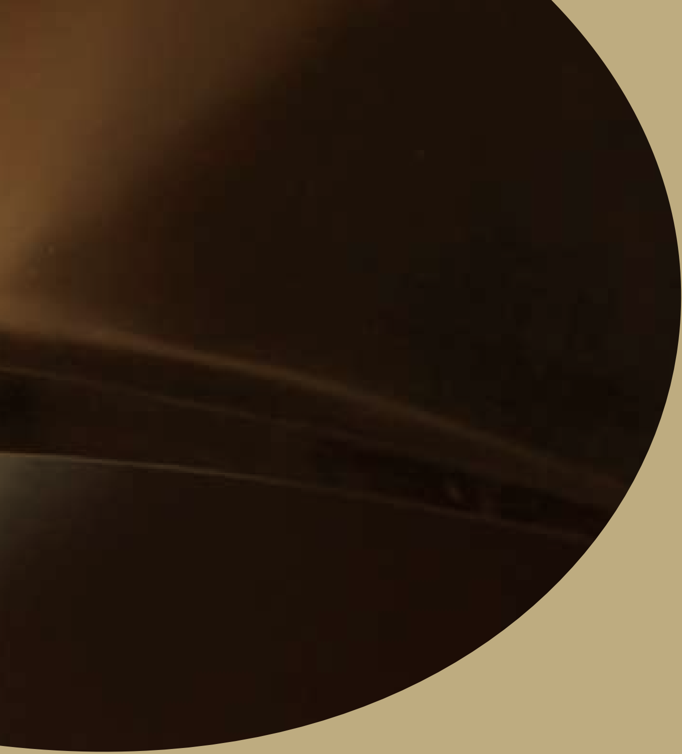
During 2021, the Company acquired another nine vessels with long-term charters.

In July, Ocean Yield agreed to acquire 49.9% equity interest in one LNG dual-fuel newbuilding container vessel with 18-year bareboat charter to a major European container line. The vessel, with a capacity of 15,300 TEUs is under construction at Hyundai Heavy Industries in Korea and is expected to be delivered in Q3 2022. The vessel will be fitted with a dual-fuel engine and will be able to operate on LNG.

In October, Ocean Yield agreed to acquire six eco-design VLCCs with 10-year bareboat charters to International Seaways Inc. ("International Seaways") for a total consideration of about USD 375 million. Five of the vessels are built in 2016 and one in 2015. The charter agreements include purchase obligations at the end. The transaction was financed with a combination of cash and long-term debt and delivery took place in November 2021.

International Seaways is one of the largest tanker companies worldwide providing energy transportation services for crude oil and petroleum products and owns and operates a fleet of 92 vessels. The company is listed on the New York Stock Exchange under the ticker "INSW".

In December, Ocean Yield acquired two modern LR2 product



*International Seaways is one of the largest tanker companies worldwide providing energy transportation services for crude oil and petroleum products and owns and operates a fleet of 92 vessels.*

tankers with 10-year bareboat charters to Scorpio Tankers Inc. ("Scorpio Tankers") for a total consideration of about USD 70 million. The charter agreements include purchase obligations at the end. The Company took delivery of the vessels during December 2021. Including this investment, Ocean Yield now owns six LR2 product tankers with long-term charters to Scorpio Tankers.

Scorpio Tankers currently owns, finance leases or bareboat charters-in 131 product tankers and is listed on the New York Stock Exchange under the ticker "STNG".

*VESSEL DIVESTMENTS*

Ocean Yield's charter agreements may contain underlying purchase options for the charterer, whereby the charterer can re-purchase the vessel at certain points during the charter, typically with the first option after five years. Also, in some cases, the charterer can trigger an option to sell the vessel to a third party through a true sale and not for refinancing purposes. In total 14 vessels were sold during 2021 with options for another 3 vessels declared. These 3 vessels will be delivered during 2022.

During 2021, certain subsidiaries of Navig8 Chemical Tankers Inc. exercised the five-year purchase options in the lease for the vessels Navig8 Topaz (option exercised in Q4 2020), Navig8 Tourmaline and Navig8 Tanzanite. Also, Navig8 Group Ltd. exercised the five-year purchase options for the vessels Navig8 Universe and Navig8 Constellation. These vessels were delivered to Navig8 Chemical Tankers Inc. and Navig8 Group Ltd. during the fourth quarter 2021.

During the first quarter, Eneti Inc., previously known as Scorpio Bulkers Inc., made a strategic decision to exit the dry-bulk sector and hence 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 these five vessels were completed during the first half of the year.

Okeanis Eco Tankers Corp., who was the charterer of the VLCCs Nissos Santorini and Nissos Antiparos declared an option in the charter contract to sell the vessels to a third party. Completion of the sale and delivery of the vessels took place during Q3 and Q4 2021.

During the fourth quarter, the dry bulk vessel Interlink Levity, with long term charter to Interlink Maritime Corp. was sold to a third party. However, in the bareboat charter, the vessel was replaced with a similar dry-bulk vessel, the Interlink Priority built in 2015, on similar chartering terms, leaving the exposure for Ocean Yield virtually unchanged.

Also in the fourth quarter, Navig8 Ltd. exercised options in the charter agreements for the LR2 tankers Navig8 Pride and Navig8 Providence to sell the vessels to third parties. Delivery of these vessels is expected to take place in Q1 2022.

In November, Aker Energy AS ("Aker Energy") exercised an option to acquire the FPSO Dhirubhai-1 for a total cash consideration of USD 35.0 million. The vessel was delivered to Aker Energy during the fourth quarter.

In December, Höegh Autoliners Shipping AS declared an option in the charter agreement for the 2010 built car carrier Höegh Beijing, to purchase the vessel upon expiry of the bareboat charter in June 2022 for a total consideration of USD 22.0 million.

## DIVIDENDS

During 2021 Ocean Yield continued its policy of paying quarterly dividends to its shareholders. For the year 2021, USD 38.9 million was paid out in dividends. The Annual General meeting has authorized the Board of Directors of Ocean Yield to resolve and declare dividends for the financial quarters up until the next ordinary general meeting in April 2022. The General Meeting in April 2022 will vote on a new authorization to the Board, for payment of quarterly dividends up until the next General Meeting in 2023.

For Q4 2021 the Board of Directors declared a dividend of USD 22.8 cents per share. This was approved by the Board of Directors on 11th February 2022.

## EVENTS AFTER YEAR END

Post quarter end, Ocean Yield announced that Lars Solbakken had informed the Board of Directors of his retirement from his role as CEO, effective February 4th, 2022. The Board of Directors of Ocean Yield appointed Andreas Røde as the new CEO of the Company. Mr. Røde joined Ocean Yield in 2017 and comes from the role of Head of Business Development and M&A. As part of the organisational change, Eirik Eide will continue as Chief Financial Officer, Andreas Reklev took on the role as Chief Operating Officer and Erik Hiller Holom was appointed Head of Business Development.

## FINANCING

*SECURED VESSEL FINANCING*

During 2021, the Company entered into several new financing agreements for the long-term financing of its vessels. In total USD 444.5 million of secured bank debt was raised during the year. In addition, the Company has refinanced several facilities that had upcoming near-term maturities.

The following new debt facilities have been entered into in 2021:

- In connection with the acquisition of the six VLCCs on charter to International Seaways, Ocean Yield entered into long-term financing agreements with several of its relationship banks for a total amount of USD 291 million. The financing agreements have tenors between five and ten years with competitive margins.

- The Company has also entered into a new loan agreement of approximately USD 55 million for the financing of the two LR2 tankers on charter to Scorpio Tankers, which were acquired in December. The loan has a tenor of five years with competitive margin.

- For the two newbuilding Suezmax tankers scheduled for delivery in Q2 2022, the Company signed a new loan agreement in December 2021 for a USD 81.5 million loan facility with a tenor of 10 years with competitive margin.

- Box Holdings Inc. the joint venture where Ocean Yield has 49.9% interest in 7 container vessels, completed a refinancing of the bank debt relating to six of the mega container vessels it currently owns, which is expected to release a cash amount of USD 35-40 million in extraordinary dividend to Ocean Yield. The dividend is expected to be received during Q2 2022. The debt related to these vessels is not guaranteed by Ocean Yield.

- During the third quarter, 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 was increased with approximately USD 17 million and the maturity date has been extended until 2027.

*CORPORATE FUNDING*

During 2021, Ocean Yield did not issue any new shares, unsecured bonds or other capital markets instruments.

For the Company's unsecured bonds, the bond OCY04 had final maturity in September 2021, but was prepaid in full in two separate transactions. In total, NOK 450 million was prepaid and settlement took place in April and June 2021. Following this, the Company has two unsecured bonds and one hybrid perpetual bond outstanding in the market.

In connection with the voluntary offer from KKR for all shares in Ocean Yield, bondholder meetings were held in for the two unsecured bonds OCY05 and OCY07, and the hybrid perpetual bond OCY06 to approve a change of control of the Company. The change of control was approved by all bondholder meetings. In addition, the listing requirement for Ocean Yield's shares were permanently waived. Amendment agreements for all bonds were entered into during the fourth quarter.

## BUSINESS SEGMENTS

Ocean Yield defines operating segments based on the Group's internal management- and reporting structure. Ocean Yield's operating segments as of year-end 2021 are defined as follows:

- Tankers
- Container vessels
- Car Carriers
- Other Shipping
- Other Oil-service
- Other

Please refer to Note 6 for more details on the business segments.

# 2021 FINANCIAL REVIEW

Total revenues and other income were USD 185.1 million in 2021 compared with USD 258.8 million in 2020. The decrease compared with 2020 is mainly due to a combination of vessel sales and the establishment of two joint ventures for seven tankers in 2020, which changed the accounting method for these vessels. In addition, the figures for 2020 included the settlement of an insurance claim related to the Höegh Xiamen, which was declared a total loss in 2020.

Vessel Operating Expenses were USD 0.8 million in 2021 compared with USD 7.9 million in 2020. This is related to the vessel Connector, which was sold late in 2020.

Operating profit was USD 132.7 million in 2021 compared with USD 62.5 million in 2020. In addition to the comments on revenues above, Operating profit in 2020 included impairments and losses related to the sale of the oil-service vessel Connector.

Net Financial items were negative USD 46.3 million in 2021, compared with negative USD 95.4 million in 2020. The reduction compared to the previous year is mainly related to repayment of debt as a result of vessel sales, repayment of the unsecured NOK bond OCY 04, and the establishment of a joint venture for seven tankers on long-term charters in the second quarter of 2020. In addition, the figures for 2020 included foreign exchange losses and change in fair value of financial instruments of negative USD 12.9 million, compared with a positive figure of USD 7.5 million in 2021.

Net loss from discountinued operations was USD 20.7 million in 2021 compared with USD 105.1 million in 2020. This is related to the FPSO Dhirubhai-1, which has been in lay-up and was sold to Aker Energy in Q4 2021. The losses are mainly a result of impairments on the vessel's book value of USD 16.4 million in 2021 and and USD 94.8 million in 2020.

Net profit for the year 2021 was USD 63.0 million compared with a Net loss for the year of USD 141.3 million in 2020. Adjusted net profit was USD 89.1 million in 2021 compared with USD 77.9 million in 2020.

## FINANCIAL POSITION AS OF DECEMBER 31ST 2021

The Ocean Yield Group had total assets as of 31st December 2021 of USD 2,325.0 million, compared to USD 2,286.3 million for 2020.

Total equity was USD 663.5 million at the end of 2021 compared with USD 637.7 million at the end of 2020.

During 2021, the Company did not issue any new shares. Changes in equity include other comprehensive income of USD 9.8 million, dividends of USD 38.9 million, dividends on hybrid capital of USD 8.4 million, treasury shares acquired of USD 0.4 million and treasury shares sold of USD 0.5 million. The book equity ratio was 28.5% at the end of 2021, compared with 27.9% at the end of 2020.

Cash and cash equivalents at year end 2021 were USD 121.2 million.

Total interest bearing debt was USD 1,618.9 million as of year end 2021, compared with USD 1,610.8 million as of year end 2020. Net interest bearing debt was USD 1,497.7 million, compared to USD 1,498.1 million in 2020.

## CASH FLOW

Net Cash flow from operating activities was USD 191.6 million in 2021, compared to USD 151.1 million for 2020. The difference between the EBITDA of USD 162.0 million and Net cash flow from operating activities of USD 191.6 million is as follows:

| Amounts in USD million | 2021 |
|---|---|
| **EBITDA** | **162.0** |
| Repayment on finance lease receivable | 86.5 |
| Income from investment in associates | -19.6 |
| Dividend received from investments in associates | 18.5 |
| Realized foreign exchange loss | 0.6 |
| Other financial expenses | -3.5 |
| Net interest paid | -42.4 |
| Taxes paid | -0.1 |
| Net change in working capital | -10.5 |
| **Cash flow from operating activities** | **191.6** |

Net cash flow from investments was negative USD 46.0 million in 2021. This includes investments in vessels accounted for as finance leases and investments in associated companies. The amounts in 2021 are related to the acquisition and delivery of six VLCCs and two product tankers during the year and the sale of 13 other vessels and one FPSO.

Net cash flow from financing was negative USD 139.2 million, compared to negative USD 406.7 million in 2020. The figures for 2021 include proceeds from issuance of long-term interest bearing debt of USD 601.7 million, repayment of debt of USD 693.3 million, repayment of finance lease liabilities of USD 0.3 million, payment of dividends of USD 38.9 million, dividend on hybrid capital of USD 8.4 million and net change in treasury shares of USD 0.1 million. This compares to issuance of new long-term debt of USD 195.1 million, repayment of interest bearing debt of USD 480.8 million, repayment of finance lease liabilities of USD 0.3 million, dividends of USD 60.0 million, and dividends on hybrid capital of USD 9.3 million in 2020.

Net cash flow for the year 2021 was positive USD 6.4 million, resulting in cash and cash equivalents of USD 121.2 million at the end of the year. This compares to a negative net cash flow of USD 69.0 million for 2020. The Company's operating cash flow is sufficient to cover ordinary instalments under the Company's debt facilities. The Company normally finances new investments with a combination of debt and equity, where the operating cash flow from each new investment is sufficient to cover the debt assumed for the relevant project. In addition, the Company had USD 5.5 million of restricted cash deposits. The Group held no marketable securities at the end of the year. The Group had capital expenditure commitments related to two newbuildings of USD 88.0 million at the end of the year that are scheduled for delivery in 2022. A secured loan facility has been signed for USD 81.5 million related to these vessels that can be drawn on delivery.

## PARENT COMPANY – OCEAN YIELD AS

The net profit after tax for the parent company Ocean Yield AS was negative USD 56.3 million for the year 2021 compared to negative USD 230.3 million for the year 2020. Total assets were USD 997.8 million and total equity was USD 372.9 million, resulting in an equity ratio of 37% in the parent company. Total interest-bearing long-term debt was USD 549.0 million.

## PRESENTATION OF ANNUAL ACCOUNTS

Ocean Yield's consolidated Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the European Union and the additional requirements of the Norwegian Accounting Act as of 31st December 2021. The financial statements of the parent company Ocean Yield AS have been prepared and presented in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

## GOING CONCERN ASSUMPTION

Pursuant to section 3-3a of the Norwegian accounting act, it is confirmed that the annual accounts have been prepared based on the assumption that Ocean Yield is a going concern and the Board of Directors confirms that this assumption continues to apply.

## RISK AND RISK MANAGEMENT

*MARKET RISK*
As of year end 2021, 62 out of 64 vessels are on long-term contracts and are hence not directly exposed to short- or medium-term market risk, as these contracts typically have a fixed charter rate throughout the entire period, only subject to LIBOR adjustments. The Company is exposed to market risk for two AHTS vessels that are fixed on 3 year contracts to subsidiaries of Solstad Offshore ASA, as these contracts have variable rates that fluctuate according to the earnings of a pool of seven similar vessels. In addition, the Company is exposed to market risk and residual value risk related to vessels that are approaching the expiry date for their long-term contract or in the event of a counterparty default.

*OPERATING RISK*
As most of Ocean Yield's vessels are on bareboat charter contracts, the Company is not exposed to operating risk for these vessels, as this is the responsibility of the charterer. However, for the two AHTS vessels on charter to Solstad, the Company is ultimately responsible for the operations and maintenance of the vessels and hence has full operational risk.

*FINANCIAL RISK*
Ocean Yield's strategy is to mitigate financial risk, where appropriate, using derivative instruments. This is mainly related to interest rate risk and currency risk. The Company will enter into fixed interest rate agreements for portions of its debt facilities from time to time, in order to hedge interest rate exposure. The ratio of fixed interest rate contracts to its total debt portfolio may vary from time to time, depending on the Company's view of the market. A number of the Company's lease agreements have floating interest rate clauses, where the counterparty is responsible for any increase in underlying interest rates. Hence, a major part of the debt portfolio is funded on a floating interest rate basis, where the interest rate risk is covered by the floating interest clauses in the leases. This significantly improves the overall effective hedging position of the Group.

Most of the Group's revenues are denominated in USD and hence there is limited currency exchange risk in the Group. However, the Company has some exposure to NOK through Ocean Yield's bond debt, which is issued in NOK, office rentals and salaries in Norway. As such, Ocean Yield may from time to time, enter into derivative contracts in order to hedge currency risk related to its fixed revenues. As of year end, the Company had NOK 1,471.7 million in NOK loans (including bonds that have been repurchased in the market) and had interest and currency swaps of NOK 1,250 million in total, which effectively swapped these loans from NOK to USD.

*FINANCING RISK*
Ocean Yield is exposed to financing risk since the Company raises external debt on a regular basis for a portion of its investments in vessels, either in the bank market or the bond market. These loans are subject to refinancing typically at maturities ranging between five to twelve years. The loans are subject to certain financial covenants that are reported

on a quarterly or semi-annual basis by the Company. Should the appetite or capacity in these markets deteriorate rapidly, the Company may face the risk of increased margins when entering into a new project, or obtaining lower leverage than anticipated in a refinancing. This may negatively impact overall returns. The Company works to reduce these risks by securing financing at the same time or shortly after committing to a new investment and maintaining access to broad range of capital market products.

*COUNTERPARTY RISK*
Ocean Yield has inherent credit risk through the fact that a counterparty may not be able to meet its obligations under a long term charter contract. In order to mitigate this, the Company charters out the vessels to internationally recognized companies within the shipping and offshore industry. However, as shipping and oil service markets are volatile, there is no complete protection against potential counterparty default. Ocean Yield also has credit risk related to its trade receivables. The Company's cash and cash equivalents are placed with major international banks with strong credit ratings.

*LIQUIDITY RISK*
Ocean Yield has inherent liquidity risk in a situation where the Company may be unable to fulfil its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its obligations when due. Management monitors monthly forecasts of the Group's liquidity reserve on the basis of expected cash flows.

*SANCTIONS*
Ocean Yield has strict requirements related to sanctions and restricted parties. This is included as charterers undertakings in all relevant bareboat charter parties, and the Company has procedures to monitor related risks. Further, Ocean Yield has made undertakings related to sanctions and restricted parties in the Group's loan agreements.

## SUSTAINABILITY

The section 3-3c in the Norwegian Accounting Act requires that large companies account for their efforts to integrate corporate social responsibility in their business strategies and day-to–day operations. Ocean Yield AS has chosen to report on its efforts within ESG in a separate document in this Annual Report for 2021 approved by the Board of Directors. Reference is made to the Corporate Social Responsibility Statement/ESG Report later in this Annual Report. The assessment encompasses Ocean Yield AS and subsidiaries consolidated into the Group accounts.

## CORPORATE GOVERNANCE

The Company has adopted and implemented a corporate governance regime which, in all material respects, complies with the Norwegian code of practice for Corporate Governance and the Section 3-3b in the Norwegian Accounting Act. A Copy of the Corporate Governance Statement can be found on the Company's web site, www.oceanyield.no. Reference is also made to the Corporate Social Responsibility Statement/ESG Report later in this Annual Report.

## RESEARCH AND DEVELOPMENT

Ocean Yield has not been engaged in research and development during 2021.

## ALLOCATION OF PROFIT AND DIVIDEND FOR THE PARENT COMPANY OCEAN YIELD AS

In 2021, Ocean Yield has paid USD 38.9 million in dividends. A dividend of USD 0.23 per share, or approximately USD 40.0 million in total, was approved by the Board of Directors on 11th February 2022 for Q4 2021. This is reflected in the accounts of the parent company Ocean Yield AS.

The parent company, Ocean Yield AS had a net loss after tax of USD 56.3 million for the year 2021. The Board of Directors proposes the following allocation of the net loss of USD 56.3 million: USD 69.6 million in dividends and USD 125.8 million from other paid-in capital.

## OUTLOOK

With KKR as new owner, Ocean Yield's ambition is to continue to grow and diversify the fleet further in a private setting.

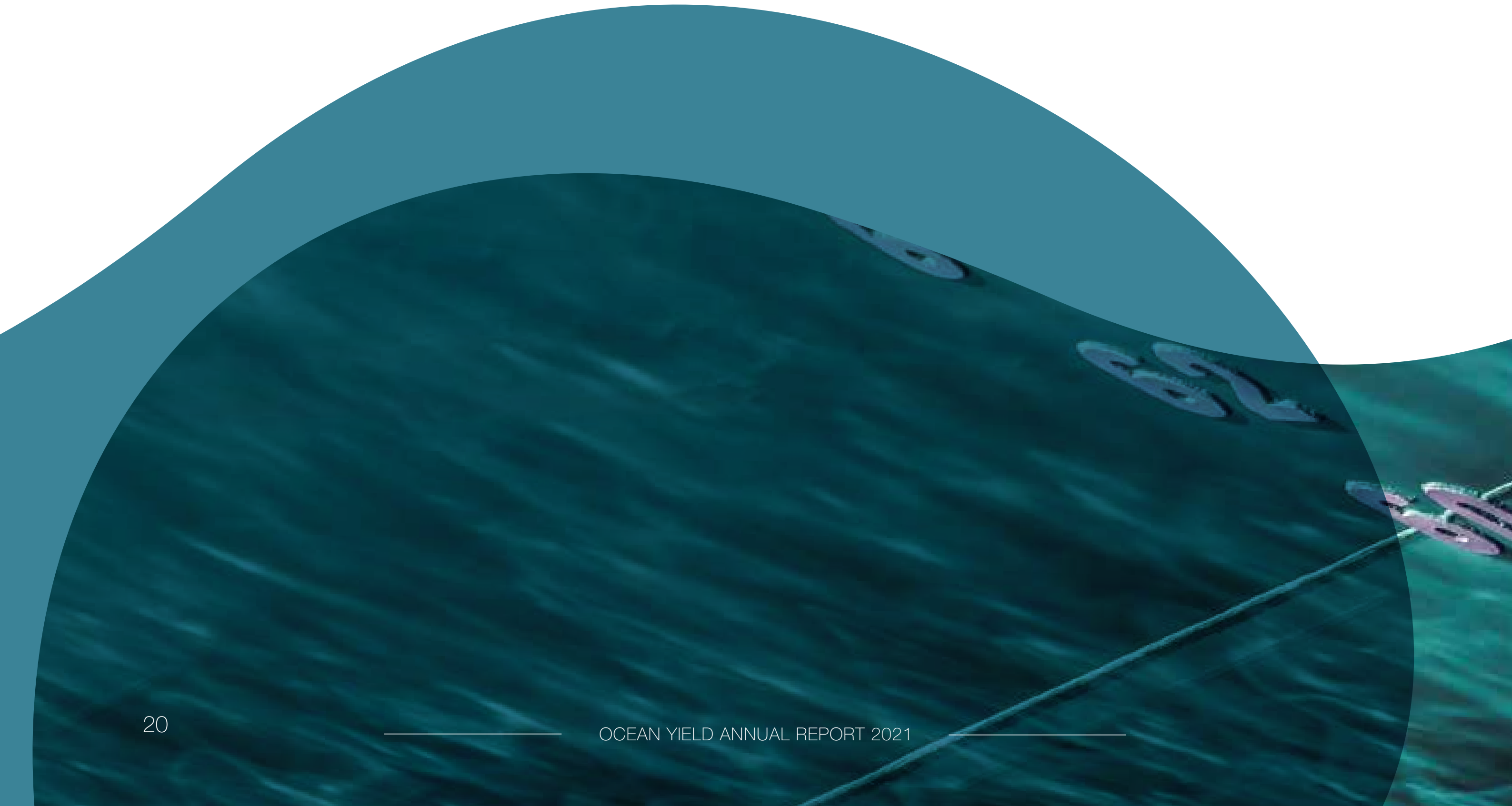
KKR has substantial capital available for the support of the Company in making new investments. The strategic focus will continue to be on modern tonnage and newbuildings within the conventional shipping segments.

Given the current tragic events in Ukraine, the Company will have specific focus on monitoring the situation on a day-to-day basis going forward, with specific focus on Sanctions. Ocean Yield has strict requirements related to sanctions in all relevant bareboat charter parties, and the Company has procedures in place to monitor related risks.

# CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

## Consolidated statement of profit and loss and total comprehensive income

| Amounts in USD million | Note | 2021 | 2020 |
|---|---|---|---|
| Operating lease revenue | 7 | 68.6 | 95.5 |
| Finance lease revenue | 8 | 86.5 | 112.4 |
| Income from investments in associates | 17 | 19.6 | 22.4 |
| Other income | 9 | 10.3 | 28.5 |
| **Total revenues and other income** | | **185.1** | **258.8** |
| Vessel operating expenses | | -0.8 | -7.9 |
| Wages and other personnel expenses | 10 | -12.5 | -6.0 |
| Other operating expenses | 10 | -9.8 | -3.6 |
| Depreciation and amortization | 16 | -29.3 | -45.7 |
| Impairment charges | 11 | - | -62.2 |
| Loss from sale of vessel | 12 | - | -70.7 |
| **Operating profit (loss)** | | **132.7** | **62.5** |
| Financial income | 13 | 9.8 | 28.9 |
| Financial expenses | 13 | -56.1 | -124.3 |
| **Net financial items** | 13 | **-46.3** | **-95.4** |
| **Net profit (loss) before tax** | | **86.4** | **-32.9** |
| Income tax expense (-) / benefit (+) | 14 | -2.7 | -3.3 |
| **Net profit (loss) from continuing operations** | | **83.7** | **-36.1** |
| Net profit (loss) from discontinued operation, net of tax | 15 | -20.7 | -105.1 |
| **Net profit (loss) for the period** | | **63.0** | **-141.3** |
| Attributable to: | | | |
| Equity holders of the parent | | 54.6 | -150.9 |
| Non-controlling interests | | - | 0.4 |
| Dividends on hybrid capital | | 8.4 | 9.3 |
| **Net profit (loss) for the period** | | **63.0** | **-141.3** |
| **Basic and diluted earnings per share (USD)** | 19 | **0.31** | -0.86 |
| **Basic and diluted earnings per share (USD), continuing operations** | 19 | **0.43** | -0.26 |



## Consolidated statement of profit and loss and total comprehensive income (continued)

| Amounts in USD million | Note | 2021 | 2020 |
|---|---|---|---|
| Net profit (loss) for the period | | 63.0 | -141.3 |
| **Other Comprehensive income, net of income tax** | | | |
| **Items that will not be reclassified to the income statement** | | | |
| Remeasurements of defined benefit liability (asset) | | - | -0.0 |
| **Total for items that will not be reclassified to the income statement** | | **-** | **-0.0** |
| **Items that are or may be reclassified to the income statement** | | | |
| Share of other comprehensive income from investment in associates | | 9.8 | -14.7 |
| Change in fair value of financial assets | | - | -0.1 |
| Currency translation differences | | - | -0.0 |
| **Total for items that are or may be reclassified to the income statement** | | **9.8** | **-14.8** |
| **Total change in other comprehensive income, net of income tax** | | **9.8** | **-14.8** |
| **Total comprehensive income** | | **72.9** | **-156.1** |
| | | | |
| Attributable to: | | | |
| Equity holders of the parent | | 64.5 | (165.8) |
| Non-controlling interests | | - | 0.4 |
| Dividends on hybrid capital | | 8.4 | 9.3 |
| **Total comprehensive income for the period** | | **72.9** | **-156.1** |

## Consolidated statement of financial position at 31st December

| Amounts in USD million | Note | 2021 | 2020 |
|---|---|---|---|
| ASSETS | | | |
| Vessels and other fixed assets | 16 | 524.2 | 550.4 |
| Investments in associates | 17 | 182.9 | 178.0 |
| Interest-bearing long-term receivables | 18 | 1 300.5 | 1 221.6 |
| Other shares and other non-current assets | 18 | 2.1 | 1.3 |
| **Total non-current assets** | | **2 009.6** | **1 951.2** |
| Interest-bearing short-term receivables | 18 | 191.0 | 164.2 |
| Trade receivables and other interest-free receivables | 5 | 3.2 | 4.2 |
| Cash and cash equivalents | 5 | 121.2 | 112.7 |
| **Current assets** | | **315.4** | **281.1** |
| Assets held for sale | 15 | - | 54.0 |
| **Total current assets** | | **315.4** | **335.1** |
| **Total assets** | | **2 325.0** | **2 286.3** |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 271.0 | 271.0 |
| Treasury shares | | - | 0.0 |
| Other paid-in capital | | 190.2 | 237.3 |
| **Total paid-in capital** | 19 | **461.2** | **508.3** |
| Retained earnings and other reserves | | 77.2 | 4.4 |
| **Total equity attributable to equity holders of the parent** | | **538.5** | **512.7** |
| Hybrid capital | 19 | 125.0 | 125.0 |
| **Total equity** | | **663.5** | **637.7** |
| Interest-bearing long-term debt | 22 | 1 456.5 | 1 139.0 |
| Deferred tax liabilities | 14 | 7.0 | 5.2 |
| Pension liabilities | | 0.0 | 0.0 |
| Fair value of derivatives | | 7.0 | 13.7 |
| Other interest-free long-term liabilities | 23 | 2.6 | 1.2 |
| **Total non-current liabilities** | | **1 473.1** | **1 159.2** |
| Interest-bearing short-term debt | 22 | 162.4 | 471.8 |
| Trade and other payables | | 26.0 | 15.4 |
| **Current liabilities** | | **188.5** | **487.2** |
| Liabilities directly associated with the assets held for sale | 15 | - | 2.2 |
| **Total current liabilities** | | **188.5** | **489.4** |
| **Total liabilities** | | **1 661.6** | **1 648.6** |
| **Total equity and liabilities** | | **2 325.0** | **2 286.3** |

**BÆRUM, 31ST MARCH 2022**
OCEAN YIELD AS

**VINCENT POLICARD**
CHAIRMAN

**BERNARDO NOGUEIRA**
DIRECTOR

**ANDREAS RØDE**
CEO

## Consolidated statement of changes in equity

| Amounts in USD million | Share capital | Share premium | Treasury shares reserve | Fair value reserve | Translation reserve | Retained earnings | Shareholders equity | Hybrid capital | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31st December 2019** | **271.0** | **366.1** | **-0.4** | **-11.9** | **-42.0** | **155.6** | **738.4** | **125.0** | **13.2** | **876.6** |
| Net profit (loss) for the period | - | -47.1 | - | - | - | -94.5 | -141.6 | - | 0.4 | -141.3 |
| Other comprehensive income | - | -0.0 | - | -0.1 | -0.0 | -14.7 | -14.8 | - | - | -14.8 |
| Total comprehensive income | - | -47.2 | - | -0.1 | -0.0 | -109.2 | -156.5 | - | 0.4 | -156.1 |
| Dividend | - | -60.0 | - | - | - | - | -60.0 | - | -0.5 | -60.5 |
| Dividend on hybrid capital | - | -9.3 | - | - | - | - | -9.3 | - | - | -9.3 |
| Decrease in non-controlling interests (de-consolidation of | - | - | - | - | - | - | - | - | -13.0 | -13.0 |
| Sale of shares in Solstad Offshore ASA | - | -12.0 | - | 12.0 | - | - | - | - | - | - |
| Treasury shares acquired | - | - | -0.7 | - | - | - | -0.7 | - | - | -0.7 |
| Treasury shares sold | - | -0.2 | 1.0 | - | - | - | 0.7 | - | - | 0.7 |
| Change of functional currency in subsidiaries | - | - | - | - | 42.0 | -42.0 | 0.0 | - | - | 0.0 |
| **Balance at 31st December 2020** | **271.0** | **237.4** | **-0.1** | **-** | **-** | **4.4** | **512.7** | **125.0** | **-** | **637.7** |
| Net profit (loss) for the period | - | - | - | - | - | 63.0 | 63.0 | - | - | 63.0 |
| Other comprehensive income | - | - | - | - | - | 9.8 | 9.8 | - | - | 9.8 |
| Total comprehensive income | - | - | - | - | - | 72.9 | 72.9 | - | - | 72.9 |
| Dividend | - | -38.9 | - | - | - | - | -38.9 | - | - | -38.9 |
| Dividend on hybrid capital | - | -8.4 | - | - | - | - | -8.4 | - | - | -8.4 |
| Treasury shares acquired | - | - | -0.4 | - | - | - | -0.4 | - | - | -0.4 |
| Treasury shares sold | - | 0.0 | 0.5 | - | - | - | 0.5 | - | - | 0.5 |
| Other | - | 0.1 | - | - | - | -0.1 | 0.1 | - | - | 0.1 |
| **Balance at 31st December 2021** | **271.0** | **190.2** | **-** | **-** | **-** | **77.2** | **538.5** | **125.0** | **-** | **663.5** |

## Consolidated statement of cash flows

| Amounts in USD million | Note | 2021 | 2020 |
|---|---|---|---|
| Net profit (loss) for the period | | 63.0 | -141.3 |
| Income tax expense | | 2.7 | 3.3 |
| Taxes paid | | -0.1 | -1.4 |
| Net interest expenses (+) | | 50.3 | 77.5 |
| Interest paid | | -44.6 | -79.0 |
| Interest received | | 2.3 | 2.4 |
| Impairment charges and other non-recurring items | 11, 15 | 16.4 | 157.0 |
| Gain/Loss from sale of vessel | 12, 16 | - | 69.8 |
| Repayment on finance lease receivables | 8 | 86.5 | 97.1 |
| Depreciation and amortization | 16 | 29.3 | 45.8 |
| Income from investments in associates | 17 | -19.6 | -22.4 |
| Dividend received from investments in associates | | 18.5 | 18.1 |
| Unrealized foreign exchange gain/loss | | -5.1 | -2.3 |
| Change in fair value of financial instruments | | -1.8 | -26.8 |
| Changes in other operating assets and liabilities | | -6.2 | -46.8 |
| **Net cash flow from operating activities** | | **191.6** | **151.1** |
| | | | |
| Acquisition of vessels and equipment | 16 | -0.9 | -4.2 |
| Sale of vessel | 16 | 35.0 | 73.5 |
| Sale of vessels (de-consolidation of subsidiary) | 16 | - | 80.9 |
| Proceeds from Insurance claim | 9 | - | 26.3 |
| Acquisition of vessels accounted for as finance lease receivables | 8 | -439.8 | -91.1 |
| Sale of vessel accounted for as finance lease | 8 | 367.4 | 69.2 |
| Net cash flow from other non-current assets | | 1.1 | 1.9 |
| Acquisition of shares in subsidiary, net of cash acquired | 17 | -4.9 | - |
| Investments in associates | 17 | - | 10.2 |
| Net cash flow from interest-bearing long-term receivables | | -3.9 | 19.8 |
| **Net cash flow from investing activities** | | **-46.0** | **186.5** |
| | | | |
| Proceeds from issuance of long-term interest-bearing debt | 22 | 601.7 | 195.1 |
| Repayment of long-term interest-bearing debt | 22 | -693.3 | -480.8 |
| Repayment of long-term interest-bearing debt (de-consolidation of subsidiary) | 22 | - | -50.9 |
| Repayment on finance lease liabilities | | -0.3 | -0.3 |
| Dividend paid | 19 | -38.9 | -60.0 |
| Dividend on hybrid capital | 19 | -8.4 | -9.3 |
| Dividend paid to non-controlling interests | | - | -0.5 |
| Net change in treasury shares | | 0.1 | 0.0 |
| **Net cash flow from financing activities** | | **-139.2** | **-406.7** |
| | | | |
| **Net change in cash and cash equivalents** | | **6.4** | **-69.0** |
| Exchange rate differences | | 1.0 | -2.0 |
| Cash and cash equivalents 1st January | | 112.7 | 185.5 |
| Non-controlling interests' share of cash at time of de-consolidation | | - | -1.2 |
| Change from associated company to subsidiary | | 1.0 | - |
| Change in cash reported with assets held for sale | | - | -0.4 |
| **Cash and cash equivalents 31st December** | **5** | **121.2** | **112.7** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 CORPORATE INFORMATION

Ocean Yield AS is a Norwegian company, domiciled in Bærum, Norway, with business address Oksenøyveien 10, Lysaker. The Ocean Yield Group was established at the end of March 2012, with Ocean Yield AS as the parent company. In July 2013 the company was listed on Oslo Stock Exchange. Towards the end of 2021 the Company was acquired by funds controlled by Kohlberg Kravis Roberts & Co. L.P. ("KKR") and de-listed from the Oslo Stock Exchange in December 2021. After the de-listing the Company converted from ASA to AS.

The 2021 consolidated financial statements of Ocean Yield AS incorporate the financial statements of the Company and its subsidiaries owned as of 31st December 2021 (referred to collectively as the "Group" and separately as group companies).

The Group has investments in vessels within 8 different shipping segments.

## NOTE 2 BASIS FOR PREPARATION AND NEW AND AMENDED STANDARDS

### STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the European Union, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31st December 2021.

The consolidated financial statements for 2021 were approved and authorized for issue by the Board of directors on 31st March 2022. The consolidated financial statements will be presented to the Annual General Meeting on 7th April 2022 for approval.

### BASIS OF PREPARATION

The accounting principles presented herein have been applied consistently for the reporting period and for the companies presented in the consolidated financial statements. Comparative figures are reclassified if necessary to conform to current year presentation.

### BASIS OF MEASUREMENT

Preparation of the financial statements is based on historical cost, with the following exceptions:

- *Derivative financial instruments are measured at fair value*
- *Financial assets measured at fair value over other comprehensive income*
- *Assets held for sale are measured at fair value*
- *Principles used to determine fair value are described in greater detail in note 4.*

### FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

These consolidated financial statements are presented in United States Dollars (USD), which is the functional currency of Ocean Yield AS and the group companies.

All financial information presented in USD has been rounded to the nearest million with one decimal, except when otherwise stated. Due to rounding differences there may be some minor inconsistency between total figures.

### USE OF ESTIMATES AND JUDGMENT

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of guidelines and principles, as well as the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered relevant under the circumstances. The resulting accounting estimates will, by definition, seldom match actual results, but are based on the best estimate at the time.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimates are revised if the change affects that period, or prospectively for changes in estimates such as the useful lives of vessels or in estimated salvage values. Estimates and assumptions that could have a significant impact on the carrying amounts of assets and liabilities within the next financial year are discussed below.

*CLASSIFICATION OF LEASE AGREEMENTS*

As of year-end 2021 most of the Group's vessels were chartered on long term contracts. At the inception of the lease agree-

ments an assessment is carried out evaluating whether the agreements should be classified as either operating leases or finance leases. Reference is made to note 3 Accounting principles, section Lease Agreements, note 7 Operating lease revenue and note 8 Finance lease revenue.

*IMPAIRMENT OF VESSELS*
Ocean Yield has significant investments in vessels. Evaluating whether a vessel is impaired or if an impairment should be reversed, requires a high degree of judgment and may to a large extent depend upon the selection of key future assumptions. Reference is made to note 16 Vessels and other fixed assets.

*IMPAIRMENT OF FINANCE LEASE RECEIVABLES*
The Group had as of year-end 2021 42 lease agreements that are classified as finance leases. At the end of each reporting period the Group assesses whether the financial lease receivables are credit-impaired. Impairment is assessed using the expected credit loss ("ECL") method for financial assets. Twelve month ECLs are used for the finance lease receivables for which credit risk has not increased significantly since initial recognition. If there is a significant increase in credit risk, the expected credit loss is estimated for the entire lease term. The assessment of whether there is a significant increase in credit risk is based on a total assessment of the counterparty. Examples of events that may lead to a significant increase in credit risk are delayed payments, breach of covenants, decrease in equity, negative development in working capital and a significant decrease in the share price for listed entities. In addition, the Group regularly assesses whether there have been reductions in the estimated unguaranteed residual values of the leased assets. The assessment of changes in unguaranteed residual values involves the use of estimates and assumptions about expected future values. Reference is made to note 8 Finance lease revenue and note 24 Financial instruments.

*HYBRID CAPITAL*
In August 2019 the Company successfully completed a new perpetual hybrid callable bond ("Hybrid bond"). The Hybrid bond is a perpetual bond, with no fixed maturity. After five years there is a step-up in the margin of 5%. However, there is no contractual obligation to repay the bonds. Further, coupons on the bonds can be deferred at any time and can be deferred until the bonds are settled. Deferring the coupons blocks the Company from paying dividends. As the Company has no contractual obligation to pay either the bonds or the coupons, it's the Group's assessment that the Hybrid bond does not meet the requirements in the definition of a financial liability, and the Hybrid bond has thus been classified as equity.

### NEW AND AMENDED STANDARDS
A number of new standards and amendments are effective from 1 January 2021, but they do not have a material effect on the Group's financial statements.

## NOTE 3 ACCOUNTING PRINCIPLES

### GROUP ACCOUNTING AND CONSOLIDATION PRINCIPLES

*SUBSIDIARIES*
Subsidiaries are entities over which the Group has control. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated accounts from the day control is obtained and until control ceases to exist.

*INVESTMENTS IN ASSOCIATES*
An associate is defined as a company over which the group has significant influence but which is not a subsidiary or a joint arrangement. Significant influence is where the company has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The Group's investment in an associate is accounted for using the equity method. The investment is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements includes the Group's share of the profit and loss and OCI of the associate, until the date on which significant influence ceases to exist.

Dividends received from associates are presented as part of net cash flow from operating activities in the statement of cash flows. Received dividends are recognised as a reduction of the book value of the investment.

*TRANSACTIONS ELIMINATED ON CONSOLIDATION*
Intra-Group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

## FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

*TRANSACTIONS AND BALANCES*
Foreign currency transactions are translated into the entities functional currency using the exchange rates prevailing at the date of each transaction. Monetary assets and liabilities in foreign currencies are translated into the entities functional currency using the exchange rates on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in other currencies than USD are recognized in the statement of profit and loss as foreign exchange gains/losses.

*GROUP COMPANIES*
Financial statements of group companies whose functional currencies are different from the presentation currency (USD) are translated to USD in the following way:

- *Balance sheet items are translated using the exchange rates on the balance sheet date*
- *Profit or loss items are translated using the average exchange rates for the reporting period.*
- *All translation differences are recognized in Other Comprehensive Income.*

## PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are accounted for at acquisition cost less accumulated depreciation and impairment losses. Acquisition cost includes expenditures directly attributable to the asset's acquisition. Estimated costs of dismantling and removing the asset is included in the acquisition cost if an obligation arises from installation of the asset. Borrowing costs attributable to the acquisition, construction or production of a qualifying asset is recognized as part of the acquisition cost of that asset. Other borrowing costs are expensed.

When significant parts of an item of Property, Plant and Equipment have different useful lives, major components are accounted for as separate items of Property, Plant and Equipment.

*SUBSEQUENT COST*
Ordinary repairs and maintenance costs are charged to the profit and loss in the financial period when they are incurred. The cost of major upgrades or modification of an asset is included in the asset's carrying amount. Major upgrades and modification of an asset is depreciated over the useful lives of the related asset.

*DEPRECIATION*
Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each major component of an item of property, plant and equipment, taking its residual value into consideration.

Estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Vessels | 10-30 years |
| Machinery, vehicles | 3-15 years |
| Other fixed assets | 3-10 years |

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

*DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT*
Gains and losses on the disposal of assets are determined by comparing the disposal proceeds with the carrying amount.

## ASSETS HELD FOR SALE
Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, property, plant and equipment are no longer amortized or depreciated.

## LEASE AGREEMENTS (AS LESSOR)
As of year-end 2021 most of the vessels owned by the Group were chartered out on long term contracts. When assessing whether an agreement is an operating lease or a finance lease, estimates of the fair value of the vessels at the end of the lease periods and calculations of the present value of the minimum lease payments are the most important factors. Many of the lease contracts include one or more purchase options, and/or options to extend the lease period beyond the firm period. At the inception of the lease, such options are taken into consideration when assessing whether the lease is an operating lease or a finance lease. It is also considered whether the lease agreements contain other elements where risk is transferred to the charterers, such as LIBOR related charter hire adjustments, where some of the interest rate risk is transferred to the charterers.

*OPERATING LEASE*
Leases in which a significant portion of the risks and rewards of ownership are retained by Ocean Yield are classified as operating leases. Lease assets held pursuant to an operating lease are included in the statement of financial position based

on the nature of the asset. Direct costs incurred when establishing an operating lease are included in the leased asset's carrying amount and are expensed over the term of the lease on the same basis as the rental income.

*FINANCE LEASE*
Leases in which substantially all of the risks and rewards of ownership are transferred to the charterer are classified as finance leases. At the inception of the lease the net present value of the minimum lease payments and any discounted unguaranteed residual value are recognized as a interest-bearing receivable, split into a non-current and a current part.

## FINANCIAL ASSETS
Financial assets are presented as current if they contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if they are held for the purpose of being traded. Otherwise they are classified as non-current.

*LOANS AND RECEIVABLES*
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. At year-end 2021 and 2020 Loans and receivables comprise trade and other receivables.

*CASH AND CASH-EQUIVALENTS*
Cash and cash equivalents consist of cash deposits on call with financial institutions and other short-term, highly liquid investments with original maturity of less than three months.

*FINANCIAL DERIVATIVES*
The Group uses financial derivative instruments to hedge its exposure to foreign currency and interest-rate risks. No hedge accounting has been applied in 2021 or 2020 in the Group companies. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the statement of profit and loss as they incur. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit and loss. As further explained in note 17, hedge accounting is applied to mitigate interest rate risk for borrowings in an associated company.

## FINANCIAL LIABILITIES
The Group classifies its non-derivative financial liabilities into the Financial liabilities measured at amortized cost category. Such financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. At year-end 2021 and 2020, non-derivative financial liabilities comprise loans and borrowings and trade and other payables.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In such a case, the fee is deferred until the draw-down occurs. To the extent there is low probability that the facility will be drawn down, the fee is capitalized as a pre-payment and amortized over the period of the facility to which it relates.

## HYBRID CAPITAL
Hybrid bonds, with no fixed maturity are treated as equity in the financial statements, and are presented in a separate line within equity. The hybrid bonds are initially recognized at fair value. Any directly attributable transaction costs are recognized against equity and presented with retained earnings. After initial recognition the hybrid bonds are not remeasured. Coupons paid on the hybrid bonds are recognized as dividend when they are paid.

## LEASE AGREEMENTS (AS LESSEE)
The Group has recognised right-of-use assets and lease liabilities for its rental of offices.

*RIGHT-OF-USE ASSETS*
The Group recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and the lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is generally depreciated on a straight-line-basis over the shorter of its estimated useful life and the lease term and is subject to impairment assessment of non-financial assets.

*LEASE LIABILITIES*
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease payments include fixed payments and variable lease payments that depend on an index or rate. The variable lease payment that does not depend on an index or rate is recognised as expense in the period in which it is incurred. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amounts expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

## CURRENT AND DEFERRED INCOME TAX
Income tax in the profit and loss statement for the year comprises current and deferred tax. Tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized in Other comprehensive income or directly in equity.

Current tax is the anticipated tax payable on the taxable income for the year, using current tax rates at the balance sheet date, and any adjustment to tax payable related to previous years.

Deferred income tax is stated, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income

“

*The Group has investments in vessels within 8 different shipping segments.*

tax assets are recognized for all deductible temporary differences and all carry-forwards of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and carry-forwards can be used.

Deferred tax is not recognized for the following temporary differences:

- *Initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.*
- *Differences relating to investments in subsidiaries and jointly controlled entities, to the extent that it is probable that they will not reverse in the foreseeable future.*

Deferred tax is measured on an undiscounted basis. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on current tax rates (and tax laws) at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and if the deferred tax relates to the same taxable entity or the same tax authority.

The operations of the Group's bareboat fleet is handled from Malta. As a consequence most of the Group's income is subject to corporate taxation in Malta.

## REVENUE RECOGNITION

*OPERATING LEASE REVENUE*
Revenue related to vessel charter agreements that are classified as operating leases are recognized on a straight line basis over the lease term, and classified as operating lease revenues in the statement of profit and loss. Contingent rental income, such as bonuses earned based on utilisation, is recognized in profit and loss as it is earned. Payments received from mobilization fees and other up-front fees that do not relate to a separate earnings process are recognized on a straight-line basis over the lease term. The remaining part is recognized in the statement of financial position as deferred income.

*FINANCE LEASE REVENUE*
Over the lease term interest on the net investment is recognized in the profit and loss as finance lease revenue in a way that produces a constant rate of return on the investment. Contingent rental income, such as LIBOR related charter hire adjustments, is recognized in profit and loss as earned.

## IMPAIRMENT

*NON-FINANCIAL ASSETS*
The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated annually.

The recoverable amount of an asset or cash generating unit is defined as the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a relevant post-tax discount rate that reflects current market assessments of the time value of money and the risks


specific to the asset. For assets that do not generate mainly independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognized whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of profit and loss. Recognition of impairment losses of cash-generating units is allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other assets in the unit.

An impairment loss on goodwill is not reversed. For assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount, net of depreciation or amortization, calculated as if no impairment loss had been recognized.

*FINANCIAL ASSETS*
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

The recoverable amount of the Group's financial assets carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short term to maturity are not discounted.

An impairment loss on financial assets carried at amortized cost, is reversed if a subsequent increase in the recoverable amount can be objectively connected to an event occurring after the impairment loss was recognized in the profit and loss.

### DIVIDENDS
Dividends are recorded in the Group's financial statements in the period in which they are approved. Currently the General Meeting has authorized the Board of Directors to resolve and declare dividends based on the Company's annual financial statements for 2020. The authorization is valid until the Annual General Meeting in 2022.

## NOTE 4 DETERMINATION OF FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Accounting principles and note disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information on the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- *In the principal market for the asset or liability, or*
- *In the absence of a principal market, in the most advantageous market for the asset or liability*

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.*
- *Level 2 Valuation techniques for which input that is significant to the fair value measurement is directly or indirectly observable.*
- *Level 3 Valuation techniques for which input that is significant to the fair value measurement is unobservable.*

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## FAIR VALUES HAVE BEEN ESTIMATED USING THE FOLLOWING METHODS:

### LOANS AND OTHER LONG-TERM RECEIVABLES

Fair value is determined for disclosure purposes. The fair value of Loans and other long-term receivables is estimated as the present value of future cash flows, discounted with an applicable discount rate.

### FINANCE LEASE RECEIVABLES

Fair value is determined for disclosure purposes. The fair value of finance lease receivables is estimated as the present value of future cash flows, discounted with an applicable discount rate. As of year-end 2021 the Group has 42 lease agreements that are classified as finance leases. The fair value calculation of the finance lease receivables is explained in greater detail in note 24.

### TRADE AND OTHER RECEIVABLES

The fair value of trade receivables and other receivables is estimated at the present value of future cash flows of principal and interests, discounted at the market rate of interest at the balance sheet date.

### ASSETS HELD FOR SALE

The fair value of assets held for sale is based on their listed market price, if available. If a listed market price is not available, the fair value is estimated using a variety of methods mainly based on conditions existing at the end of each reporting period. As of year-end 2021 the Group no longer have any assets classified as held for sale.

### DERIVATIVES

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds), and taking changes in Ocean Yield's credit risk into account. The fair value of interest rate swaps is based on the present value of future cash flows, calculated based on observable market rates and exchange rates on the reporting date, including accrued interest and also taking changes in Ocean Yield's credit risk into account.

### NON-DERIVATIVE FINANCIAL LIABILITIES

Fair value is determined for disclosure purposes. The fair value of listed bond debt is based on quoted market prices, while the fair value of other liabilities is calculated based on the present value of future cash flows of principal and interests, discounted at the market rate of interest at the balance sheet date.

## NOTE 5 FINANCIAL RISK AND EXPOSURE

### COVID-19

For Ocean Yield, the business model of owning vessels on long-term charters to a portfolio of international shipping companies, has proven robust, despite the COVID-19 market turbulence. For Ocean Yield, all counterparties performed in accordance with their contracts during the year and there were no defaults in the portfolio.

### SANCTIONS

The Company has strict requirements related to sanctions and restricted parties. With the tragic events unfolding in the Ukraine, the Company is monitoring the situation on a day-to day-basis, with specific focus on Sanctions. The Company does not have any operations or contracts directly related to Russia or Ukraine and has specific wording in all relevant bareboat charters with respect to sanctions. This is included as charterers undertakings in all relevant bareboat charter parties, and the Company has procedures to monitor related risks. Further, Ocean Yield has made undertakings related to sanctions and restricted parties in the Group's loan agreements.

### FINANCIAL RISK

The Ocean Yield Group is exposed to different types of financial risk including credit-, liquidity- and market risk (e.g. interest- and currency risk). The Group is using different financial instruments to actively manage its financial exposure. The purpose of risk management is to measure and manage financial risk in a reliable manner, thereby increasing predictability and reducing negative effects on Ocean Yield's financial results.

Ocean Yield AS has developed a policy on how the financial risk is monitored. The risk is monitored continuously and reported on a regular basis. The main companies in the Group have developed similar policies and guidelines based on the individual company's exposure to the different kinds of financial risks.

### MARKET RISK

As of year-end 2021, 62 out of 64 vessels are on long-term contracts and are hence not directly exposed to short- or medium-term market risk, as these contracts typically have a fixed charter rate throughout the entire period. However, the Company is exposed to market risk and residual value risk related to the vessels upon expiry of a charter contract and in the event of a counterparty default.

The Group has two AHTS vessels  fixed on 3 year contracts to subsidiaries of Solstad Offshore ASA ("Solstad"). The charter rate payable under these lease agreements is a reference rate equal to the average per vessel EBITDA in a pool of seven similar UT731 design vessels. The Group is thus exposed to market risk for these vessels.

### OPERATING RISK

As most of Ocean Yield's vessels are on bareboat charter contracts, the Company is not exposed to operating risk for these vessels, as this is the responsibility of the charterer. However, for the two AHTS vessels on charter to Solstad, the Company is ultimately responsible for the operating cost of the vessels.

### FINANCING RISK

Ocean Yield is exposed to financing risk since the Company raises external debt on a regular basis for a portion of its investments in vessels, either in the bank market or the bond market. These loans are subject to refinancing typically after five to twelve years. The loans are subject to certain financial covenants that are reported on a quarterly or semi-annual basis by the Company. Should the appetite or capacity in these markets deteriorate rapidly, the Company may face the risk of increased margins when entering into a new project, obtaining lower leverage than anticipated in a refinancing or not be able to refinance. This may negatively impact overall returns. The Company works to reduce these risks by securing financing at the same time or shortly after committing to a new investment and maintaining access to a broad range of capital market products.

## CREDIT RISK

The exposure to credit risk is monitored on an ongoing basis within the Group.

The Group's principal financial assets are bank deposits and cash, finance lease receivables, trade and other receivables and derivatives. The Group's exposure to credit risk is mainly related to finance lease receivables and trade receivables.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. At the end of each reporting period the Group assesses whether the financial assets are credit-impaired. Impairment is assessed using the expected credit loss ("ECL") method for financial assets. Twelve month ECLs are used for the finance lease receivables for which credit risk has not increased significantly since initial recognition. If there is a significant increase in credit risk, the expected credit loss is estimated for the entire lease term. The assessment of whether there is a significant increase in credit risk is based on a total assessment of the counterparty. Examples of events that may lead to a significant increase in credit risk are delayed payments, breach of covenants, decrease in equity, negative development in working capital and a significant decrease in the share price for listed entities.

*FINANCIAL INTEREST-BEARING RECEIVABLES*

Financial interest-bearing receivables mainly consist of finance lease receivables. The Group has 42 vessels accounted for as finance leases. Management does not expect any counterparty to fail to meet its obligations.

*TRADE RECEIVABLES*

The Group has USD 0.7 million in trade receivables as of year-end 2021. Management expects these to be settled. Allowance for impairment losses has been made for uncertain claims.

*CASH AND CASH EQUIVALENTS*

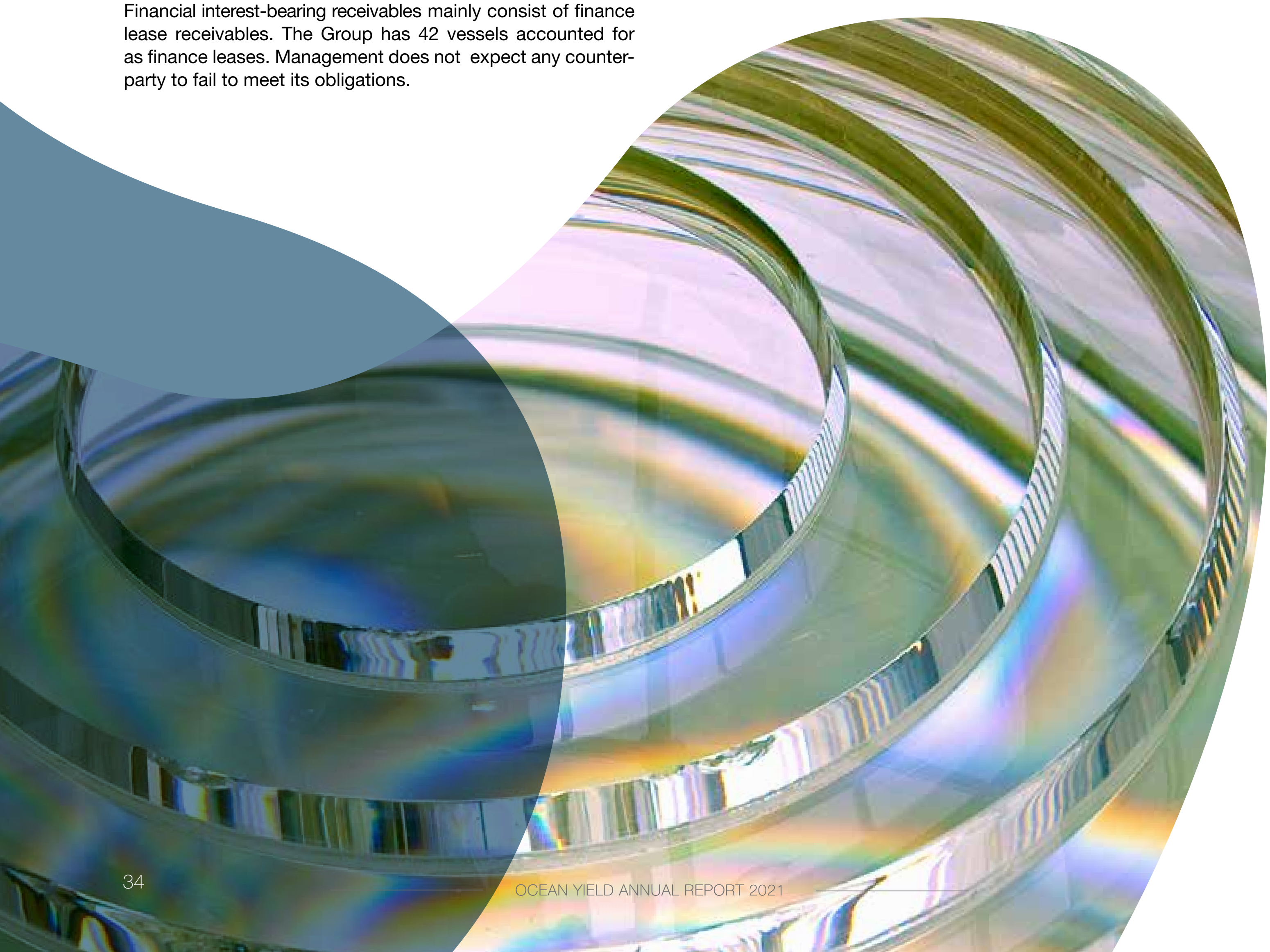
Cash and cash equivalents are held with banks and financial institutions with strong credit-ratings. Based on their credit ratings, management does not expect any of these financial institutions to fail to meet their obligations.

*DERIVATIVE FINANCIAL INSTRUMENTS*

Transactions involving derivative financial instruments are with counterparties with sound credit-ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligation.

*EXPOSURE TO CREDIT RISK*

The Group has inherent credit risk through the fact that a counterpart may not be able to meet its obligations under a long-term charter contract. In order to mitigate this, the Company charters out the vessels to internationally well-recognized companies within the shipping and offshore industry. However, as shipping and oil service markets are volatile, there is no complete protection against potential counterparty default.



The Group's exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

| | | 2021 | | |
|---|---|---|---|---|
| Amounts in USD million | Note | Receivables at amortized cost | Cash and cash equivalents | Total |
| Financial interest-bearing long-term receivables | 18 | 1 295.0 | 5.5 | 1 300.5 |
| Other non-current assets | | 1.9 | - | 1.9 |
| Financial interest-bearing short-term receivables | | 191.0 | - | 191.0 |
| Trade receivables, other interest-free short-term receivables | | 3.2 | - | 3.2 |
| Cash and cash equivalents | | - | 121.2 | 121.2 |
| **Total** | | **1 491.1** | **126.7** | **1 617.9** |

Of the total cash balance year-end 2021, USD 2.9 million was restricted cash. In addition the Group has USD 5.5 million in restricted cash classified as long-term assets (see note 18).

| | | 2020 | | |
|---|---|---|---|---|
| Amounts in USD million | Note | amortized cost | equivalents | Total |
| Financial interest-bearing long-term receivables | 18 | 1 220.4 | 1.3 | 1 221.7 |
| Other non-current assets | | 1.1 | - | 1.1 |
| Financial interest-bearing short-term receivables | | 164.2 | - | 164.2 |
| Trade receivables, other interest-free short-term receivables | | 4.2 | - | 4.2 |
| Cash and cash equivalents | | - | 112.7 | 112.7 |
| Assets held for sale | | 2.1 | 0.4 | 2.5 |
| **Total** | | **1 391.9** | **114.4** | **1 506.4** |

**The maturity of trade receivables and provisions for impairment loss are as follows:**

| Amounts in USD million | Gross trade receivables 2021 | Provision for impairment loss 2021 | Gross trade receivables 2020 | Provision for impairment loss 2020 |
|---|---|---|---|---|
| Not past due | 0.0 | - | 0.4 | - |
| Past due 0-30 days | 0.6 | - | 2.0 | -0.1 |
| Past due 31-120 days | - | - | 0.2 | -0.2 |
| Past due 121 - 365 days | - | - | - | - |
| Past due more than one year | 9.5 | -9.5 | 9.5 | -9.5 |
| **Total trade receivables** | **10.1** | **-9.5** | **12.1** | **-9.8** |

**The movement in allowance for impairment loss during the year was:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Balance 1st January | 9.8 | 17.7 |
| Impairment loss recognized in profit and loss | - | - |
| Reversal or use of previously recognized impairment loss | -0.3 | -7.9 |
| **Balance 31st December** | **9.5** | **9.8** |

The allowance for impairment loss of USD 9.5 million is related to the vessel Connector and an old claim against EMAS AMC AS. The claim has never been recognized as revenue.

## LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to fulfil its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its obligations when due. Management monitors monthly forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The figures in the table below represents the contractual undiscounted cash flows related to the Groups liabilities. Interest has been calculated using the interest rates as of year-end.

**Overview of contractual maturities of financial liabilities, including estimated interest payments specified per category of interest-bearing liabilities:**

| | 2021 Contractual cash flows incl. estimated interest payments | | | | | | |
|---|---|---|---|---|---|---|---|
| Amounts in USD million | Carrying amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 2-5 years | Over 5 years |
| Secured loans | 1 452.0 | -1 583.8 | -104.5 | -88.0 | -285.0 | -926.2 | -180.2 |
| Unsecured bond issues | 166.9 | -186.2 | -4.0 | -4.0 | -91.2 | -87.0 | - |
| Interest rate swaps | 1.7 | -1.9 | -1.0 | -0.6 | -0.3 | - | - |
| Forward exchange contracts | 15.5 | -14.3 | -0.1 | -8.0 | 0.0 | -6.2 | - |
| Finance lease liabilities | 2.3 | -2.3 | -0.4 | -0.3 | -0.4 | -1.1 | - |
| Trade and other payables | 15.9 | -15.9 | -15.9 | - | - | - | - |
| **Total contractual cash flows for liabilities** | **1 654.3** | **-1 804.5** | **-125.8** | **-101.0** | **-376.9** | **-1 020.6** | **-180.2** |

| | 2020 Contractual cash flows incl. estimated interest payments | | | | | | |
|---|---|---|---|---|---|---|---|
| Amounts in USD million | Carrying amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 2-5 years | Over 5 years |
| Secured loans | 1 388.2 | -1 515.3 | -195.2 | -254.6 | -169.8 | -627.5 | -268.1 |
| Unsecured bond issues | 222.6 | -250.9 | -5.0 | -55.1 | -7.6 | -183.2 | - |
| Interest rate swaps | 6.7 | -5.8 | -2.0 | -1.7 | -1.7 | -0.4 | - |
| Forward exchange contracts | 12.3 | -12.0 | -0.2 | -0.4 | -7.2 | -4.2 | - |
| Finance lease liabilities | 0.6 | -0.7 | -0.2 | -0.2 | -0.3 | - | - |
| Trade and other payables | 10.1 | -10.1 | -10.1 | - | - | - | - |
| Liabilities directly associated with the | 2.2 | -2.2 | -2.2 | - | - | - | - |
| **Total contractual cash flows for liabilities** | **1 642.8** | **-1 796.9** | **-215.0** | **-312.0** | **-186.5** | **-815.3** | **-268.1** |

## CURRENCY RISK

Ocean Yield operates in the international market which leads to various types of currency exposure for the Group. Currency risks arise through ordinary, future business transactions, capitalized assets and liabilities and when such transactions have been made against payment in a currency other than the functional currency of the respective group company. In addition, currency risk may arise from investments in subsidiaries with a different currency than USD.

Ocean Yield defines levels for the hedging of expected future cash flows. The Company may from time to time utilize currency forward contracts and currency option contracts to reduce currency exposure.

*EXPOSURE TO CURRENCY EXCHANGE RISK*

The functional currencies of Ocean Yield AS and its subsidiaries reflect the primary economic environment in which the entities operates. Ocean Yield ASA and its subsidiaries has USD as functional currency. For the subsidiaries the revenues and interest-bearing debt is mainly denominated in USD. Hence there is limited currency risk related to the subsidiaries of Ocean Yield AS.

As of year-end 2021 the Group's exposure to currency risk is mainly related to debt denominated in NOK. To reduce some of the currency effects related to this debt, Ocean Yield AS has entered into several cross currency interest rate swaps where cash flows in NOK have been swapped to USD. As of year-end 2021 the Group has four cross currency swaps, where NOK 1,250 million has been swapped from floating rate in NOK to floating rate in USD. Total outstanding debt in NOK as of year-end 2021 was NOK 1,480.0 million.

**If the USD had appreciated with 10% versus NOK at year-end the effects on the above mentioned items would have been as follows:**

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Amounts in USD million | Profit before tax | Equity | Profit before tax | Equity |
| Foreign exchange gains on Bond loans | 11.8 | 9.2 | 16.0 | 12.5 |
| Change in fair value of cross currency interest rate swaps | -10.8 | -8.4 | -15.0 | -11.7 |
| **Total** | **1.1** | **0.8** | **1.0** | **0.8** |

## INTEREST RATE RISK

The Group's interest rate risk arises from long term borrowings and receivables. Borrowings and receivables issued at variable rates expose the Group to cash flow interest rate risk.

The Group has prepared guidelines for management of interest rate risks. The interest rate policy of Ocean Yield defines levels for the hedging of expected future cash flows. To manage some of the interest rate risk the Group has entered into interest rate swaps related to vessel financings, where floating rate payments have been swapped to fixed rate payments. No hedge accounting has been applied in 2021 and 2020 in the Group companies. As further explained in note 17, hedge accounting is applied to mitigate interest rate risk for borrowings in an associated company.

In addition, in several of the Group's lease agreements the charter rates are subject to a LIBOR adjustment, which matches the underlying funding of the asset.

*LIBOR*

Quotation of LIBOR as a reference rate has already seized to exist for interest periods of one week and two months after 31st December 2021. For all other interest rate periods, LIBOR will seize to exist after June 2023. It is expected that companies and banks will adhere to the Secured Overnight Finance Rate (SOFR) or the TERM SOFR in replacement for LIBOR for USD based loans.

This will require the Group to replace the references to the relevant IBOR rates in the Group's lease agreements and loan agreements, with SOFR or TERM SOFR or alternatively insert fallback language to cater for a discontinuation of IBOR rates. The transition to a new reference rate is expected to incur some documentation cost for the Company, however this is not expected to be material.

*EXPOSURE TO INTEREST RATE RISK*

**As of 31st December the interest rate profile of the Group's interest-bearing financial instruments was as follows:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| **Fixed rate instruments:** | | |
| Financial assets | 88.8 | 118.3 |
| Financial liabilities | -89.1 | -206.7 |
| Net fixed rate instruments | -0.3 | -88.4 |
| **Variable rate instruments:** | | |
| Financial assets | 1 523.9 | 1 380.8 |
| Operating leases with LIBOR adjustment | 220.4 | 231.2 |
| Financial liabilities | -1 529.8 | -1 404.1 |
| Net variable rate instruments | 214.6 | 207.8 |
| **Net interest-bearing debt (-) / asset (+)** | **214.2** | **119.4** |

**The terms of the Group´s interest rate swaps as of year-end were as follows:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Swap amount | 89.1 | 206.7 |
| Weighted average fixed interest rate (swapped from LIBOR) | 2.91 % | 3.38 % |
| Weighted average remaining years | 0.7 | 1.0 |

*SENSITIVITY ANALYSIS RELATED TO INTEREST RATES*

Borrowings and receivables issued at variable rates expose the Group to cash flow interest rate risk. At year-end 2021 the Group has USD 214.6 million (207.8 million year-end 2020) in net variable rate instruments. An increase in the LIBOR rate of 100 basis points would increase the Group's annual net profit before tax with USD 3.6 million (increase of USD 4.2 million based on year-end 2020) and an increase in the NIBOR rate of 100 basis points would decrease the Group's annual net profit before tax with USD 1.5 million (decrease of USD 2.1 million based on year-end 2020). The figures do not include changes in MTM of interest rate swaps.

## NOTE 6 OPERATING SEGMENTS

Ocean Yield defines operating segments based on the Group's internal management- and reporting structure. The Group's chief operating decision makers, responsible for the allocation of resources and assessment of performance in the different operating segments, is defined as the Board of Directors, CEO and CFO.

Recognition and measurement applied to segment reporting are consistent with the accounting principles applied when preparing the consolidated financial statements. Transactions between segments are conducted at market terms and conditions.

Ocean Yield's operating segments are as follows:

- **Tankers**
  This segment includes the Group's investments in tankers. As of 31st December 2021 the Group has five chemical tankers, six product tankers, five Suezmax tankers, eight VLCCs and two Suezmax newbuildings, with delivery in 2022. In addition the Group's 50% equity investment in four product tankers is included in the segment.

- **Container vessels**
  This segment includes the Group's investments in container vessels. As of year-end 2021 the Group has four container vessels. In addition the Group's 49.9% equity investment in seven mega container vessels is included in the segment.

- **Car Carriers**
  This segment includes the Group's investments in car carriers. As of 31st December 2021 the Group has five pure car truck carriers (PCTC).

- **Other Shipping**
  This segment includes the Group's investments in all other vessels. As of 31st December 2021 the Group has three gas carriers and ten dry bulk vessels.

- **Other Oil Service**
  Vessels operating within the oil sector, except for FPSOs are included in this segment. As of 31st December 2021 this segment includes the two anchor handling tug supply vessels (AHTS), one construction vessel and two Platform Supply vessels.

- **FPSO**
  This segment relates to the Group's investment in floating production, storage and offloading vessels (FPSO). The FPSO Dhirubhai-1 was sold in November 2021 and the Group no longer have any vessels in this segment.

- **Other**
  This segment includes any other investments in the Group in addition to G&A expenses, interest rate expenses related to the Group's bond debt and currency fluctuations.

### 2021 - Operating segments
**Statement of profit and loss**

| Amounts in USD million | Tankers | Container vessels | Car Carriers | Other Shipping | Other Oil Service | FPSO | Other and elimi-nations | Total |
|---|---|---|---|---|---|---|---|---|
| Operating lease revenue | - | - | 30.3 | 21.0 | 17.3 | - | 0.0 | 68.6 |
| Finance lease revenue | 46.2 | 5.8 | - | 15.7 | 18.9 | - | - | 86.5 |
| Income from investments in associates | 1.1 | 18.5 | - | - | - | - | - | 19.6 |
| Other income | 6.8 | - | - | 3.6 | - | - | - | 10.3 |
| **Total revenues and other income** | **54.0** | **24.3** | **30.3** | **40.2** | **36.3** | **-** | **0.0** | **185.1** |
| Operating expenses | -0.6 | -0.1 | -0.0 | -0.1 | -0.9 | - | -21.4 | -23.1 |
| Depreciation and amortization | - | - | -10.8 | -5.5 | -11.9 | - | -1.1 | -29.3 |
| **Operating profit (loss)** | **53.4** | **24.3** | **19.4** | **34.6** | **23.5** | **-** | **-22.5** | **132.7** |
| Interest income | 0.0 | 0.0 | - | 0.0 | 0.0 | - | 2.2 | 2.2 |
| Other financial income | - | - | 1.1 | 4.0 | 0.4 | - | 2.2 | 7.6 |
| Interest expense | -15.3 | -2.1 | -4.5 | -12.6 | -5.3 | - | -9.7 | -49.5 |
| Other financial expenses | -2.7 | -0.0 | -0.2 | -0.3 | -0.0 | - | -3.5 | -6.6 |
| **Net profit (loss) before tax** | **35.4** | **22.2** | **15.8** | **25.7** | **18.6** | **-** | **-31.3** | **86.4** |
| Income tax expense (-)/benefit (+) | -0.9 | -0.2 | -0.4 | -1.2 | -0.6 | - | 0.5 | -2.7 |
| **Net profit (loss) from continuing operations** | **34.5** | **22.0** | **15.4** | **24.5** | **18.1** | **-** | **-30.9** | **83.7** |
| Profit (loss) from discontinued operation, net of tax | - | - | - | - | - | -20.7 | - | -20.7 |
| **Net profit (loss) for the period** | **34.5** | **22.0** | **15.4** | **24.5** | **18.1** | **-20.7** | **-30.9** | **63.0** |

## 2021 - Operating segments (continued)
### Statement of financial position

| Amounts in USD million | Tankers | Container vessels | Car Carriers | Other Shipping | Other Oil Service | FPSO | Other and elimi-nations | Total |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Vessels and other fixed assets | - | - | 220.4 | 137.6 | 157.0 | -0.0 | 9.2 | 524.2 |
| Investments in associates | 4.1 | 178.8 | - | - | - | - | -0.0 | 182.9 |
| Interest-bearing long-term receivables and other non-current assets | 869.8 | 85.0 | 1.1 | 227.7 | 113.6 | - | 5.5 | 1 302.6 |
| Deferred tax assets | - | - | - | - | - | 0.2 | -0.2 | 0.0 |
| **Total non-current assets** | **873.9** | **263.7** | **221.5** | **365.3** | **270.6** | **0.2** | **14.5** | **2 009.6** |
| Interest-bearing short-term receivables | 121.9 | 11.7 | - | 30.4 | 27.0 | - | -0.0 | 191.0 |
| Trade receivables and other interest-free receivables | 0.2 | - | - | -0.0 | 1.6 | 1.1 | 0.2 | 3.2 |
| Cash and cash equivalents | 8.2 | 1.6 | 0.6 | 2.5 | 3.1 | 0.8 | 104.6 | 121.2 |
| **Total current assets** | **130.3** | **13.3** | **0.6** | **32.8** | **31.7** | **1.9** | **104.8** | **315.4** |
| **Total assets** | **1 004.2** | **277.0** | **222.0** | **398.1** | **302.3** | **2.1** | **119.3** | **2 325.0** |
| **EQUITY AND LIABILITIES** | | | | | | | | |
| **Total equity** | **226.8** | **189.0** | **100.3** | **79.4** | **133.7** | **1.5** | **-67.2** | **663.5** |
| Interest-bearing long-term debt | 690.4 | 76.6 | 104.9 | 286.6 | 131.1 | - | 166.9 | 1 456.5 |
| Deferred tax liabilities | 5.5 | 1.3 | 3.5 | 3.6 | 2.4 | - | -9.3 | 7.0 |
| Fair value of derivatives | - | - | - | 0.1 | - | - | 6.9 | 7.0 |
| Other long-term liabilities | - | - | 0.2 | - | - | - | 2.4 | 2.6 |
| **Total non-current liabilities** | **695.9** | **77.9** | **108.6** | **290.3** | **133.5** | **-** | **166.9** | **1 473.1** |
| Interest-bearing short-term debt | 79.5 | 9.2 | 13.1 | 26.6 | 34.1 | - | 0.0 | 162.4 |
| Trade and other payables | 1.9 | 1.0 | -0.0 | 1.9 | 1.0 | 0.6 | 19.6 | 26.1 |
| **Total current liabilities** | **81.4** | **10.2** | **13.1** | **28.5** | **35.1** | **0.6** | **19.6** | **188.5** |
| **Total liabilities** | **777.4** | **88.1** | **121.7** | **318.8** | **168.6** | **0.6** | **186.5** | **1 661.6** |
| **Total equity and liabilities** | **1 004.2** | **277.0** | **222.0** | **398.1** | **302.3** | **2.1** | **119.3** | **2 325.0** |

## 2020 - Operating segments
### Statement of profit and loss

| Amounts in USD million | Tankers | Container vessels | Car Carriers | Other Shipping | Other Oil Service | FPSO | Other and elimi-nations | Total |
|---|---|---|---|---|---|---|---|---|
| Operating lease revenue | - | - | 35.1 | 21.0 | 39.5 | - | 0.0 | 95.5 |
| Finance lease revenue | 61.7 | 7.3 | - | 21.7 | 21.7 | - | - | 112.4 |
| Income from investments in associates | 0.8 | 21.6 | - | - | - | - | - | 22.4 |
| Other income | - | - | 27.2 | 0.3 | 0.9 | - | - | 28.5 |
| **Total revenues and other income** | **62.4** | **28.9** | **62.4** | **43.0** | **62.1** | **-** | **0.0** | **258.8** |
| Operating expenses | -0.4 | -0.0 | -0.1 | -0.1 | -8.8 | - | -8.1 | -17.6 |
| Depreciation and amortization | - | - | -12.2 | -5.5 | -26.9 | - | -1.1 | -45.7 |
| Impairment charges | - | - | -27.7 | - | -34.6 | - | 0.0 | -62.2 |
| Loss from sale of vessel | - | - | - | - | -70.7 | - | - | -70.7 |
| **Operating profit (loss)** | **62.1** | **28.9** | **22.4** | **37.4** | **-79.0** | **-** | **-9.2** | **62.5** |
| Interest income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | 2.0 | 2.1 |
| Other financial income | - | - | 1.4 | 0.0 | 0.1 | - | 25.3 | 26.8 |
| Interest expense | -24.0 | -2.6 | -7.8 | -14.7 | -13.3 | - | -15.8 | -78.2 |
| Other financial expenses | -0.0 | -0.0 | -0.0 | -1.6 | -1.5 | - | -43.0 | -46.1 |
| **Net profit (loss) before tax** | **38.0** | **26.3** | **16.1** | **21.1** | **-93.7** | **-** | **-40.7** | **-32.9** |
| Income tax expense (-)/benefit (+) | -1.3 | -0.2 | -0.3 | -0.9 | -0.6 | - | 0.1 | -3.3 |
| **Net profit (loss) from continuing operations** | **36.7** | **26.1** | **15.8** | **20.1** | **-94.2** | **-** | **-40.6** | **-36.1** |
| Profit (loss) from discontinued operation, net of tax | - | - | - | - | - | -105.1 | - | -105.1 |
| **Net profit (loss) for the period** | **36.7** | **26.1** | **15.8** | **20.1** | **-94.2** | **-105.1** | **-40.6** | **-141.3** |

## 2020 - Operating segments (continued)
### Statement of financial position

| Amounts in USD million | Tankers | Container vessels | Car Carriers | Other Shipping | Other Oil Service | FPSO | Other and elimi-nations | Total |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Vessels and other fixed assets | - | - | 231.2 | 143.0 | 168.0 | - | 8.2 | 550.4 |
| Investments in associates | 9.9 | 168.0 | - | - | - | - | -0.0 | 178.0 |
| Interest-bearing long-term receivables and other non-current assets | 674.5 | 91.7 | - | 332.7 | 122.3 | - | 1.7 | 1 222.9 |
| Deferred tax assets | - | - | - | - | - | - | 0.0 | 0.0 |
| **Total non-current assets** | **684.4** | **259.8** | **231.2** | **475.7** | **290.3** | **-** | **9.9** | **1 951.2** |
| Interest-bearing short-term receivables | 83.5 | 11.7 | - | 41.6 | 27.4 | - | -0.0 | 164.2 |
| Trade receivables and other interest-free receivables | - | - | - | 0.0 | 3.4 | - | 0.7 | 4.2 |
| Cash and cash equivalents | 7.3 | 1.8 | 2.4 | 9.4 | 3.1 | - | 88.8 | 112.7 |
| **Current assets** | **90.7** | **13.6** | **2.4** | **50.9** | **34.0** | **-** | **89.5** | **281.1** |
| Assets held for sale | - | - | - | - | - | 54.0 | - | 54.0 |
| **Total current assets** | **90.7** | **13.6** | **2.4** | **50.9** | **34.0** | **54.0** | **89.5** | **335.1** |
| **Total assets** | **775.2** | **273.3** | **233.6** | **526.6** | **324.3** | **54.0** | **99.4** | **2 286.3** |
| **EQUITY AND LIABILITIES** | | | | | | | | |
| **Total equity** | **200.7** | **194.3** | **103.3** | **103.9** | **126.4** | **51.8** | **-142.6** | **637.7** |
| Interest-bearing long-term debt | 418.4 | 70.2 | -0.3 | 383.1 | 95.6 | - | 172.0 | 1 139.0 |
| Deferred tax liabilities | 2.3 | 0.5 | 0.6 | 1.0 | 1.0 | - | -0.1 | 5.2 |
| Fair value of derivatives | - | - | 0.0 | 2.0 | - | - | 11.7 | 13.7 |
| Other long-term liabilities | - | - | 0.6 | - | - | - | 0.7 | 1.2 |
| **Total non-current liabilities** | **420.7** | **70.7** | **0.8** | **386.1** | **96.6** | **-** | **184.3** | **1 159.2** |
| Interest-bearing short-term debt | 153.8 | 7.2 | 128.4 | 32.7 | 99.1 | - | 50.6 | 471.8 |
| Trade and other payables | -0.0 | 1.1 | 1.0 | 3.9 | 2.3 | - | 7.1 | 15.4 |
| **Current liabilities** | **153.8** | **8.3** | **129.4** | **36.6** | **101.3** | **-** | **57.8** | **487.2** |
| Liabilities directly associated with the assets held for sale | - | - | - | - | - | 2.2 | - | 2.2 |
| **Total current liabilities** | **153.8** | **8.3** | **129.4** | **36.6** | **101.3** | **2.2** | **57.8** | **489.4** |
| **Total liabilities** | **574.5** | **79.1** | **130.2** | **422.7** | **197.9** | **2.2** | **242.0** | **1 648.6** |
| **Total equity and liabilities** | **775.2** | **273.3** | **233.6** | **526.6** | **324.3** | **54.0** | **99.4** | **2 286.3** |

## Geographical areas

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| **Total revenue based on location of customer (registered business address):** | | |
| Germany | 21.0 | 21.0 |
| Greece | 24.9 | 23.5 |
| Hong Kong | 7.8 | 8.4 |
| Marshall Islands | 33.7 | 42.1 |
| Norway | 69.8 | 116.3 |
| Switzerland | 18.5 | 34.2 |
| Other | 9.4 | 13.3 |
| **Total** | **185.1** | **258.8** |
| | | |
| **Total vessels, equipment and intangibles by company location:** | | |
| Norway | 80.5 | 84.2 |
| Malta | 443.7 | 466.2 |
| **Total** | **524.2** | **550.4** |

### SIGNIFICANT CUSTOMERS

The Group has three customers that each accounted for more than 10% of the Group revenue in 2021. Recognized revenue related to these customers in 2021 was USD 24.9 million, USD 21.0 million and USD 18.9 million. In 2020 the Group had one customer that accounted for more than 10% of the Group revenue. Recognized revenue in 2020 related to this customer was USD 35.1 million.

## NOTE 7 OPERATING LEASE REVENUE

Leases in which a significant portion of the risks and rewards of ownership are retained by Ocean Yield are classified as operating leases.

### Total operating lease revenue per segment:

| Amounts in USD million | Car Carriers | Other Shipping | Other Oil Service | 2021 | 2020 |
|---|---|---|---|---|---|
| Ordinary lease revenue | 33.0 | 21.1 | 12.6 | 66.7 | 91.3 |
| Contingent rent | -4.1 | - | 4.6 | 0.5 | -1.0 |
| Other operating lease revenue | - | - | 0.2 | 0.2 | 0.3 |
| Mobilization fee, advances and deferred revenue | 1.4 | -0.2 | - | 1.2 | 5.0 |
| **Total operating lease revenue** | **30.3** | **21.0** | **17.4** | **68.6** | **95.5** |

### Future minimum lease payments under non-cancellable operating lease agreements per 31st December

| Amounts in USD million | Car Carriers | Other Shipping | Other Oil Service | 2021 | 2020 |
|---|---|---|---|---|---|
| Duration less than one year | 32.6 | 21.1 | 12.6 | 66.3 | 66.7 |
| Duration between one and five years | 115.0 | 83.2 | 50.4 | 248.7 | 259.3 |
| Duration over five years | 20.7 | 4.9 | 34.7 | 60.2 | 115.9 |
| **Total future minimum lease payments** | **168.3** | **109.2** | **97.7** | **375.2** | **441.9** |

*CAR CARRIERS*
All of Ocean Yield's car carriers are on lease contracts classified as operating leases. The car carriers are all chartered to Höegh Autoliners. The vessels Höegh Jacksonville and Höegh Jeddah, with 6,500 car capacity were delivered in 2014, and are chartered on 12-year bareboat charter contracts. The vessel Höegh Beijing with 4,900 car capacity was built in 2010, and acquired by Ocean Yield in 2014. The vessel is chartered on a 8-year bareboat charter contract, which expires in June 2022. The vessels Höegh Tracer and Höegh Trapper, with 8,500 car capacity were delivered in 2016, and are chartered on 12-year bareboat charter contracts. Höegh Autoliners has options to acquire the vessels during the charter periods, with the first options being exercisable after five years. In December 2021 Höegh Autoliners declared the last purchase option in the contract for Höegh Beijing and will purchase the vessel at the end of the charter period in June 2022. The charter hire for the vessels is subject to a LIBOR related adjustment. The LIBOR adjustment has not been included in the non-cancellable lease rental income reported in the table.

*OTHER SHIPPING*
The lease agreements for the LEG carriers GasChem Beluga and GasChem Orca has been classified as operating leases. GasChem Beluga was delivered in November 2016 and GasChem Orca was delivered in June 2017. The vessels are, from delivery, chartered on 15-year bareboat charters to the Hartmann Group, where the first ten years have a fixed charter rate and the last five years a floating charter rate. The lease agreements do not contain any purchase options. However, a purchase option and profit share agreement has been entered into between the parties, where Hartmann has the option to buy a fixed number of shares in the entities owning the vessels after ten years. As the charter hire in the last five years is floating, only the first ten years have been included in the non-cancellable lease rental income reported in the table.

*OTHER OIL SERVICE*
The vessels Far Senator, Normand Statesman, NS Orla and NS Frayja have all been chartered on agreements classified as operating leases.

The Group has two AHTS vessels on bareboat charter to subsidiaries of Solstad Offshore ASA. The vessels are on lease agreements with a duration of 4 years with a variable charter rate. The charter rate payable under the lease agreements is a reference rate equal to the average per vessel EBITDA in a pool of seven similar UT731 design vessels. As the charter rates in the new charter contracts are variable no charter hire from the bareboat agreements have been included in the non-cancellable lease rental income reported in the table.

In June 2017 Ocean Yield acquired the two platform supply vessels NS Orla and NS Frayja, built in 2014. Both vessels are on long term charters to Aker BP ASA, with approximately 12 years remaining from delivery to Ocean Yield. The agreements do not contain any contingent rent components.

## NOTE 8 FINANCE LEASE REVENUE

Leases in which substantially all of the risks and rewards of ownership are transferred to the charterer are classified as finance leases.

### Total finance lease revenue per segment:

| Amounts in USD million | Tankers | Container vessels | Other Shipping | Other Oil Service | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Ordinary finance lease revenue | 45.1 | 5.4 | 15.1 | 20.3 | 85.8 | 100.2 |
| Contingent rent | 1.1 | 0.4 | 0.5 | -1.4 | 0.7 | 12.2 |
| **Total finance lease revenue** | **46.2** | **5.8** | **15.7** | **18.9** | **86.5** | **112.4** |

### Information about the Group's financial leases:

| Vessel | Charter Guarantor | Charter end | Purchase options | Purchase obligation | Libor adjustment |
|---|---|---|---|---|---|
| **Tankers** | | | | | |
| 3 Chemical tankers | Navig8 Chemical Tankers Inc | 2030/2031 | Yes | No | Yes |
| 4 Product tankers | Scorpio Tankers Inc | 2029 | Yes | No | Yes |
| 2 Product tankers | Scorpio Tankers Inc | 2031 | Yes | Yes | Yes |
| 2 Suezmax tankers | Okeanis Eco Tankers Corp | 2029/2031 | Yes | No | Yes |
| 2 VLCC Crude tankers | Okeanis Eco Tankers Corp | 2033 | Yes | No | Yes |
| 2 Chemical tankers | Ardmore Shipping Corporation | 2030 | Yes | No | Yes |
| 6 VLCC Crude tankers | International Seaways Inc. | 2031 | Yes | Yes | Yes |
| 3 Suezmax tankers | Nordic American Tankers Ltd | 2028 | Yes | Yes | Yes |
| 2 Suezmax Newbuildings | Nordic American Tankers Ltd | 2032 | Yes | Yes | Yes |
| **Container vessels** | | | | | |
| 4 Container vessels | CMB NV | 2030 | Yes | No | Yes |
| **Other shipping** | | | | | |
| 1 Gas carrier | Navigator Holdings Ltd. | 2032 | Yes | No | Yes |
| 1 Dry bulk vessels | Louis Dreyfus | 2028 | Yes | Yes | Yes |
| 6 Dry bulk vessels | Interlink Maritime Corp. | 2028/2029 | Yes | Yes | Yes |
| 2 Dry bulk vessels | 2020 Bulkers Ltd. | 2032 | Yes | Yes | Yes |
| 1 Dry bulk vessels | CMB NV | 2035 | Yes | No | Yes |
| **Other Oil Service** | | | | | |
| 1 Offshore construction vessel | Akastor ASA/Aker Solutions ASA | 2027 | Yes | No | Yes |

## OTHER CLAUSES

Certain of the lease agreements contain clauses where the counterparty has the right to sell the vessel to a third party. If such clause is exercised, the counterparty will repay the outstanding amount of the lease plus a premium.

## CHANGES/NEW LEASE AGREEMENTS IN 2021

*TANKERS*

The leases related to the VLCCs Nissos Despotiko and Nissos Rhenia was subject to minor amendments in May 2021, 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.

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

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

In October 2021, Ocean Yield agreed to acquire six eco-design VLCCs with 10-year bareboat charters to International Seaways Inc. for a total consideration of about USD 375 million. Five of the vessels are built in 2016 and one in 2015. The charter agreements include purchase obligations at the end, and are thus treated as finance leases.

Okeanis Eco Tankers, the charterer of the VLCCs Nissos Santorini and Nissos Antiparos, declared an option in the charter contracts to sell the vessels to third parties. The sale of the vessels were completed in November 2021 and a profit of USD 5.6 million has been recognized from these sales.

In December 2021, Ocean Yield acquired two modern LR2 product tankers with 10-year bareboat charters to Scorpio Tankers Inc. for a total consideration of about USD 70 million. The charter agreements include purchase obligations at the end, and are thus treated as finance leases.

*OTHER SHIPPING*

Eneti Inc., previously known as Scorpio Bulkers Inc., took a strategic decision to exit the dry-bulk sector and 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 in 2021. A profit of USD 3.4 million have been recognized from these sales in 2021.

## LIBOR ADJUSTMENTS

The charter hire in most of the Group's lease agreements is subject to a LIBOR related adjustment. The LIBOR adjustments have not been included in the calculation of the finance lease receivables.

### The net finance lease receivables as of 31st December 2021 were as follows:

| Amounts in USD million | Tankers | Container vessels | Other Shipping | Other Oil Service | Total |
|---|---|---|---|---|---|
| *Gross finance lease receivable* | | | | | |
| Less than one year | 125.3 | 12.1 | 31.3 | 29.1 | 197.7 |
| One to two years | 120.2 | 12.1 | 29.6 | 29.1 | 191.0 |
| Two to three years | 116.5 | 12.1 | 28.8 | 29.1 | 186.5 |
| Three to four years | 114.3 | 12.1 | 28.3 | 29.1 | 183.7 |
| Four to five years | 112.4 | 12.1 | 27.8 | 29.1 | 181.4 |
| More than five years | 455.6 | 42.4 | 185.0 | 21.7 | 704.8 |
| Unguaranteed residual values | 247.6 | 22.2 | 8.9 | 57.7 | 336.4 |
| **Gross finance lease receivable** | **1 291.9** | **125.0** | **339.6** | **224.8** | **1 981.4** |
| Less: Unearned finance income | (299.2) | (28.3) | (82.5) | (84.4) | (494.4) |
| **Total finance lease receivables** | **992.7** | **96.7** | **257.2** | **140.4** | **1 487.0** |
| | | | | | |
| *Present value of minimum lease payments* | | | | | |
| Less than one year | 121.9 | 11.7 | 30.4 | 27.0 | 191.0 |
| One to two years | 111.3 | 11.1 | 27.3 | 36.2 | 185.9 |
| Two to three years | 102.5 | 10.6 | 25.2 | 16.2 | 154.5 |
| Three to four years | 95.6 | 10.0 | 23.5 | 13.5 | 142.6 |
| Four to five years | 89.4 | 9.5 | 21.9 | 11.2 | 132.1 |
| More than five years | 344.7 | 29.6 | 123.9 | 10.2 | 508.5 |
| Unguaranteed residual values | 127.2 | 14.1 | 5.1 | 26.0 | 172.4 |
| **Total finance lease receivables** | **992.7** | **96.7** | **257.2** | **140.4** | **1 487.0** |
| Pre-delivery instalments | (1.0) | - | - | - | (1.0) |
| **Total finance lease receivables and related assets** | **991.7** | **96.7** | **257.2** | **140.4** | **1 486.0** |

**The net finance lease receivables as of 31st December 2020 were as follows:**

| Amounts in USD million | Tankers | Container vessels | Other Shipping | Other Oil Service | Total |
|---|---|---|---|---|---|
| *Gross finance lease receivable* | | | | | |
| Less than one year | 85.9 | 12.1 | 42.7 | 29.5 | 170.2 |
| One to two years | 85.4 | 12.1 | 45.1 | 29.1 | 171.6 |
| Two to three years | 85.0 | 12.1 | 42.7 | 29.1 | 168.8 |
| Three to four years | 84.3 | 12.1 | 40.5 | 29.1 | 166.1 |
| Four to five years | 83.4 | 12.1 | 39.3 | 29.1 | 163.8 |
| More than five years | 477.1 | 54.5 | 256.1 | 50.8 | 838.4 |
| Unguaranteed residual values | 181.0 | 22.2 | 28.1 | 57.7 | 288.9 |
| **Gross finance lease receivable** | **1 082.1** | **137.1** | **494.4** | **254.3** | **1 967.9** |
| Less: Unearned finance income | (324.1) | (33.7) | (121.2) | (104.7) | (583.7) |
| **Total finance lease receivables** | **757.9** | **103.5** | **373.2** | **149.6** | **1 384.2** |
| | | | | | |
| *Present value of minimum lease payments* | | | | | |
| Less than one year | 83.5 | 11.7 | 41.6 | 27.4 | 164.3 |
| One to two years | 83.8 | 11.1 | 41.7 | 36.2 | 172.8 |
| Two to three years | 71.2 | 10.6 | 37.6 | 16.2 | 135.5 |
| Three to four years | 66.4 | 10.0 | 34.0 | 13.6 | 124.0 |
| Four to five years | 61.8 | 9.5 | 31.3 | 11.2 | 113.8 |
| More than five years | 296.4 | 37.1 | 169.6 | 22.4 | 525.5 |
| Unguaranteed residual values | 94.8 | 13.4 | 17.5 | 22.6 | 148.4 |
| **Total finance lease receivables** | **757.9** | **103.5** | **373.2** | **149.6** | **1 384.2** |
| Pre-delivery instalments | 0.0 | - | - | - | 0.0 |
| **Total finance lease receivables and related assets** | **757.9** | **103.5** | **373.2** | **149.6** | **1 384.2** |

## NOTE 9 OTHER INCOME

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| **Other income** | **10.3** | **28.5** |

Other revenue of USD 10.3 million is mainly gain from sale of vessels accounted for as finance leases. For more information about the vessels that have been sold see note 8.

## NOTE 10 WAGES, PERSONNEL EXPENSES AND OTHER OPERATING EXPENSES

**Wages and personnel expenses consist of the following:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Wages | 10.8 | 5.2 |
| Social security contributions | 1.4 | 0.6 |
| Pension costs | 0.2 | 0.2 |
| Other expenses | 0.1 | 0.1 |
| **Total** | **12.5** | **6.0** |
| | | |
| Average number of employees | 20 | 19 |
| **Number of employees at year-end** | **14** | **20** |
| | | |
| **Geographical split of number of employees per region** | | |
| Norway | 10 | 15 |
| Malta | 4 | 5 |
| **Total** | **14** | **20** |

**Pension costs**
The Norwegian companies in the Group are subject to the Norwegian law of mandatory occupational pension and the Group meets the requirements of this legislation.

**Other operating expenses consist of the following:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| External consultants and services other than audit | 8.0 | 1.4 |
| Loss from modification of finance lease receivables | 0.3 | 0.6 |
| Other operating expenses | 1.5 | 1.5 |
| **Total** | **9.8** | **3.6** |

USD 6.8 million of the expenses related to external consultants and services other than audit is related to the transaction where funds advised by Kohlberg Kravis Roberts & Co. L.P. acquired the Company.

**Payments/fees to auditors of the Ocean Yield Group included in other operating expenses, are distributed as follows:**

| Amounts in USD thousand | Ordinary audit | Other assurance services | Tax advisory services | Other non-audit services | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Ocean Yield AS | 109.1 | - | 42.6 | - | 151.8 | 157.7 |
| Other consolidated companies | 222.1 | - | 9.0 | 1.8 | 232.9 | 221.5 |
| **Total** | **331.2** | **-** | **51.6** | **1.8** | **384.7** | **379.2** |

*The figures are exclusive of VAT.*

## NOTE 11 IMPAIRMENT CHARGES

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Impairment charges | - | 62.2 |
| **Total** | **-** | **62.2** |

USD 34.6 million of impairment charges in 2020 was is related to the segment Other Oil Service and the vessel Connector, which was sold in 2020. USD 27.7 million of impairment charges was related to the segment Car Carriers and the vessel Höegh Xiamen, which caught fire in June 2020 and was declared a constructive total loss as a result of the damage incurred in the fire.

## NOTE 12 LOSS FROM SALE OF VESSEL

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Loss from sale of vessel | - | 70.7 |
| **Total** | **-** | **70.7** |

Loss from sale of vessel of USD 70.7 million in 2020 was related to the segment Other Oil Service and the vessel Connector, which was sold in 2020.

## NOTE 13 FINANCIAL INCOME AND FINANCIAL EXPENSES

**Net financial income/expense recognized in profit and loss:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Interest income on bank deposits and receivables at amortized cost | 0.1 | 0.5 |
| Change in fair value of financial instruments | 1.8 | 26.8 |
| Net foreign exchange gain | 5.7 | - |
| Other financial income | 2.2 | 1.7 |
| **Total financial income** | **9.8** | **28.9** |
| | | |
| Interest expense on financial obligations measured at amortized cost | -52.6 | -79.6 |
| Net foreign exchange loss | - | -39.7 |
| Other financial expenses | -3.5 | -5.1 |
| **Total financial expenses** | **-56.1** | **-124.3** |
| **Net financial items** | **-46.3** | **-95.4** |

## NOTE 14 INCOME TAX EXPENSE

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Current tax expense: | | |
| Tax expense current year | -0.8 | -0.4 |
| **Total current tax expense** | **-0.8** | **-0.4** |
| Deferred tax expense: | | |
| Origination and reversal of temporary differences | -1.9 | -2.9 |
| **Total deferred tax expense (-)/benefit (+)** | **-1.9** | **-2.9** |
| **Total income tax expense (-)/benefit (+)** | **-2.7** | **-3.3** |
| | | |
| **Temporary differences consist of** | | |
| Vessels and other fixed assets | 157.3 | 70.2 |
| Provisions | - | -0.4 |
| Withholding tax | -51.3 | -75.7 |
| Other differences | -60.9 | -12.9 |
| **Total** | **45.1** | **-18.9** |
| Tax losses | -258.1 | -219.2 |
| **Deferred tax base assets** | **-213.0** | **-238.1** |
| Deferred tax assets | 70.5 | 70.0 |
| Deferred tax assets and liabilities not recognized | -77.5 | -75.2 |
| **Net deferred tax assets and liabilities** | **-7.0** | **-5.2** |
| | | |
| **Net deferred tax assets and liabilities are recorded as follows:** | | |
| Deferred tax assets | - | 0.0 |
| Deferred tax liabilities | -7.0 | -5.2 |
| **Net deferred tax assets and liabilities** | **-7.0** | **-5.2** |

Estimates of future taxable profits show that the Group is not likely to utilize the tax losses carried forwards, and a deferred tax asset has thus not been recognized.

The tax losses carried forward are mainly related to Norwegian entities, and has no expiration date. Withholding tax paid in India on revenue related to Dhirubhai-1 is reported in the temporary differences in the table in the line "Withholding tax". This can be deducted from tax payables in Norway for the next three years. However,  estimates of future taxable profits show that the Group is not likely to utilize these tax credits, and no deferred tax asset has been recognized related to the potential tax benefit from withholding tax paid in India.

The operations of the Group's bareboat fleet is handled from Malta. As a consequence most of the Group's income is subject to corporate taxation in Malta.

### Reconciliation of effective tax rate

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| **Net profit (loss) before tax, from continuing operations** | **86.4** | **-32.9** |
| Nominal tax rate in Norway (22%) | -19.0 | 7.2 |
| Effect of tax rates in foreign jurisdictions | 9.7 | 14.9 |
| Revenue not subject to tax | 0.1 | 0.0 |
| Expenses not deductible for tax purposes | -3.6 | -4.6 |
| Tax losses for which no deferred income tax asset was recognized | -3.7 | -5.8 |
| Companies within tonnage tax legislation | -0.4 | -25.7 |
| Other differences | 14.3 | 10.6 |
| **Total income tax expense (-)/benefit (+)** | **-2.7** | **-3.3** |

The tax figures are based on preliminary estimates of non-taxable income, non-tax deductible items and temporary differences between the financial accounts and the tax accounts. The final result will be calculated in relation to the tax return and may differ from the estimates above.

**The tax (charge)/credit relating to components of other comprehensive income is as follows:**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| **Amounts in USD million** | **Before tax** | **Tax** | **After tax** | **Before tax** | **Tax** | **After tax** |
| Remeasurements of defined benefit liability | - | - | - | -0.0 | - | -0.0 |
| Other comprehensive income from investment in associates | 9.8 | - | 9.8 | -14.7 | - | -14.7 |
| Change in fair value of financial assets | - | - | - | -0.1 | - | -0.1 |
| Currency translation differences | - | - | - | -0.0 | - | -0.0 |
| **Other comprehensive income** | **9.8** | **-** | **9.8** | **-14.8** | **-** | **-14.8** |

**The income tax (charged)/credited directly to equity during the year is as follows:**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| **Amounts in USD million** | **Before tax** | **Tax** | **After tax** | **Before tax** | **Tax** | **After tax** |
| Dividend on hybrid capital | -8.4 | - | -8.4 | -9.3 | - | -9.3 |
| De-consolidation of subsidiary | - | - | - | -0.1 | 0.1 | - |
| Decrease in non-controlling interests (de-consolidation of subsidiary) | - | - | - | -13.1 | 0.0 | -13.0 |
| Other | -0.0 | 0.1 | 0.1 | - | - | - |
| **Total** | **-8.4** | **0.1** | **-8.3** | **-22.4** | **0.2** | **-22.4** |

**Movement in net deferred tax assets and liabilities is as follows:**

| **2021** | | | | | |
|---|---|---|---|---|---|
| **Amounts in USD million** | **Net balance 1st January** | **Recognized in profit and loss** | **Recognized in other comprehensive income** | **Recognized directly in equity** | **Net balance 31st December** |
| Vessels and other fixed assets | 2.2 | -13.3 | - | 0.1 | -10.9 |
| Provisions | 0.1 | -0.1 | - | - | - |
| Withholding tax | 16.7 | -5.4 | - | - | 11.3 |
| Other differences | 2.8 | 10.6 | - | - | 13.4 |
| Tax losses | 48.2 | 8.6 | - | - | 56.8 |
| Deferred tax assets and liabilities not recognized | -75.2 | -2.3 | - | - | -77.5 |
| **Net deferred tax assets (+) and liabilities (-)** | **-5.2** | **-1.9** | **-** | **0.1** | **-7.0** |

| **2020** | | | | | |
|---|---|---|---|---|---|
| **Amounts in USD million** | **Net balance 1st January** | **Recognized in profit and loss** | **Recognized in other comprehensive income** | **Recognized directly in equity** | **Net balance 31st December** |
| Vessels and other fixed assets | -4.5 | 6.5 | - | 0.2 | 2.2 |
| Provisions | 2.9 | -2.8 | - | - | 0.1 |
| Withholding tax | 22.4 | -5.7 | - | - | 16.7 |
| Other differences | 8.4 | -5.7 | - | 0.2 | 2.8 |
| Tax losses | 36.0 | 14.5 | - | -2.3 | 48.2 |
| Deferred tax assets and liabilities not recognized | -67.7 | -9.6 | - | 2.1 | -75.2 |
| **Net deferred tax assets (+) and liabilities (-)** | **-2.5** | **-2.9** | **-** | **0.2** | **-5.2** |

## NOTE 15 DISCONTINUED OPERATIONS

The FPSO Dhirubhai-1 has been 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'.

In November 2021 Aker Energy AS ("Aker Energy") exercised the option to acquire the FPSO for a total consideration of USD 35 million. The vessel was delivered to Aker Energy during November, and the Group no longer have any assets classified as held for sale. Following the sale, the land-based personnel related to the FPSO has also been transferred to Aker Energy.

### Net profit (loss) from discontinued operations, net of tax

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Operating revenue | 1.6 | 0.3 |
| **Total revenues and other income** | **1.6** | **0.3** |
| Vessel operating expenses | -2.9 | -4.4 |
| Wages and other personnel expenses | -1.5 | -1.1 |
| Other operating expenses | -2.0 | -4.8 |
| Depreciation and amortization | -0.1 | -0.1 |
| Impairment charges | -16.4 | -94.8 |
| **Operating profit (loss)** | **-21.2** | **-104.9** |
| Financial income | 0.5 | 0.0 |
| Financial expenses | 0.0 | -0.2 |
| **Net financial items** | **0.5** | **-0.1** |
| **Net profit (loss) before tax** | **-20.7** | **-105.1** |
| Income tax expense (-) / benefit (+) | - | - |
| **Net profit (loss) from discontinued operation, net of tax** | **-20.7** | **-105.1** |
| | | |
| Basic and diluted earnings per share (USD), discontinued operations | (0.1) | (0.6) |

### Cash flows from discontinued operations

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Net profit (loss) for the period | -20.7 | -105.1 |
| Depreciation and amortization | 0.1 | 0.1 |
| Impairment charges and other non-recurring items | 16.4 | 94.8 |
| Net interest expenses (+) | -0.0 | -0.0 |
| Unrealized foreign exchange gain/loss | 0.0 | 0.1 |
| Other changes in operating activities | -0.8 | -13.7 |
| **Net cash flow from operating activities** | **-5.0** | **-23.8** |
| | | |
| Acquisition of vessels and equipment | - | -0.2 |
| Sale of vessel | 35.0 | - |
| **Net cash flow from investing activities** | **35.0** | **-0.2** |
| | | |
| **Net change in cash and cash equivalents** | **30.0** | **-23.9** |
| Intra Group transactions | -29.6 | 17.6 |
| Exchange rate differences | - | -0.1 |
| Cash and cash equivalents at beginning of the period | 0.4 | 6.9 |
| **Cash and cash equivalents at the end of the period** | **0.8** | **0.4** |

### Assets held for sale and related liabilities

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Vessels and equipment | - | 51.4 |
| Trade and other interest-free receivables | - | 2.1 |
| Cash and cash equivalents | - | 0.4 |
| **Assets held for sale** | **-** | **54.0** |
| | | |
| Current provisions (field abandonment) | - | 0.4 |
| Trade and other payables | - | 1.8 |
| **Liabilities directly associated with the assets held for sale** | **-** | **2.2** |

## NOTE 16 VESSELS AND OTHER FIXED ASSETS

| | Vessels | | | | Buildings | Other fixed assets | | |
|---|---|---|---|---|---|---|---|---|
| Amounts in USD million | Car Carriers | Other Shipping | Other Oil Service | FPSO | Other | FPSO | Other | Total |
| ***Cost balance:*** | | | | | | | | |
| **1st January 2020** | **339.7** | **164.0** | **712.3** | **877.5** | **1.3** | **3.7** | **11.4** | **2 110.0** |
| Capital expenditure | - | - | 4.0 | 0.2 | - | - | - | 4.2 |
| Disposals | -45.0 | - | -471.8 | - | - | - | - | -516.8 |
| Reclassified to asset held for sale | - | - | - | -877.7 | - | -3.7 | - | -881.4 |
| **31st December 2020** | **294.7** | **164.0** | **244.6** | **-** | **1.3** | **-** | **11.4** | **716.1** |
| Capital expenditure | - | - | 0.9 | - | - | - | - | 0.9 |
| Fixed assets aquired through financial lease | - | - | - | - | 2.1 | - | - | 2.1 |
| Disposals | - | - | - | - | - | - | - | - |
| **31st December 2021** | **294.7** | **164.0** | **245.5** | **-** | **3.5** | **-** | **11.4** | **719.1** |
| ***Accumulated depreciation and impairment losses:*** | | | | | | | | |
| **1st January 2020** | **-68.7** | **-15.5** | **-233.7** | **-731.4** | **-0.4** | **-3.6** | **-3.0** | **-1 056.3** |
| Depreciation | -12.2 | -5.5 | -26.9 | - | -0.4 | - | -0.8 | -45.7 |
| Impairment | -27.7 | - | -34.6 | - | - | - | - | -62.2 |
| Disposals | 45.0 | - | 218.5 | - | - | - | - | 263.5 |
| Reclassified to asset held for sale | - | - | - | 731.4 | - | 3.6 | - | 735.0 |
| **31st December 2020** | **-63.6** | **-20.9** | **-76.7** | **-** | **-0.7** | **-** | **-3.8** | **-165.7** |
| Depreciation | -10.8 | -5.5 | -11.9 | - | -0.4 | - | -0.7 | -29.3 |
| Impairment | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| **31st December 2021** | **-74.3** | **-26.4** | **-88.5** | **-** | **-1.2** | **-** | **-4.5** | **-195.0** |
| ***Carrying amount:*** | | | | | | | | |
| **31st December 2020** | **231.2** | **143.0** | **168.0** | **-** | **0.6** | **-** | **7.6** | **550.4** |
| **31st December 2021** | **220.4** | **137.6** | **157.0** | **-** | **2.3** | **-** | **6.9** | **524.2** |

### DISPOSALS

In December 2021, Höegh Autoliners Shipping AS declared an option in the charter agreement for the 2010 built car carrier Höegh Beijing, to purchase the vessel upon expiry of the bareboat charter in June 2022. The purchase price is USD 22 million.

### IMPAIRMENT TEST

The Group has as of year-end assessed the values of the vessels Far Senator and Normand Statesman. The value in use has been estimated for the vessels, and no impairment or reversal of impairment has been considered necessary.

The value in use 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 these vessels. The charter rate payable under the lease agreements for the vessels is a reference rate equal to the average per vessel EBITDA in a pool of seven similar UT731 design vessels. 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.

The value in use was calculated using a discount rate of 7.5% p.a. after tax (8.0% p.a. in 2020). Implied pre-tax discount rate is equal to the discount rate after tax.

As of year-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 year-end USD 78.6 million.

The value in use calculations have been placed within level 3 in the fair value hierarchy, as they are based on few observable inputs. The calculations of value in use are highly sensitive to the estimated level of future charter hires, the estimated residual values and the estimated useful life of the vessels.

### DEPRECIATION

Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each major component of an item of property, plant and equipment.

Estimated useful lives for the current and comparative periods are as follows:

| | | |
|---|---|---|
| Vessels | 10-30 | years |
| Other fixed assets | 3-1 | years |

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

## Contractual obligations

| Amounts in USD million | Tankers | Container vessels | Car Carriers | Other Shipping | Other Oil Service | FPSO | Total |
|---|---|---|---|---|---|---|---|
| Already paid | - | - | - | - | - | - | - |
| Due in Q1-Q2 2022 | 88.0 | - | - | - | - | - | 88.0 |
| **Total contractual obligations** | **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 Inc. 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 17 INVESTMENTS IN ASSOCIATES

### BOX HOLDINGS INC.

Ocean Yield owns as of year-end 2021 49.9% indirect equity interest in six container vessels and one newbuilding container vessel through its investment in BOX Holdings Inc, where Quantum Pacific Shipping is the largest shareholder. The six vessels, with capacity of about 19,500 TEU are chartered to a major European container line on 15-year bareboat charters. Four of the vessels were delivered in 2016, and two vessels were delivered in 2017. In Q3 2021 BOX Holdings Inc entered into an agreement to acquire 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 funded with a combination of cash and debt in BOX Holdings Inc.

The other vessels have been financed from secured loans with international banks. This debt is guaranteed by Quantum Pacific Shipping, and is non-recourse to Ocean Yield. In 2021 BOX Holdings Inc has completed a refinancing of the bank debt, which is expected to release a cash amount of USD 35-40 million in extraordinary dividend to Ocean Yield. The dividend is expected to be received during Q2 2022.

To manage some of the interest rate risk, BOX Holdings Inc has entered into interest rate swaps related to vessel financings, where floating rate payments have been swapped to fixed rate payments. Box Holdings Inc has applied hedge accounting to these interest rate swaps.

### OY HOLDING SUEZ LIMITED

In July 2021, Ocean Yield acquired 50% of the shares on OY Holding Suez Limited, and now owns 100% of the Company. The investment is no longer treated as an investment in associate, but as an investment in subsidiaries, which is consolidated with 100%.

OY Holding Suez Limited owns three suezmax tankers with 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.

### OY HOLDING LR2 LIMITED

Ocean Yield owns 50% of the shares in OY Holding LR2 Limited. OY Holding LR2 Limited owns four LR2 product tankers on long-term charters to Navig8 Group. All the vessels are financed with secured debt. Ocean Yield guarantees the senior secured bank debt against a guarantee fee.

In October 2021, Navig8 Ltd. exercised options in the charter agreements for the LR2 tankers Navig8 Pride and Navig8 Providence to sell the vessels to third parties. Delivery of the vessels is expected to take place in Q2 2022.

| Amounts in USD million | | | | |
|---|---|---|---|---|
| Investment | BOX Holdings Inc | OY Holding Suez Limited | OY Holding LR2 Limited | Total |
| Country | Marshall Islands | Malta | Malta | |
| Ownership and voting rights year-end | 49.9 % | 100.0 % | 50.0 % | |
| | | | | |
| *Carrying amount of investment in associates:* | | | | **31.12.2021** |
| Non-currents assets | 786.6 | - | 104.4 | 891.0 |
| Current assets | 129.6 | - | 14.3 | 143.9 |
| Non-current liabilities | -576.0 | - | -101.7 | -677.6 |
| Current liabilities | -58.7 | - | -8.8 | -67.6 |
| **Net assets (100%)** | **281.6** | **-** | **8.2** | **289.8** |
| **Share of net assets** | **140.5** | **-** | **4.1** | **144.6** |
| *Adjustment to carrying value of investment:* | | | | |
| Finance lease receivables | 40.6 | - | - | 40.6 |
| Adjustment to interest-bearing long-term debt | -2.3 | - | - | -2.3 |
| **Carrying amount of investments in associates** | **178.8** | **-** | **4.1** | **182.9** |
| | | | | |
| *Income from investment in associates:* | | | | **2021** |
| Operating revenues | 74.5 | 2.8 | 5.9 | 83.2 |
| Operating expenses | -1.2 | -0.0 | -0.1 | -1.3 |
| Financial items | -36.0 | -1.8 | -4.4 | -42.3 |
| Tax expense | - | -0.1 | - | -0.1 |
| **Net profit (100%)** | **37.3** | **0.9** | **1.3** | **39.5** |
| **Share of net profit** | **18.6** | **0.4** | **0.7** | **19.7** |
| Adjustment to finance lease revenue | -4.3 | - | - | -4.3 |
| Interest adjustment to long-term debt | 4.2 | - | - | 4.2 |
| **Income from investment in associates** | **18.5** | **0.4** | **0.7** | **19.6** |
| | | | | |
| *Total comprehensive income from investment in associates:* | | | | **2021** |
| Net profit (100%) | 37.3 | 0.9 | 1.3 | 39.5 |
| Other comprehensive income | 25.8 | - | - | 25.8 |
| **Total comprehensive income** | **63.1** | **0.9** | **1.3** | **65.4** |
| **Share of comprehensive income** | **31.5** | **0.4** | **0.7** | **32.6** |
| Adjustment to finance lease revenue | -4.3 | - | - | -4.3 |
| Amortization of upfront fees | 1.2 | - | - | 1.2 |
| **Total comprehensive income from investment in associates** | **28.4** | **0.4** | **0.7** | **29.5** |

| Amounts in USD million | | | | |
|---|---|---|---|---|
| Investment | BOX Holdings Inc | OY Holding Suez Limited | OY Holding LR2 Limited | Total |
| Country | Marshall Islands | Malta | Malta | |
| Ownership and voting rights year-end | 49.9 % | 50.0 % | 50.0 % | |
| | | | | |
| *Carrying amount of investment in associates:* | | | | **31.12.2020** |
| Non-currents assets | 771.8 | 98.6 | 112.3 | 982.7 |
| Current assets | 37.3 | 14.5 | 14.0 | 65.9 |
| Non-current liabilities | -507.6 | -92.0 | -109.8 | -709.3 |
| Current liabilities | -47.9 | -8.9 | -8.9 | -65.7 |
| **Net assets (100%)** | **253.6** | **12.2** | **7.7** | **273.5** |
| **Share of net assets** | **126.6** | **6.1** | **3.8** | **136.5** |
| *Adjustment to carrying value of investment:* | | | | |
| Finance lease receivables | 44.9 | - | - | 44.9 |
| Adjustment to interest-bearing long-term debt | -3.4 | - | - | -3.4 |
| **Carrying amount of investments in associates** | **168.0** | **6.1** | **3.8** | **178.0** |
| | | | | |
| *Income from investment in associates:* | | | | **2020** |
| Operating revenues | 77.1 | 3.3 | 3.1 | 83.5 |
| Operating expenses | -0.9 | -0.0 | -0.0 | -1.0 |
| Financial items | -32.4 | -2.2 | -2.6 | -37.2 |
| Tax expense | - | - | - | - |
| **Net profit (100%)** | **43.7** | **1.1** | **0.6** | **45.4** |
| **Share of net profit** | **21.8** | **0.5** | **0.3** | **22.7** |
| Adjustment to finance lease revenue | -4.2 | - | - | -4.2 |
| Interest adjustment to long-term debt | 4.0 | - | - | 4.0 |
| **Income from investment in associates** | **21.6** | **0.5** | **0.3** | **22.4** |
| | | | | |
| *Total comprehensive income from investment in associates:* | | | | **2020** |
| Net profit (100%) | 43.7 | 1.1 | 0.6 | 45.4 |
| Other comprehensive income | -22.9 | - | - | -22.9 |
| **Total comprehensive income** | **20.9** | **1.1** | **0.6** | **22.5** |
| **Share of comprehensive income** | **10.4** | **0.5** | **0.3** | **11.2** |
| Adjustment to finance lease revenue | -4.2 | - | - | -4.2 |
| Amortization of upfront fees | 0.7 | - | - | 0.7 |
| **Total comprehensive income from investment in associates** | **6.9** | **0.5** | **0.3** | **7.7** |

## NOTE 18 INTEREST-BEARING RECEIVABLES, OTHER SHARES AND OTHER NON-CURRENT ASSETS

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Restricted deposits | 5.5 | 1.3 |
| Finance lease receivables | 1 295.0 | 1 220.0 |
| Other interest-bearing long term receivables | - | 0.4 |
| Other shares | 0.2 | 0.2 |
| Other non-current assets | 1.9 | 1.1 |
| **Interest-bearing long term receivables, other shares and other non-current assets** | **1 302.6** | **1 222.9** |
| Finance lease receivables, short term portion | 191.0 | 164.2 |
| **Total interest-bearing receivables, other shares and other non-current assets** | **1 493.6** | **1 387.1** |

### RESTRICTED DEPOSITS

The restricted funds as of year-end 2021 are related to several of the Group's cross currency interest rate swaps, where a security deposit is needed when the negative value of the swaps exceeds certain thresholds.

### FINANCE LEASE RECEIVABLES

For more information regarding the lease agreements and calculations of the net finance lease receivables, see note 8.

## NOTE 19 EARNINGS PER SHARE, DIVIDEND PER SHARE, PAID-IN EQUITY AND HYBRID CAPITAL

### Earnings per share

Calculation of profit to equity holders of the Group:

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Net profit (loss) for the period | 63.0 | -141.3 |
| Non-controlling interests | - | 0.4 |
| Dividends on hybrid capital | 8.4 | 9.3 |
| **Net profit (loss) attributable to equity holders of the Group** | **54.6** | **-150.9** |

| | | |
|---|---|---|
| Ordinary shares issued at 31st December | 175 286 575 | 175 286 575 |
| Treasury shares at 31st December | - | -47 371 |
| Ordinary shares outstanding at 31st December | 175 286 575 | 175 239 204 |
| Weighted average number of shares (basic) | 175 226 535 | 175 214 577 |
| Basic earnings per share (USD) | 0.31 | -0.86 |
| Basic earnings per share (USD), continuing operations | 0.43 | -0.26 |

| | | |
|---|---|---|
| Weighted average number of shares | 175 226 535 | 175 214 577 |
| Effect of shares from incentive scheme on issue | - | - |
| Weighted average number of shares (diluted) | 175 226 535 | 175 214 577 |
| Diluted earnings per share (USD) | 0.31 | -0.86 |
| Diluted earnings per share (USD), continuing operations | 0.43 | -0.26 |

### Dividends

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Total dividend paid | 38.9 | 60.0 |
| Declared dividend for the 4th quarter subsequent to 31st December | 40.0 | 9.3 |
| Total dividend paid per share | 0.22 | 0.34 |

### Paid in capital

At 31st December 2021 Ocean Yield AS' share capital consists of the following:

| | in NOK | in USD |
|---|---|---|
| Number of ordinary shares | 175 286 575 | 175 286 575 |
| Par value | 10.0 | 1.5 |
| **Total par value (million)** | **1 752.9** | **271.0** |

All shares have equal voting rights and are entitled to dividends.

### Change in number of shares

| | 2021 | 2020 |
|---|---|---|
| **Number of shares outstanding 1st January** | **175 239 204** | **175 214 204** |
| Treasury shares acquired | -130 000 | -300 000 |
| Treasury shares sold | 177 371 | 325 000 |
| **Number of shares outstanding 31st December** | **175 286 575** | **175 239 204** |

### The largest shareholders as of 31st December 2021

As of year-end 2021 Octopus BidCo AS owns 100% of the shares in Ocean Yield AS. Octopus BidCo As is a company owned by funds advised by Kohlberg Kravis Roberts & Co. L.P. ("KKR").

Ocean Yield AS is part of the Octopus HoldCo 1 s.a.rl.'s consolidated financial statements. Octopus HoldCo 1 s.a.rl. is located in Luxembourg.

In December 2021 the Company was acquired by funds advised by KKR for NOK 41.259 per share, implying an equity value of the Company of about USD 800 million. The transaction was completed through a voluntary offer for all shares in Ocean Yield, where KKR reached approximately 94% ownership. Immediately thereafter, a compulsory acquisition of the remaining 6% was completed, resulting in KKR owning 100%. Following this, the shares in Ocean Yield were de-listed from the Oslo Stock Exchange and the company converted from ASA to AS. Concurrently, a new Board of Directors was elected, consisting of senior representatives from KKR. This transaction marked the end of more than 8 years as a publicly listed company on the Oslo Stock Exchange with Aker ASA as majority shareholder.

### Hybrid capital

In August 2019 The Company successfully completed a new perpetual hybrid callable bond ("Hybrid Bond") issue of USD 125.0 million, carrying a coupon of 3 months LIBOR + 6.75% p.a. with quarterly interest payments. The Hybrid Bond has been accounted for as book equity and is subordinated to the Company's outstanding senior unsecured bonds.

### Current board authorizations

At the Annual General Meeting, held on 21st April 2021, Ocean Yield ASA's shareholders gave the board an authorization to increase the share capital with maximum NOK 175.3 million in connections with acquisitions, mergers, de-mergers or other transfers of business, in addition to a private placement of shares of up to 10% of the share capital and an authorization to increase the share capital with maximum NOK 8.0 million in connection with the employee share programme. The Board was also given the authorization to acquire treasury shares up to an aggregate nominal value of NOK 8.0 million in connection with the employee share programme. The authorizations are valid until the 2022 Annual General Meeting.

## NOTE 20 GROUP COMPANIES

Ocean Yield AS is a holding company with financial investments and is the parent company in the Ocean Yield Group. Single purpose companies have been established for the ownership of the Group's vessels. The operations of the Group's bareboat fleet is handled from Malta. A separate holding company has been established in Malta, with single purpose companies for the ownership of the Group's vessels that are on bareboat charters.

As of year-end 2021 the Group consists of the subsidiaries presented in the table below. Companies owned directly by Ocean Yield AS are highlighted.

| | Group's ownership in % | Group's share of votes in % | Business address | |
|---|---|---|---|---|
| | | | City location | Country |
| **Aker Floating Production AS** | **100.0** | **100.0** | **Lysaker** | **Norway** |
| AFP Operations AS | 100.0 | 100.0 | Lysaker | Norway |
| Aker Contracting FP ASA | 100.0 | 100.0 | Lysaker | Norway |
| **Connector 1 AS** | **100.0** | **100.0** | **Lysaker** | **Norway** |
| **F-Shiplease AS** | 100.0 | 100.0 | Lysaker | Norway |
| **Ocean Operations AS** | **100.0** | **100.0** | **Lysaker** | **Norway** |
| **OCY FPSO AS** | **100.0** | **100.0** | **Lysaker** | **Norway** |
| **Ocean Yield Malta Limited** | **100.0** | **100.0** | **Floariana** | **Malta** |
| Ocean Yield Advisors AS | 100.0 | 100.0 | Lysaker | Norway |
| OCY Achilles Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Aquarius Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Aronaldo Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Aurora Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Azotic Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Barcelona Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Beijing Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Beluga Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Cape Henry Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Constellation Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Cronos Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Cygnus Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Dauntless Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Defender Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Detroit Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Diamond Head Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Frayja Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Gallantry Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Genoa Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Guard Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Hendricks Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Innuksuac 1 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Innuksuac 2 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Innuksuac 3 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Innuksuac 4 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Innuksuac 5 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Innuksuac 6 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Jacksonville Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Jeddah Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Knight 1 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Knight 2 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Knight 3 Limited | 100.0 | 100.0 | Floriana | Malta |

| | | | Business address | |
|---|---|---|---|---|
| | Group's ownership in % | Group's share of votes in % | City location | Country |
| OCY Knight 4 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Liberty Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Libra Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Livorno Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Lockhart 1 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Lockhart 2 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Lynx Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Milos Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Mineral Qingdao Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY NAT 1 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY NAT 2 Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Orca Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Orla Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Poliegos Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Sanctity Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Seoul Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Shanghai Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Steadfast Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Supreme Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Symphony Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Tanzanite Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Tellus Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Topaz Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Tourmaline Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Tracer Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Trapper Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Triton Limited | 100.0 | 100.0 | Floriana | Malta |
| OCY Turquoise Limited | 100.0 | 100.0 | Floriana | Malta |

## NOTE 21 FOREIGN CURRENCY EXCHANGE RATES

In the consolidated accounts of Ocean Yield, the following exchange rates have been applied in translating the accounts of subsidiaries with functional currency other than USD.

| Country/Region | Currency | Average rate 2021 | Rate at 31 Dec. 2021 | Average rate 2020 | Rate at 31 Dec. 2020 |
|---|---|---|---|---|---|
| Norway | USD/NOK | 8.60 | 8.82 | 9.40 | 8.53 |

## NOTE 22 INTEREST-BEARING DEBT

Change in the Group's interest-bearing debt:

| Amounts in USD Million | Secured debt | Unsecured bond debt | 2021 | 2020 |
|---|---|---|---|---|
| **Interest-bearing debt 1st January** | **1 388.2** | **222.6** | **1 610.8** | **2 185.2** |
| New debt | 601.7 | - | **601.7** | 195.1 |
| Instalments | -641.6 | -51.7 | **-693.3** | -393.8 |
| Repayment of interest bearing-debt (de-consolidation of subsidiary) | - | - | **-** | -67.1 |
| Repurchase | - | - | **-** | -87.3 |
| Loss (gain) from repurchase | - | - | **-** | 0.3 |
| Amortization of fees | 7.7 | 0.5 | **8.3** | 6.7 |
| Effect of movement in foreign exchange | - | -4.6 | **-4.6** | -4.1 |
| Change from subsidiary to associated company | - | - | **-** | -224.2 |
| Change from associated company to subsidiary | 96.0 | - | **96.0** | - |
| **Interest-bearing debt 31st December** | **1 452.0** | **166.9** | **1 618.9** | **1 610.8** |

### NEW AND AMENDED AGREEMENTS IN 2021

*TANKERS*
In connection with the acquisition of the six VLCCs on charter to International Seways, Ocean Yield entered into long-term financing agreements with several of its relationship banks for a total amount of USD 291 million. The financing agreements have tenors between five and ten years with competitive margins.

The Company has also entered into a new loan agreement of approximately USD 55 million for the financing of the two LR2 tankers on charter to Scorpio Tankers, which were acquired in December 2021. The loan has a tenor of five years with competitive margins.

For the two newbuilding Suezmax tankers scheduled for delivery in Q2 2022, the Company signed a new loan agreement in December 2021 for a USD 81.5 million loan facility with a tenor of 10 years with competitive margin.

The Company has also signed new loan agreements for the refinancing of one chemical tanker on long-term charter to Navig8 Chemical Tankers Inc. and one Suezmax tanker on long-term charter to Okeanis Eco Tankers Corp. The loan facilities were maturing in October 2021 and August 2022 and have been extended by three years from the refinancing date.

*CONTAINER VESSELS*
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.

*CAR CARRIERS*
During 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.

*OTHER OIL SERVICE*
In December 2021 Ocean Yield signed a new loan agreement for a refinancing of one offshore construction vessel. The loan facility was maturing in December 2021 and has been extended by another five and a half year.

*OTHER*
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 connection with the voluntary offer from KKR for the shares in Ocean Yield, bondholders meetings were held in the fourth quarter for the two unsecured bonds OCY05 and OCY07, and the hybrid perpetual bond OCY06. The bondholders meetings approved the change of control of Ocean Yield and waived any listing requirement of the Ocean Yield shares. As a consequence, amendment agreements have been 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 where adjusted. For OCY05 and OCY07, a fee of 0.50% was paid.

**The contractual terms of interest-bearing debt as of 31st December 2021 are as follows:**

| | Amounts in million | Currency | Maturity | Pledged assets* | Book value of asset used as collateral | Base interest | Interest margin | Undrawn facilities in million nominal currency | Nominal out-standing amount in million nominal currency | Carrying amount USD million 2021 | Carrying amount USD million 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Tankers** | Secured debt | USD | 2024 - 2031 | 5 Chemical tankers<br>6 Product tankers<br>5 Suezmax tankers<br>8 VLCC | 991.7 | 3 month LIBOR | 1.60%-2.35% | - | 778.1 | **770.0** | 572.2 |
| **Container vessels** | Secured debt | USD | 2025 | 4 container vessels | 96.7 | 3 month LIBOR | 2.00 % | - | 87.2 | **85.8** | 77.5 |
| **Car carriers** | Secured debt | USD | 2025 | 5 PCTC vessels | 220.4 | 3 month LIBOR | 2.25 % | - | 119.0 | **118.0** | 128.1 |
| **Other Shipping** | Secured debt | USD | 2023 - 2027 | 3 Gas Carriers<br>10 Dry bulk vessels | 394.7 | 3 month LIBOR | 1.85%-2.0% | - | 316.2 | **313.2** | 415.8 |
| **Other Oil Service** | Secured debt | USD | 2025 - 2029 | 1 Offshore construction vessels<br>2 Platform supply vessels<br>2 AHTS Vessels | 297.4 | 3/6 month LIBOR | 2.16%-3.50% | 52.5 | 167.3 | **165.1** | 194.7 |
| **Ocean Yield ASA** | Unsecured bond debt | NOK | 2023 - 2024 | | | 3 month NIBOR | 3.65%-4.25% | - | 1 480.0 | **166.9** | 222.6 |
| | **Total interest-bearing debt** | | | | | | | | | **1 618.9** | **1 610.8** |
| | Whereof the following is classified as current | | | | | | | | | **162.4** | 471.8 |
| | **Total interest-bearing long-term debt** | | | | | | | | | **1 456.5** | **1 139.0** |

### Covenants

Most of the Group's loans are subject to the following covenants

| | Covenants | Year-end 2021 | Year-end 2020 |
|---|---|---|---|
| Group equity | 25 % | 28.5 % | 27.9 % |
| Interest coverage ratio | 2.00:1 | N/A | 3.4:1 |
| Interest coverage ratio, where EBITDA have been adjusted for finance lease effects | 2.00:1 | 5.9:1 | 4.4:1 |
| Liquidity | The higher of USD 25 million and 3% of Net interest-bearing debt | USD 121.2 million | USD 113.2 million |

The Group was in compliance with these covenants at year end 2021 and 2020.

*INTEREST COVERAGE RATIO*

Most of the Group's loans are subject to an interest coverage ratio covenant, where EBITDA have been adjusted for finance lease effects. Two of the Group's bond loans are however subject to an interest coverage ratio covenant, where no adjustments are done. Should the Group be in breach of this minimum interest coverage ratio the required minimum liquidity of the Group increases to USD 40 million.

*MINIMUM MARKET VALUE*

Certain of the Group's loan facility agreements contain requirements for minimum market value of the secured vessels against the outstanding under the debt facility. The minimum value requirements are based on the average of brokerestimates and vary between 100% - 130% compared to the outstanding debt. As of year-end 2021 and 2020 the Group was in compliance with the minimum market value clauses for all loan agreements.

*OTHER CLAUSES*

Certain of the Group's debt facilities contain cross default to other loan agreements in the Group.

## NOTE 23 LEASES (AS LESSEE)

The Group entered in 2014 into an office lease agreement with Fornebuporten AS (an associated company of The Resource Group TRG AS). The offices, located at Fornebu, near Oslo, were completed in the third quarter 2015. The lease period is seven years, and Ocean Yield has the option to extend the lease period with 5 + 5 years. The Company exercised the first extension option in 2021, and the office lease agreement now runs until 2027.

In addition the Group has entered into an office lease agreement at Valletta Waterfront in Malta. The lease period started in 2018 and lasts for twelve years.

Information about leases for which the Group is a lessee is presented below:

**Right of use assets & liabilities:**

| Amounts in USD million | Right-of-use assets - Buildings | Lease Liabilities |
|---|---|---|
| Balance at 1 January 2021 | 0.6 | 0.6 |
| Fixed assets aquired through financial lease | 2.1 | 2.1 |
| Depreciations | -0.4 | - |
| Repayment of finance lease liabilities | - | -0.3 |
| Exchange rates differences | - | -0.0 |
| **Balance at 31 December 2021** | **2.3** | **2.3** |

**Amounts recognized in statement of profit and loss:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Interest on lease liabilites | 0.0 | 0.0 |
| Expenses related to leases of low-value assets | 0.1 | 0.0 |
| **Total** | **0.1** | **0.1** |

**Amounts recognized in statement of cash flows:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| **Total cash outflow for leases** | **0.4** | **0.4** |

## NOTE 24 FINANCIAL INSTRUMENTS

See also note 5 financial risk and exposure.

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| 31st December 2021 | Carrying Amount | | | | Fair Value | | |
|---|---|---|---|---|---|---|---|
| Amounts in USD million | FVPL | FVOCI | Amortized cost | Total | Level 1 | Level 2 | Level 3 |
| *Financial assets carried at fair value* | | | | | | | |
| Other shares | - | 0.2 | - | 0.2 | - | - | 0.2 |
| **Financial assets carried at fair value** | **-** | **0.2** | **-** | **0.2** | **-** | **-** | **0.2** |
| *Financial assets carried at amortized cost* | | | | | | | |
| Finance lease receivables | - | - | 1 486.0 | 1 486.0 | - | - | 1 533.5 |
| Other non-current assets | - | - | 1.9 | 1.9 | - | - | - |
| Trade and other short-term receivables | - | - | 3.1 | 3.1 | - | - | - |
| Cash and cash equivalents (including long-term restricted deposits, see note 18) | - | - | 126.7 | 126.7 | - | - | - |
| **Financial assets carried at amortized cost** | **-** | **-** | **1 617.8** | **1 617.8** | **-** | **-** | **1 533.5** |
| *Financial liabilities carried at fair value* | | | | | | | |
| Interest rate swaps | 1.7 | - | - | 1.7 | - | 1.7 | - |
| Foreign exchange contracts | 15.5 | - | - | 15.5 | - | 15.5 | - |
| **Financial liabilities carried at fair value** | **17.2** | **-** | **-** | **17.2** | **-** | **17.2** | **-** |
| *Financial liabilities carried at amortized cost* | | | | | | | |
| Bond debt | - | - | 166.9 | 166.9 | - | - | 169.0 |
| Other interest-bearing debt | - | - | 1 452.0 | 1 452.0 | - | 1 467.8 | - |
| Finance lease liabilities | - | - | 0.7 | 0.7 | - | - | - |
| Interest-free short-term financial liabilities | - | - | 6.6 | 6.6 | - | - | - |
| **Financial liabilities carried at amortized cost** | **-** | **-** | **1 626.2** | **1 626.2** | **-** | **1 467.8** | **169.0** |

| 31st December 2020 | Carrying Amount | | | | Fair Value | | |
|---|---|---|---|---|---|---|---|
| Amounts in USD million | FVPL | FVOCI | Amortized cost | Total | Level 1 | Level 2 | Level 3 |
| *Financial assets carried at fair value* | | | | | | | |
| Other shares | - | 0.2 | - | 0.2 | - | - | 0.2 |
| **Financial assets carried at fair value** | **-** | **0.2** | **-** | **0.2** | **-** | **-** | **0.2** |
| *Financial assets carried at amortized cost* | | | | | | | |
| Finance lease receivables | - | - | 1 384.2 | 1 384.2 | - | - | 1 466.3 |
| Other interest-bearing long-term receivables | - | - | 0.4 | 0.4 | - | - | - |
| Other non-current assets | - | - | 1.1 | 1.1 | - | - | - |
| Trade and other short-term receivables | - | - | 4.1 | 4.1 | - | - | - |
| Cash and cash equivalents (including long-term restricted deposits, see note 18) | - | - | 114.0 | 114.0 | - | - | - |
| **Financial assets carried at amortized cost** | **-** | **-** | **1 503.7** | **1 503.7** | **-** | **-** | **1 466.3** |
| *Financial liabilities carried at fair value* | | | | | | | |
| Interest rate swaps | 6.7 | - | - | 6.7 | - | 6.7 | - |
| Foreign exchange contracts | 12.3 | - | - | 12.3 | - | 12.3 | - |
| **Financial liabilities carried at fair value** | **19.0** | **-** | **-** | **19.0** | **-** | **19.0** | **-** |
| *Financial liabilities carried at amortized cost* | | | | | | | |
| Bond debt | - | - | 222.5 | 222.5 | - | - | 220.6 |
| Other interest-bearing debt | - | - | 1 388.3 | 1 388.3 | - | 1 403.3 | - |
| Finance lease liabilities | - | - | 0.6 | 0.6 | - | - | - |
| Interest-free short-term financial liabilities | - | - | 6.5 | 6.5 | - | - | - |
| **Financial liabilities carried at amortized cost** | **-** | **-** | **1 618.0** | **1 618.0** | **-** | **1 403.3** | **220.6** |

There were no transfers between levels 1 and 2, or 2 and 3 during 2021 or 2020 for assets and liabilities that are measured at fair value.

The change in fair value of assets/liabilities categorized within level 3 is as follows:

| Amounts in USD million | Other shares | Total |
|---|---|---|
| **Total 31st December 2020** | **0.2** | **0.2** |
| Acquisition | - | **-** |
| Change in fair value recognized in other comprehensive income | - | - |
| **Total 31st December 2021** | **0.2** | **0.2** |

Below is a description of the valuation techniques used for significant financial assets and liabilities that were placed within level 3 of the fair value hierarchy year-end 2021. The fair value calculations are based on few observable inputs. The fair values are determined for disclosure purposes.

| ASSET/LIABILITY | VALUATION TECHNIQUE |
|---|---|
| *FINANCE LEASE RECEIVABLES – TANKERS* | **Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contracts for the five chemical tankers, six product tankers, five suezmax tankers and eight VLCC crude tankers accounted for as finance leases. As the charter rates are subject to a LIBOR adjustment, the three months forward LIBOR curve has been applied in the calculations. The cash flows also include unguaranteed residual values of USD 105.0 million. The estimated cash flows are discounted using an annual discount rate of 5.2% p.a. (4.8% p.a. in 2020). This gives a fair value of USD 999.4 million (USD 791.4 million year-end 2020). |
| *FINANCE LEASE RECEIVABLES – CONTAINER VESSELS* | **Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contracts for the four container vessels accounted for as finance leases. As the charter rates are subject to a LIBOR adjustment, the three months forward LIBOR curve has been applied in the calculations. The cash flows also include unguaranteed residual values of USD 22.2 million. The estimated cash flows are discounted using an annual discount rate of 5.2% p.a. (4.8% p.a. in 2020). This gives a fair value of USD 97.4 million (USD 104.3 million in 2020). |
| *FINANCE LEASE RECEIVABLES – OTHER SHIPPING* | **Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contracts for the ten dry bulk vessels and one gas carrier accounted for as finance leases. As the charter rates are subject to a LIBOR adjustment, the three months forward LIBOR curve has been applied in the calculations. The cash flows also include unguaranteed residual values of USD 8.9 million. The estimated cash flows are discounted using an annual discount rate of 5.2% p.a. (4.8% p.a. in 2020). This gives a fair value of USD 263.0 million (USD 376.2 million in 2020). |
| *FINANCE LEASE RECEIVABLES – OTHER OIL SERVICE* | **Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contract for the vessel Aker Wayfarer. As part of the charter rate is subject to a LIBOR adjustment, the three months forward LIBOR curve has been applied in the calculations. The cash flow also includes an unguaranteed residual value of USD 57.7 million. The estimated cash flows are discounted using an annual discount rate of 5.2% p.a. (4.7% p.a. in 2020). This gives a fair value of USD 173.7 million (USD 194.4 million year-end 2020). |
| *BOND DEBT* | **Quoted price close to year-end:** The fair value has been calculated by using the last quoted price in 2021. As there have been limited transactions related to the bond debt, there are limited observable inputs, and the fair value calculation have thus been placed within level 3 in the fair value hierarchy. As the quoted prices relates to transactions between market participants they are considered to reflect fair values. As of year-end 2021 the total fair value of the bond debt is considered to be USD 169.0 million (USD 220.6 million year-end 2020), which equals 100.7% of the amount outstanding as of 31st December 2021. |

## NOTE 25 TRANSACTIONS AND AGREEMENTS WITH RELATED PARTIES

As of year-end 2021 Ocean Yield is owned by Octopus BidCo AS, a company controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. ("KKR"). Ocean Yield AS sold all of it's treasury shares to Octopus BidCo AS in relation to KKR's voluntary offer for all shares in Ocean Yield. There has not been any other transactions between Ocean Yield and other KKR-controlled companies in 2021.

Before the transaction in December 2021, where KKR acquired the shares in Ocean Yield, the largest shareholder, with 61.7% of the shares was Aker Capital AS, a wholly owned subsidiary of Aker ASA. Aker ASA's main shareholder is TRG Holding AS, controlled by Kjell Inge Røkke through The Resource Group TRG AS (TRG AS). All companies controlled by Kjell Inge Røkke and associated companies are considered as related parties for the Aker group, and thus were considered related parties for Ocean Yield up until the transaction. Transactions with parties defined as related parties during 2021 are described below.

### TRANSACTIONS WITH KJELL INGE RØKKE AND TRG AS

Ocean Yield does not have any material outstanding accounts, neither has there been any transactions during 2021 with Kjell Inge Røkke except remuneration as a board member in Ocean Yield ASA (see note 26).

### TRANSACTIONS WITH AKER ASA

The Group has a service agreement with Aker ASA which provides certain financial and administration services to Ocean Yield ASA and its subsidiaries. In 2021 the Group has paid USD 105,000 to Aker ASA for such services. No guarantees have been given or received between the parties.

### TRANSACTIONS WITH AKER CAPITAL AS

In July 2021, 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.

### TRANSACTIONS WITH AKASTOR ASA

The subsea, construction vessel Aker Wayfarer is chartered to AKOFS Offshore AS (AKOFS), a company owned 50% by Akastor ASA, until 2027. AKOFS has options to purchase the vessel in 2021, 2026 and 2027. In 2021 the Group has received USD 28.2 million in charter hire on the vessel.

### TRANSACTIONS WITH FORNEBUPORTEN AS

Ocean Yield entered in 2014 into an office lease agreement with Fornebuporten AS, (an associated company of TRG AS ), for offices located at Fornebu, near Oslo. The offices were completed in the third quarter 2015. The lease period is seven years. Ocean Yield has the option to extend the lease period with 5 + 5 years. The Company exercised the first extension option in 2021, and the office lease agreement now runs until 2027.

### TRANSACTIONS WITH AKER BP ASA

In 2017 Ocean Yield acquired the two platform supply vessels NS Orla and NS Frayja, built in 2014. Both vessels are on long term charters to Aker BP ASA, with approximately 12 years remaining from delivery to Ocean Yield. In 2021 the Group has received USD 12.6 million in charter hire on these vessels.

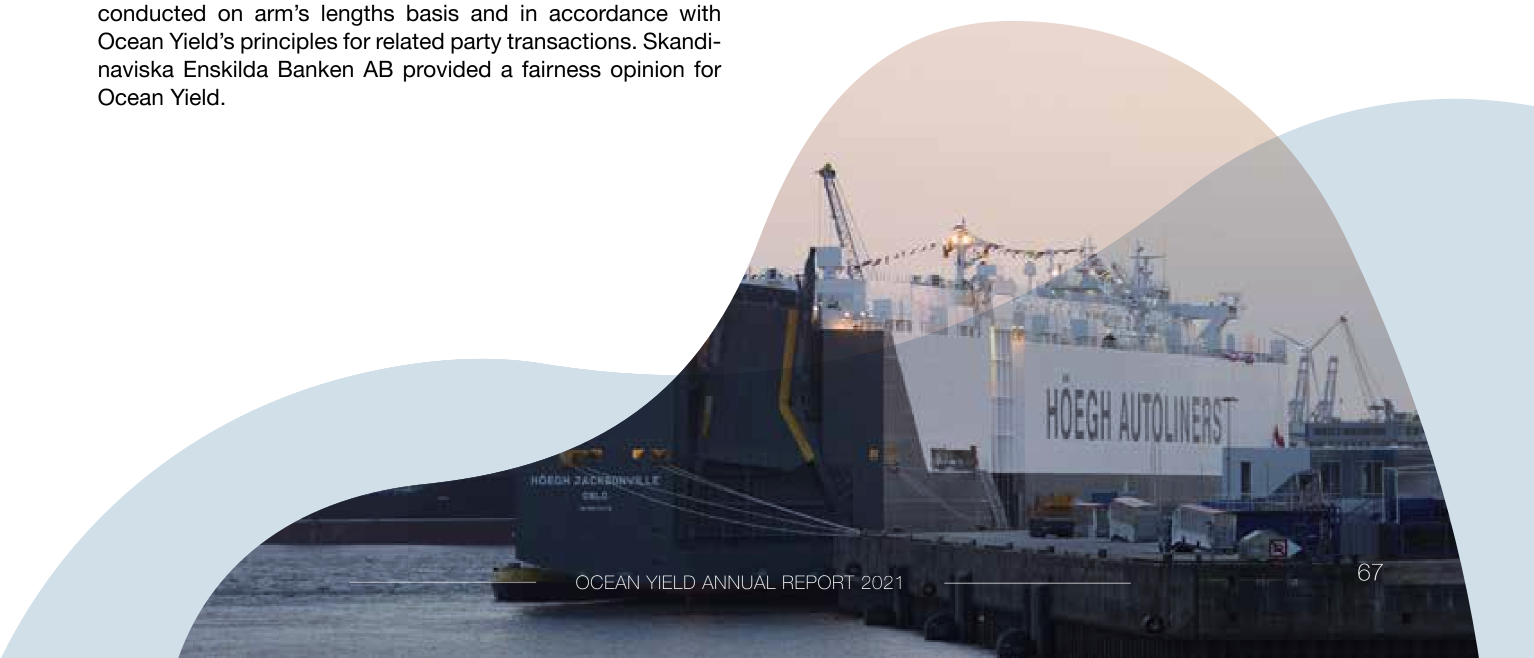
### TRANSACTIONS WITH AKER ENERGY AS

In the fourth quarter 2022, Aker Energy AS exercised an option to acquire the FPSO Dhirubhai-1 for a total cash consideration of USD 35.0 million. The vessel was delivered to Aker Energy in the fourth quarter. In addition, the land based personnel responsible for the FPSO has been transferred to Aker Energy AS.

### TRANSACTIONS WITH EMPLOYEES OF OCEAN YIELD AS

The Executive team of Ocean Yield ASA and certain other key employees acquired shares in Ocean Yield AS during 2021 as part of the Company's incentive scheme. For more information regarding the incentive scheme and shares owned by the executive team see note 26, 27 and 28.

At the Annual General Meeting held 25th April 2019 the General Meeting granted loans to the Executive team and certain other key employees for the purpose of acquiring shares in Ocean Yield AS. For more information regarding the loans to the Executive team see note 26.



## NOTE 26 SALARY AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND CFO REMUNERATION TO THE BOARD OF DIRECTORS

Following KKR's aquistion of all the shares in Ocean Yield in December 2021, a new Board of Directors was elected consisting of senior representatives from KKR. Remuneration to the new and the old Board members was as follows:

| Amounts in USD | 2021 | 2020 |
|---|---|---|
| Vincent Policard (Chairman from 7th December 2021) | - | - |
| Bernardo Nogueira (Board member from 7th December 2021) | - | - |
| Frank O. Reite (Chairman until 7th December 2021) | 36 632 | 57 444 |
| Kjell Inge Røkke (Deputy chairman until 7th december 2021) | 25 778 | 40 424 |
| Jens Ismar (Board member until 7th January 2022) | 29 460 | 40 424 |
| Anne-Christin Døvigen (Board member & audit committee member until 7th January 2022) | 32 562 | 44 679 |
| Annicken Gann Kildahl (Board member & chairman of audit committee until 7th January 2022) | 34 887 | 47 870 |
| **Total** | **159 319** | **230 841** |

According to policy in Aker, fees to directors employed in Aker companies is paid to the Aker company where the director is employed, and not to the director in person. Therefore, the remuneration for Kjell Inge Røkke was paid to The Resource Group TRG AS in 2021 and 2020.

### DIRECTIVE OF REMUNERATION OF THE CEO AND CFO

The accumulated remuneration to the CEO and CFO consists of a fixed salary, standard pension- and insurance terms for employees and a variable salary (see section Incentive scheme). The main purpose of the system for management remuneration is to stimulate a strong and lasting profit oriented culture leading to an increasing value of the Company. The CEO and CFO are members of a collective pension and insurance scheme applicable to all employees. The collective pension and insurance scheme is for salaries up to 12G.

*INCENTIVE SCHEME*

In 2013, Ocean Yield AS implemented an incentive scheme pursuant to which the CEO and CFO and certain other key employees were entitled to bonuses calculated on the basis of the development of the market price of the shares and dividends paid on the shares. This incentive scheme is no longer applicable as the Company has been de-listed from Oslo Stock Exchange.

### REMUNERATION TO THE CEO AND CFO

Lars Solbakken retired from his role as CEO on 4th February 2022. He has been replaced by Andreas Røde as new CEO of the Company.

In 2021 Lars Solbakken had a fixed salary of USD 552,976 (USD 439,072 in 2020), and earned a bonus of USD 1,322,157 (USD 254,822 in 2020). The value of additional remuneration was USD 4,827 in 2021 (USD 3,283 in 2020) and net pension expense was USD 41,954 (USD 30,720 in 2020).

Eirik Eide is the CFO of Ocean Yield AS. His appointment can be terminated by both parties with 3 months' notice. The remuneration plan for Eirik Eide includes a fixed salary, standard pension and insurance plan for employees and he was part of the incentive scheme that was implemented in 2013. In 2021 Eirik Eide had a fixed salary of USD 338,055 (USD 287,934 in 2020), and earned a bonus of USD 1,141,516 (USD 387,218 in 2019). The value of additional remuneration was USD 1,712 (USD 2,021 in 2020) and the net pension expense was USD 22,134 (USD 19,364 in 2020). At the Annual General Meeting held 25th April 2019 a loan of USD 453,546 was granted to Eirik Eide for the purpose of acquiring shares in Ocean Yield AS. The loan facility was cancelled when KKR aquired all of the shares in Ocean Yield and the Company was de-listed.

The CEO and CFO have no other remuneration than what is described above.

## NOTE 27 SHARES OWNED BY THE BOARD OF DIRECTORS, CEO AND CFO

As of 31st December 2021 the Board of Directors, CEO and CFO did not own any shares in Ocean Yield. All shares were sold to Octopus BidCo AS in relation to KKR's voluntary offer for all shares in Ocean Yield.

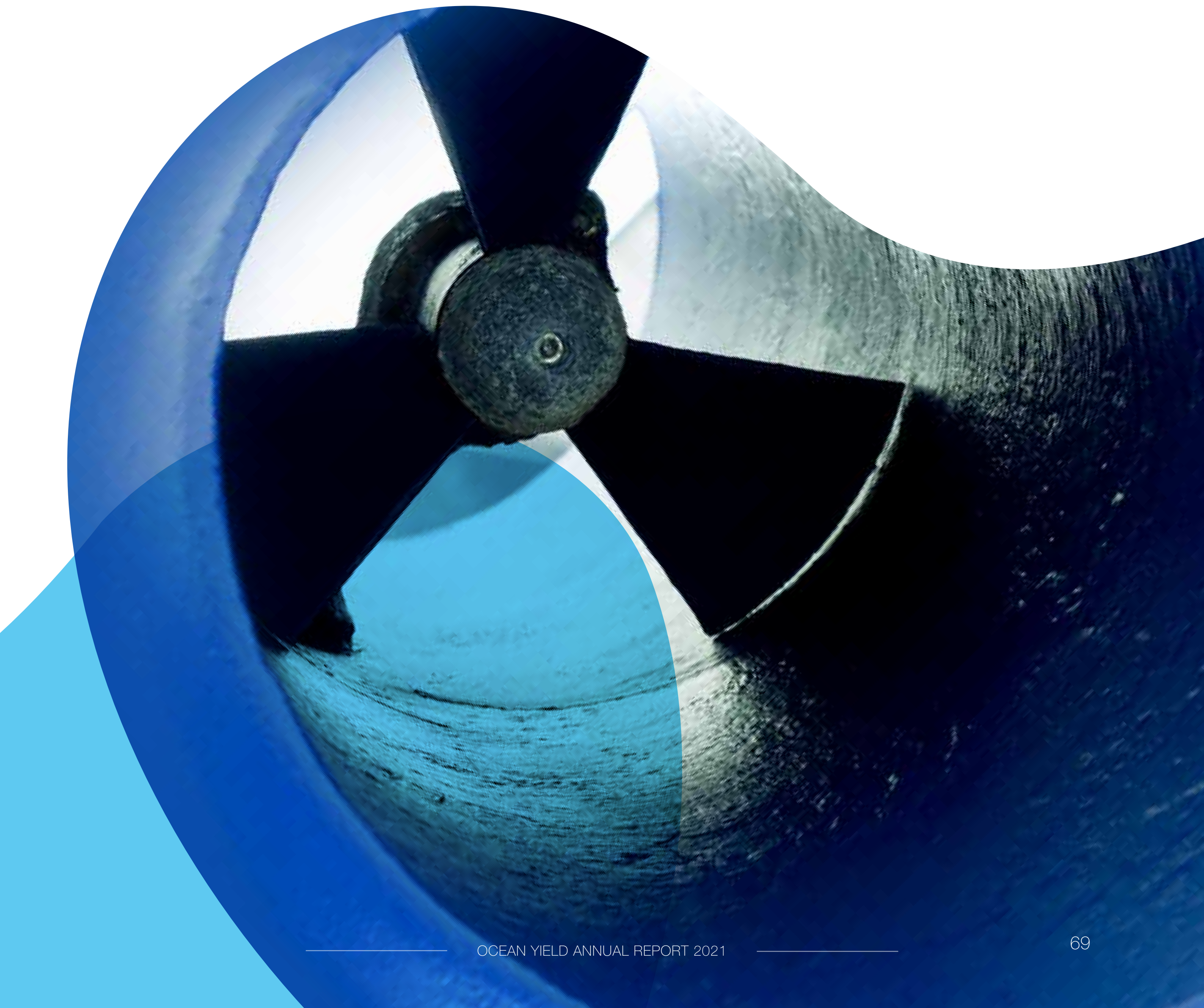
## NOTE 28 CONTINGENCIES AND LEGAL CLAIMS

Aker Contracting FP ASA ("Aker Contracting"), a non-guaranteed subsidiary of Ocean Yield, received a notice from Indian authorities in Q1 2021 regarding a potential tax claim related to the previous contract for the FPSO Dhirubhai-1. The amount of the potential tax claim is uncertain. Aker Contracting disputes that there is any legal basis for the claim and has obtained legal advice supporting their position. The matter has been referred to Indian courts.

## NOTE 29 EVENTS AFTER THE BALANCE SHEET DATE

Post quarter end, Ocean Yield announced that Lars Solbakken had informed the Board of Directors of his retirement from his role as CEO, effective February 4th, 2022. The Board of Directors of Ocean Yield has appointed Andreas Røde as the new CEO of the Company.

With the tragic events currently unfolding in Ukraine, the Company is monitoring the situation on a day-to day-basis, with specific focus on Sanctions. The Company does not have any operations or contracts directly related to Russia or Ukraine and has specific wording in all relevant bareboat charters with respect to Sanctions.



# OCEAN YIELD AS FINANCIAL STATEMENTS AND NOTES

## Ocean Yield AS Income statement

| Amounts in USD million | Note | 2021 | 2020 |
|---|---|---|---|
| **Total revenues** | | **0.6** | **0.6** |
| Salaries and other personnel related expenses | 3 | -8.3 | -3.6 |
| Other operating expenses | 4 | -8.6 | -1.6 |
| Depreciations | | -0.0 | -0.1 |
| **Operating profit (+)/loss (-)** | | **-16.4** | **-4.6** |
| Income from investment in subsidiaries | 5 | -27.5 | -195.9 |
| Financial Income | 5 | 25.2 | 7.6 |
| Financial Expenses | 5 | -37.6 | -38.8 |
| **Net profit before tax** | | **-56.3** | **-231.7** |
| Income tax expense (-) / benefit (+) | 6 | - | 1.3 |
| **Net profit after tax** | | **-56.3** | **-230.3** |

| | | |
|---|---|---|
| **Allocation of profit/loss for the year:** | | |
| Profit (+) / loss (-) | -56.3 | -230.3 |
| Dividend | -69.6 | -35.8 |
| Transferred from other paid-in capital | 125.8 | 130.6 |
| Transferred from (+) / allocated to (-) retained earnings | - | 135.5 |
| **Total** | **-** | **-** |

## Ocean Yield AS Balance Sheet at 31st December

| Amounts in USD million | Note | 2021 | 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| Fixed assets | | 0.0 | 0.1 |
| Shares in subsidiaries | 7 | 885.5 | 888.9 |
| Long-term interest-bearing receivables from Group companies | 8 | 49.3 | 547.7 |
| Long-term interest-bearing receivables and other shares | 9 | 5.5 | 1.6 |
| **Total non-current assets** | | **940.3** | **1 438.3** |
| Short-term interest-free receivables from Group companies | 8 | 5.4 | 36.1 |
| Other short-term receivables | | 0.0 | 0.1 |
| Cash and cash equivalents | 10 | 52.1 | 53.9 |
| **Total current assets** | | **57.5** | **90.1** |
| **Total assets** | | **997.8** | **1 528.4** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 271.0 | 271.0 |
| Treasury shares | | - | -0.0 |
| Other paid-in capital | | 101.9 | 227.7 |
| **Total paid-in equity** | | **372.9** | **498.7** |
| Retained earnings | | - | - |
| **Total retained earnings** | | **-** | **-** |
| **Total equity** | 11 | **372.9** | **498.7** |
| Long-term interest-bearing liabilities to Group companies | 8 | 0.0 | 3.9 |
| Long-term interest-bearing debt | 12 | 257.1 | 641.9 |
| Bond debt | 12 | 291.9 | 347.6 |
| Pension liabilities | | 0.0 | 0.0 |
| Other long-term liabilities | 14 | 6.9 | 12.0 |
| **Total non-current liabilities** | | **556.0** | **1 005.5** |
| Short-term interest-bearing liabilities to Group companies | 8 | - | 5.9 |
| Short-term interest-free liabilities to Group companies | 8 | 14.3 | 0.8 |
| Dividend | | 40.0 | 9.3 |
| Other short-term liabilities | 15 | 14.6 | 8.2 |
| **Total current liabilities** | | **68.9** | **24.2** |
| **Total liabilities** | | **624.9** | **1 029.7** |
| **Total equity and liabilities** | | **997.8** | **1 528.4** |

**BÆRUM, 31ST MARCH 2022**
OCEAN YIELD AS

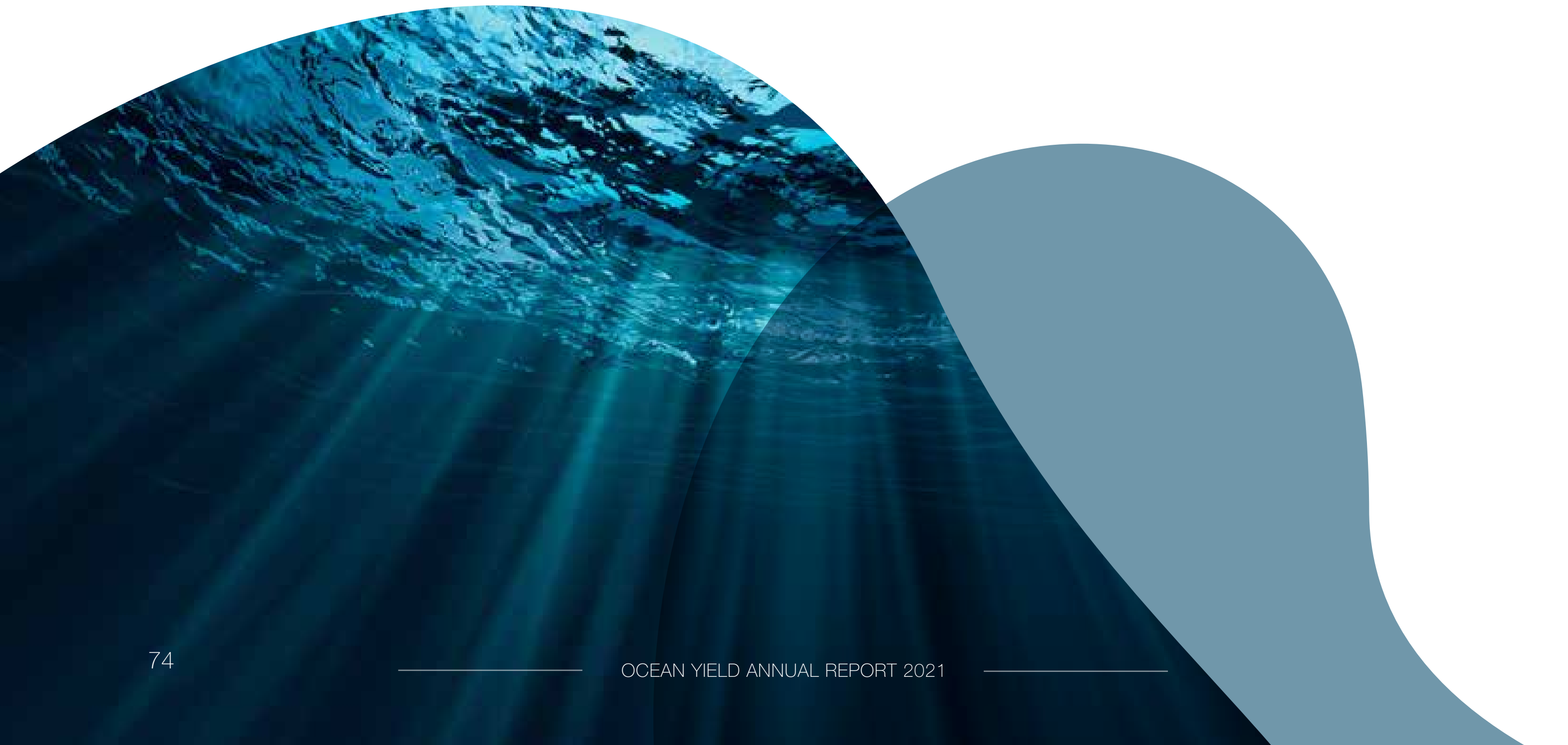
V. Policard — **VINCENT POLICARD**, CHAIRMAN

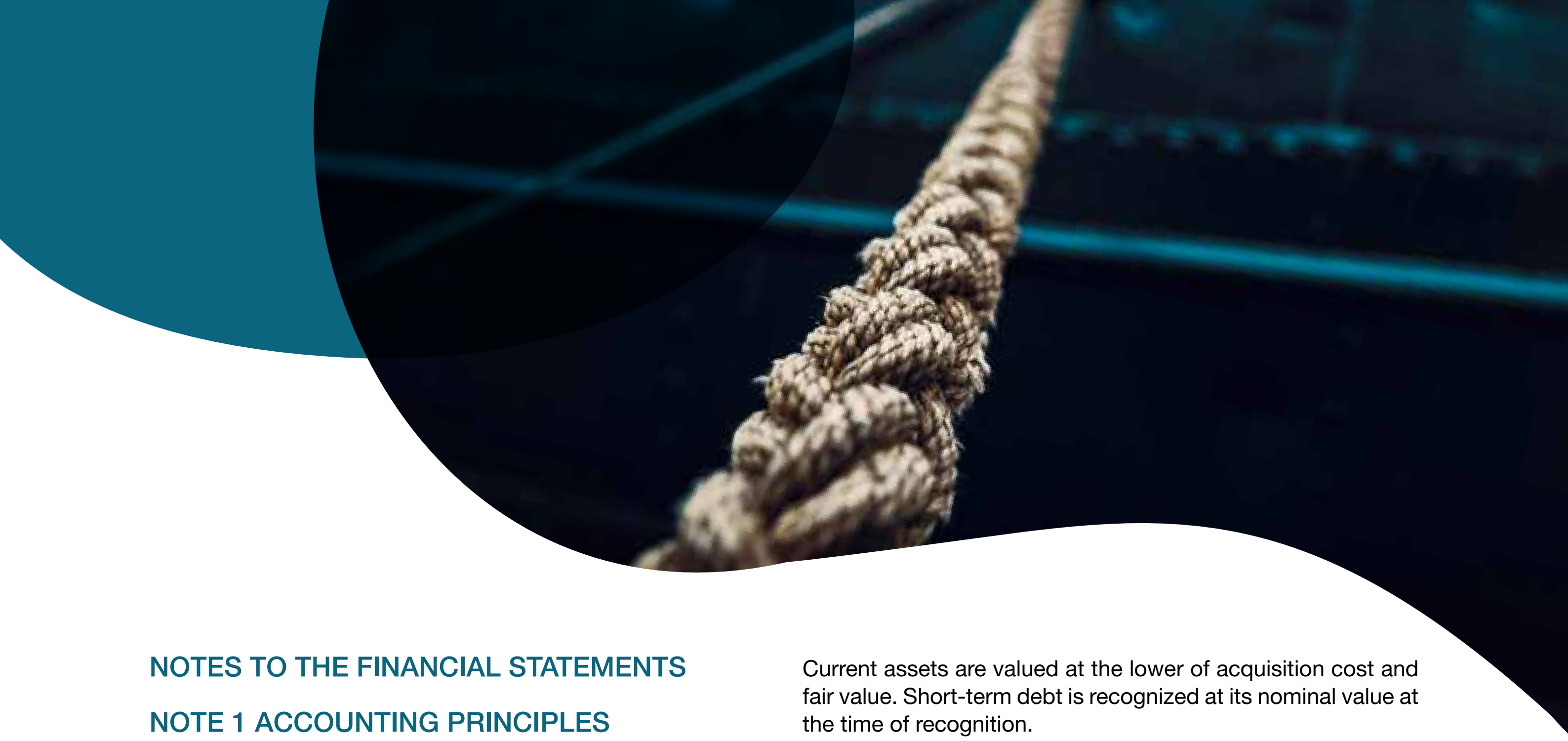
Bernardo Nogueira — **BERNARDO NOGUEIRA**, DIRECTOR

**ANDREAS RØDE**, CEO

## Ocean Yield AS Cash Flow Statement

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Net profit before tax | -56.3 | -231.7 |
| Dividends and group contributions from subsidiaries | - | -26.7 |
| Gain/loss/write-downs from investment in subsidiaries | 27.5 | 222.6 |
| Net interest income | 15.2 | 17.6 |
| Interest paid | -33.3 | -56.6 |
| Interest received | 22.9 | 44.8 |
| Foreign exchange gain/losses | -5.2 | -4.8 |
| Unrealized loss on derivatives and impairment charges on financial assets | -0.1 | -28.1 |
| Change in other short-term items | 17.1 | 1.2 |
| **Cash flow from operating activities** | **-12.2** | **-61.8** |
| | | |
| Dividends and group contributions received from subsidiaries | 0.4 | - |
| Group contributions paid to subsidiaries | -0.4 | - |
| Net change in long-term interest-bearing receivables from Group Companies | 491.2 | 334.8 |
| Net change in long-term interest-bearing receivables | -3.9 | 19.7 |
| Net change in other shares | - | 1.0 |
| **Cash flow from investing activities** | **487.2** | **355.5** |
| | | |
| Proceeds from issuance of interest-bearing long-term external debt | - | 86.6 |
| Repayment of interest-bearing long-term external debt | -438.7 | -397.4 |
| Proceeds from issuance of interest-bearing long-term debt to Group companies | - | 3.9 |
| Proceeds from issuance of interest-bearing short-term debt to Group companies | - | 0.0 |
| Repayment of interest-bearing long-term debt to Group companies | -0.0 | - |
| Repayment of interest-bearing short-term debt to Group companies | - | -0.0 |
| Dividends paid | -38.9 | -60.0 |
| Net change in treasury shares | 0.1 | 0.0 |
| **Cash flow from financing activities** | **-477.5** | **-366.7** |
| | | |
| Cash flow for the year | -2.5 | -73.0 |
| Cash and cash equivalents at January 1st | 53.9 | 128.7 |
| Exchange rate differences | 0.7 | -1.7 |
| **Cash and cash equivalents at December 31st** | **52.1** | **53.9** |





## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 ACCOUNTING PRINCIPLES

Ocean Yield AS is a company domiciled in Norway. The financial statements are prepared in accordance with Norwegian legislations and Norwegian generally accepted accounting principles.

### FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The functional currency and presentation currency of Ocean Yield AS is USD, as this is the primary economic environment in which Ocean Yield AS and its subsidiaries operate.

### REVENUE RECOGNITION

Revenue is recognized when the service is provided. The company is providing certain management services and other services to its subsidiaries. These services comprise of advisory services in areas of business strategy, financing and accounting.

### INVESTMENTS IN SUBSIDIARIES

Subsidiaries are entities over which Ocean Yield AS has control. Investments in subsidiaries are accounted for using the cost method in the parent company accounts. The investments are valued at cost less impairment losses. Write-down to fair value are according to good accounting practice recognized when the impairment is not considered to be temporary and reversed if the basis for the write-down is no longer present.

### DIVIDENDS FROM SUBSIDIARIES

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. Dividends, group contributions and other distributions are usually recognized in the profit and loss as financial income. Whenever dividends exceeds the share of retained profit after the acquisition, the excess represents a refund of invested capital, and the dividend is subtracted from the value of the investment in the balance sheet.

### CLASSIFICATION AND VALUATION OF BALANCE SHEET ITEMS

Current assets and current liabilities comprise of items that are due within one year from the time of acquisition. Other items are classified as non-current asset / non-current liability. Short-term portion of long-term debt is however classified as non-current liability.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is recognized at its nominal value at the time of recognition.

Non-current assets are valued at acquisition cost but written-down to fair value if impairment is not expected to be temporary. Long-term debt is initially recognized at its nominal value. Subsequent to initial recognition, interest-bearing long-term debt is stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowing on an effective interest basis.

### RECEIVABLES

Trade receivable and other receivables are carried at par value after subtraction of provision for expected loss. Provision for loss is made based on individual assessments of each receivable.

### FOREIGN CURRENCY

Transactions in foreign currency are translated into USD using the exchange rate at the time of transaction. Monetary items in foreign currency are valued at the rate of foreign exchange on the balance sheet date. Non-monetary items that are measured at historic cost in foreign currency are translated into USD using the exchange rate at the time of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into USD using the exchange rate at the date of measurement. Valuation changes due to exchange rate fluctuations are recorded on a continuous basis under other financial items.

### DERIVATIVES

Foreign exchange contracts that do not qualify for hedge accounting are recognized at fair value. Other derivatives that do not qualify for hedge accounting are recognized at the lowest of fair value and cost. Changes in fair value are reported as financial income/expense.

### TAX

The tax cost in the profit and loss statement includes both tax payable for the period and changes in deferred tax.

Deferred tax is calculated based on the temporary differences that exist between accounting and tax values, and tax losses carried forward at the end of the accounting year. Tax increasing and tax decreasing temporary differences which reverse or can be reversed in the same period are offset. Net deferred tax assets are recognized to the extent that it is probable that they can be utilized.

## CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents consist of cash, bank deposits and other current, liquid investments.

## THE USE OF ESTIMATES

The preparation of the financial statements, under the generally accepted accounting principles, requires that management uses the best estimates and assumptions that affect the profit and loss statement, the valuation of assets and liabilities as well as information regarding disclosure of contingent assets and liabilities on balance sheet date.

Contingent losses that are probable and quantifiable are expensed on an ongoing basis.

# NOTE 2 FINANCIAL MARKET RISK

The Company is exposed to several types of financial risk, the most significant of which are credit, liquidity, foreign exchange and interest rate risk. The purpose of risk management is to measure and manage financial risks in a reliable manner, in order to increase predictability and simultaneously minimise any negative impacts on Ocean Yield's financial results.

Should any of the counterparties chartering vessels from Ocean Yield AS' subsidiaries trigger defaults under current bareboat contracts, this could reduce payments and dividends to the Company from its subsidiaries. However following the COVID-19 pandemic in 2020, we have seen a strong recovery in most commodity shipping markets, which was followed by increased oil and gas prices towards the end of the year. For the Ocean Yield Group all counterparties performed in accordance with their contracts during the year and there were no defaults in the portfolio. Counterparty risk in most segments improved on the back of strong commodity markets and congestion in world ports, while the tanker market remained weak due to lower oil production.

*CREDIT RISK*

Credit risk relates to loans to subsidiaries, loan and deposits with external banks.

Cash and cash equivalents are held with banks and financial institutions with sound credit-ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

*LIQUIDITY RISK*

Liquidity risk is the risk that Ocean Yield AS will be unable to fulfil its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due. Management monitors monthly forecasts of the liquidity reserve on the basis of expected cash flows.

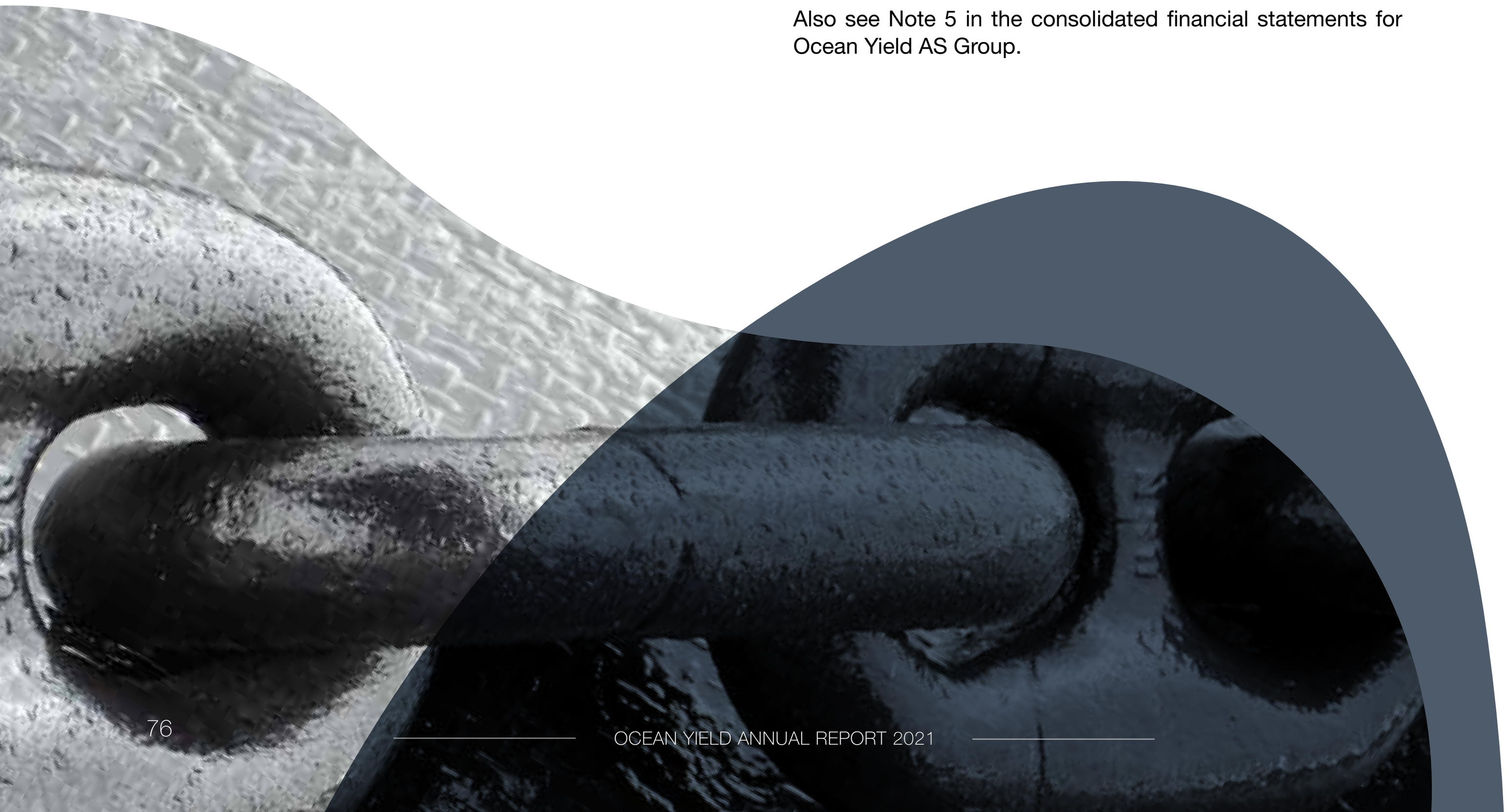
*CURRENCY RISK*

Ocean Yield AS and its subsidiaries operate in the international market which leads to various types of currency exposure. Ocean Yield AS' functional currency is USD. The currency exposure in Ocean Yield AS is primarily related to NOK. Operating expenses and the bond debt are denominated in NOK. To reduce the currency effect Ocean Yield AS has entered into interest and currency swaps. As of year-end 2021 Ocean Yield AS has four cross currency swaps, where NOK 1,250 million has been swapped from floating rate in NOK to floating rate in USD. Total outstanding debt in NOK as of year-end 2021 was NOK 1,480.0 million.

*INTEREST RATE RISK*

Ocean Yield's interest rate risk arises from external borrowings, internal borrowings and internal receivables. Borrowings and receivables issued at variable rates expose Ocean Yield AS to cash flow interest rate risk. Ocean Yield AS has prepared guidelines for management of interest rate risks. The interest rate policy of Ocean Yield defines levels for the hedging of expected future cash flows. As of year-end 2021 Ocean Yield has four interest rate swaps, where floating rate payments have been swapped to fixed.

Also see Note 5 in the consolidated financial statements for Ocean Yield AS Group.



## NOTE 3 SALARIES AND OTHER PERSONNEL EXPENSES

**Salaries and other personnel expenses consist of the following:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Salaries | 7.0 | 2.9 |
| Social security contribution | 1.1 | 0.4 |
| Pension cost | 0.1 | 0.1 |
| Other benefits | 0.1 | 0.1 |
| **Total salaries and other personnel expenses** | **8.3** | **3.6** |
| Average number of employees | 8 | 7 |
| Full time employee equivalents | 8 | 7 |

## NOTE 4 OTHER OPERATING EXPENSES

**Auditor's fee is included in other expenses and consists of the following:**

| Amounts in USD thousand | 2021 | 2020 |
|---|---|---|
| Ordinary audit | 109.1 | 112.8 |
| Tax advisory services | 42.6 | 8.6 |
| Other non-audit services | - | 36.4 |
| **Total** | **151.8** | **157.7** |

## NOTE 5 FINANCIAL ITEMS

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Dividends and group contributions from subsidiaries | - | 26.7 |
| Write down of shares in subsidiaries | -49.2 | -70.8 |
| Write down/reversed write down on receivables to subsidiaries | 21.7 | -151.8 |
| **Income from investment in subsidiaries** | **-27.5** | **-195.9** |
| Interest income from companies within the Group | 19.8 | 44.4 |
| Other interest income | 0.1 | 0.5 |
| Net foreign exchange gain | 5.4 | -37.2 |
| **Financial income** | **25.2** | **7.6** |
| Interest expenses to Group companies | -0.0 | -4.9 |
| Other interest expenses | -35.0 | -57.3 |
| Unrealized loss on interest and currency exchange swaps | 0.1 | 28.2 |
| Loss from sale of other shares | - | -0.1 |
| Other financial expenses | -2.7 | -4.6 |
| **Financial expenses** | **-37.6** | **-38.8** |

Write down of shares in subsidiaries of USD 49.2 million in 2021 is related to the investments in Connector 1 AS and F-shiplease AS. Write down/reversed write down on receivables to subsidiaries of positive USD 21.7 million is related to interest-bearing receivables against Aker Contracting FP ASA and Connector 1 AS.

Write down of shares in subsidiaries of USD 70.8 million in 2020 is mainly related to the investments in Connector 1 AS and F-shiplease AS. Write down on receivables to subsidiaries of USD 151.8 million is related to interest-bearing receivables against Aker Contracting FP ASA and Connector 1 AS.

## NOTE 6 INCOME TAX

The table below shows the difference between accounting and tax values at the end of 2021 and 2020 respectively, as well as changes in the differences, deferred tax assets at the end of each year and the change in deferred tax assets.

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Differences in interest and currency swaps | -15.8 | -15.9 |
| Loan fees amortised | 3.1 | 5.7 |
| Other | -0.0 | 0.0 |
| **Total differences** | **-12.7** | **-10.2** |
| Tax losses carried forward | -109.0 | -89.1 |
| **Total deferred tax basis** | **-121.7** | **-99.2** |
| Net deferred tax asset (22%) | -26.8 | -21.8 |
| Not recognized deferred tax asset | 26.8 | 21.8 |
| **Recognized deferred tax asset** | **-** | **-** |

### Estimated taxable profit

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Net profit before tax | -56.3 | -231.7 |
| Permanent differences in net non-taxable income (-) / expenses (+) | 33.7 | 240.0 |
| Change in temporary differences | 2.5 | -25.4 |
| Group contribution recognized directly against shares in subsidiaries | - | 6.1 |
| Tax losses for which no deferred income tax asset was recognized | 20.0 | 10.9 |
| **Estimated taxable income** | **-** | **-** |
| Tax payable (22%) in the profit and loss account | - | - |

### Income tax expense/income:

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Tax payable | - | - |
| Change in deferred tax | - | 1.3 |
| **Total income tax expense (-) / benefit(+)** | **-** | **1.3** |

The figures above are based on estimates of different non-deductible taxable income, non-deductible items and differences between accounting and tax items. The final calculations will be made in the income-tax return and may differ from estimates above.

### Explanation as to why income tax expense/benefit differs from 22% of net profit before tax:

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| 22 % tax on net profit before tax | 12.4 | 51.0 |
| 22% tax on permanent differences | -7.4 | -52.8 |
| Not recognized deferred tax asset | -5.0 | 3.2 |
| **Estimated income tax expense (-) / benefit(+)** | **-** | **1.3** |
| Effective tax rate | 0.0 % | 0.6 % |

## NOTE 7 SHARES IN SUBSIDIARIES

**Shares in subsidiaries include the following companies at 31st December 2021**

| Amounts in USD million | Ownership in % | Voting share in% | Location, city | Equity as of Dec. 31st 2021 | Profit before tax 2021 | Book value |
|---|---|---|---|---|---|---|
| Aker Floating Production AS* | 100 | 100 | Lysaker, Norway | -197.7 | -22.2 | - |
| Connector 1 AS | 100 | 100 | Lysaker, Norway | 0.2 | -1.5 | 0.2 |
| F-Shiplease AS | 100 | 100 | Lysaker, Norway | 27.7 | -3.5 | 27.7 |
| Ocean Operations AS | 100 | 100 | Lysaker, Norway | 0.5 | 0.5 | 0.1 |
| Ocean Yield Malta Limited* | 100 | 100 | Floriana, Malta | 1 103.0 | 95.3 | 857.5 |
| OCY FPSO AS | 100 | 100 | Lysaker, Norway | -0.0 | -0.0 | 0.0 |
| **Total** | | | | | | **885.5** |

• *100% of the Group's equity as of December 31st, and the Group's profit before tax 2021.*

## NOTE 8 RECEIVABLES, BORROWINGS AND TRANSACTIONS WITH GROUP COMPANIES

**Long-term interest-bearing receivables from Group companies consist of the following items:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Long-term interest-bearing receivables from Group companies | 49.3 | 547.7 |
| **Long-term interest-bearing receivables from Group companies** | **49.3** | **547.7** |

The receivables have a maturity of more than one year. Interest terms on the receivables are according to market.

**Short-term interest free receivables from Group companies consist of the following items:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Group contribution receivables | - | 6.7 |
| Incurred interest, not received, from Group companies | 5.2 | 25.2 |
| Other short-term receivables from Group companies | 0.2 | 4.1 |
| **Short-term interest free receivables from Group companies** | **5.4** | **36.1** |

**Long-term interest-bearing liabilities to Group companies consist of the following items:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Long-term interest-bearing liabilities to Group companies | 0.0 | 3.9 |
| **Long-term interest-bearing liabilities to Group companies** | **0.0** | **3.9** |

Long-term liabilities to Group companies have a maturity of more than five years and interest is set at market terms.

**Short-term interest-bearing liabilities to Group companies consist of the following items:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Short-term interest-bearing liabilities to Group companies | - | 5.9 |
| **Short-term interest-bearing liabilities to Group companies** | **-** | **5.9** |

Short-term liabilities to Group companies have a maturity of less than one year and interest is set at market terms.

**Short-term interest free liabilities to Group companies consist of the following items:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Group contribution payable | - | 0.8 |
| Incurred unpaid interest, to Group companies | 0.0 | 0.0 |
| Other short-term interest free liabilities to Group companies | 14.3 | 0.0 |
| **Short-term interest free liabilities to Group companies** | **14.3** | **0.8** |

## DIVIDENDS AND GROUP CONTRIBUTIONS RECEIVED FROM GROUP COMPANIES:

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Dividends from Group companies | - | 26.1 |
| Group contributions received from Group companies | - | 0.6 |
| **Dividends and group contributions received from Group companies** | **-** | **26.7** |

## NOTE 9 LONG-TERM INTEREST-BEARING RECEIVABLES

**Long-term interest-bearing receivables and other shares consist of the following:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Restricted deposits | 5.5 | 1.2 |
| Other long-term interest-bearing receivables | - | 0.4 |
| **Long-term interest-bearing receivables and other shares** | **5.5** | **1.6** |

### RESTRICTED DEPOSITS

The restricted funds as of year-end 2021 are related to several of the Company's cross currency interest rate swaps, where a security deposit is needed when the negative value of the swaps exceeds certain thresholds.

## NOTE 10 CASH AND CASH EQUIVALENTS

**Cash and cash equivalents are distributed as follows:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Cash restricted | 2.0 | 0.2 |
| Cash unrestricted | 50.1 | 53.7 |
| **Cash and cash equivalents** | **52.1** | **53.9** |

In addition Ocean Yield AS has USD 5.5 million in restricted cash classified as long-term assets (see note 9).

## NOTE 11 SHAREHOLDERS EQUITY

**Changes in shareholder's equity is as follows:**

| Amounts in USD million | Share capital | Treasury shares | Other paid in capital | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Shareholders equity 31st December 2019** | **271.0** | **-0.4** | **355.0** | **135.5** | **761.1** |
| Dividend | - | - | -35.8 | - | -35.8 |
| Net profit (loss) for the year | - | - | -94.8 | -135.5 | -230.3 |
| Treasury shares acquired | - | -0.7 | - | - | -0.7 |
| Treasury shares sold | - | 1.0 | -0.2 | - | 0.7 |
| Group contribution received 2019 | - | - | 3.6 | - | 3.6 |
| Other changes | - | - | 0.0 | - | 0.0 |
| **Shareholders equity 31st December 2020** | **271.0** | **-0.1** | **227.8** | **-** | **498.7** |
| Dividend | - | - | -69.6 | - | -69.6 |
| Net profit (loss) for the year | - | - | -56.3 | - | -56.3 |
| Treasury shares acquired | - | -0.4 | - | - | -0.4 |
| Treasury shares sold | - | 0.5 | -0.0 | - | 0.5 |
| **Shareholders equity 31st December 2021** | **271.0** | **0.0** | **101.9** | **-** | **372.9** |

See note 19 in the consolidated financial statements for Ocean Yield AS Group for information about paid in capital, largest shareholders and current board authorizations.

## NOTE 12 INTEREST-BEARING DEBT

**Change in Interest-bearing debt:**

| Amounts in USD Million | Debt to Group companies | Secured debt | Unsecured bond debt | 2021 | 2020 |
|---|---|---|---|---|---|
| **Interest-bearing debt 1st January** | **9.8** | **641.9** | **347.6** | **999.3** | **1 591.2** |
| New debt | - | - | - | **-** | 90.6 |
| Instalments | -0.0 | -387.0 | -51.7 | **-438.7** | -310.4 |
| Other non-cash changes (netted against receivables etc) | -10.0 | - | - | **-10.0** | -282.7 |
| Repurchase | - | - | - | **-** | -87.3 |
| Loss from repurchase | - | - | - | **-** | 0.3 |
| Amortization of loan fees | - | 2.2 | 0.5 | **2.7** | 4.0 |
| Effect of movement in foreign exchange | 0.2 | - | -4.6 | **-4.4** | -6.4 |
| **Interest-bearing debt 31st December** | **0.0** | **257.1** | **291.9** | **549.0** | **999.3** |

### SECURED DEBT

During 2021 several of the Company's bank loans have been repaid and have been replaced with new loan agreements where Ocean Yield Malta Limited is borrower and Ocean Yield AS is guarantor:

- The loan facility related to one chemical tanker on long-term charter to Navig8 Chemical Tankers Inc. has been repaid. The loan facility was maturing in October 2021.
- The loan facility related to one Suezmax tanker on long-term charter to Okeanis Eco Tankers Corp.  has been repaid. The loan facility was maturing in August 2022.
- The loan facility related to five car carriers on long-term charter to Höegh Autoliners  has been repaid. The loan facility was maturing in June 2021.
- The loan facility related to one offshore construction vessel has been repaid. The loan facility was maturing in December 2021.

### BOND DEBT

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 connection with the voluntary offer from KKR for the shares in Ocean Yield, bondholders meetings were held in the fourth quarter for the two unsecured bonds OCY05 and OCY07, and the hybrid perpetual bond OCY06. The bondholder meetings approved the change of control of Ocean Yield and waived any listing requirement of the Ocean Yield shares. As a consequence, amendment agreements have been 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 where adjusted. For OCY05 and OCY07, a fee of 0.50% was paid.

### COVENANTS

Ocean Yield AS has loans and guarantee commitments that contain certain financial covenants. The main covenants are a Group equity of 25%, an interest cover ratio of 2.00:1 and minimum liquidity of no less than the higher of USD 25 million and 3% of Net interest-bearing debt. Ocean Yield AS was in compliance with all covenants at year-end 2021.

## NOTE 13 MORTGAGES AND GUARANTEE OBLIGATIONS

**Guarantee obligations are as follows:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Loan guarantees Ocean Yield Malta Limited | 1 115.6 | 767.0 |
| Loan guarantees OY Holding Suez Limited | 93.0 | 100.8 |
| Loan guarantees OY Holding LR2 Limited | 109.3 | 117.7 |
| **Total guarantee obligations** | **1 317.8** | **985.5** |

## NOTE 14 OTHER LONG- TERM LIABILITIES

**Other long-term liabilities consist of the following:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Unrealized loss on interest and currency exchange swaps | 6.9 | 12.0 |
| **Other long-term liabilities** | **6.9** | **12.0** |

## NOTE 15 OTHER SHORT-TERM LIABILITIES

**Other short-term liabilities consist of the following:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Accrued interest external | 2.0 | 3.1 |
| Unrealized loss on interest and currency exchange swaps | 8.8 | 3.9 |
| Accrued bonus to employees | 0.2 | 0.4 |
| Other | 3.7 | 0.9 |
| **Other short-term liabilities** | **14.6** | **8.2** |

## NOTE 16 FINANCIAL INSTRUMENTS

**At year-end Ocean Yield AS had the following financial instruments recognized at fair value:**

| 31st December 2021 | | | |
|---|---|---|---|
| Amounts in USD million | Carrying amount | Fair value | Unrealized loss recognized in profit and loss |
| Cross Currency Interest Rate Swaps | -15.5 | -15.5 | -3.2 |
| Forward exchange contracts | - | - | - |
| Interest rate swaps | -0.3 | -0.3 | 3.3 |
| **Total** | **-15.8** | **-15.8** | **0.1** |

| 31st December 2020 | | | |
|---|---|---|---|
| Amounts in USD million | Carrying amount | Fair value | Unrealized loss recognized in profit and loss |
| Cross Currency Interest Rate Swaps | -12.3 | -12.3 | 26.7 |
| Forward exchange contracts | - | - | 0.5 |
| Interest rate swaps | -3.6 | -3.6 | 0.9 |
| **Total** | **-15.9** | **-15.9** | **28.2** |

*For more information regarding the cross currency interest rate swaps and the interest rate swaps see note 5 in the consolidated financial statements for Ocean Yield AS Group.*

## NOTE 17 OPERATING LEASES

In 2014 Ocean Yield AS entered into an office lease agreement with Fornebuporten AS (previously a subsidiary of Aker ASA). The offices, located at Fornebu, near Oslo, were completed in the third quarter 2015. The lease period is seven years. Ocean Yield AS has the option to extend the lease period with 5 + 5 years. The Company exercised the first extension option in 2021, and the office lease agreement now runs until 2027.

Annual rent is approximately USD 0.4 million. Ocean Yield AS sublets parts of the office space.

## NOTE 18 TRANSACTIONS AND AGREEMENTS WITH RELATED PARTIES

As of year-end 2021 Ocean Yield is owned by Octopus BidCo AS, a company controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. ("KKR"). Ocean Yield AS sold all of it's treasury shares to Octopus BidCo AS in relation to KKR's voluntary offer for all shares in Ocean Yield. There has not been any other transactions between Ocean Yield and other KKR-controlled companies in 2021.

Before the transaction in December 2021, where KKR acquired the shares in Ocean Yield, the largest shareholder, with 61.7% of the shares was Aker Capital AS, a wholly owned subsidiary of Aker ASA. Aker ASA's main shareholder is TRG Holding AS, controlled by Kjell Inge Røkke through The Resource Group TRG AS (TRG AS). All companies controlled by Kjell Inge Røkke and associated companies are considered as related parties for the Aker group, and thus were considered related parties for Ocean Yield up until the transaction. See note 25 in the consolidated financial statements for Ocean Yield AS Group for transactions with Kjell Inge Røkke, TRG AS, Aker ASA, Fornebuporten AS, Aker Energy AS and employees of Ocean Yield AS.

### TRANSACTIONS WITH SUBSIDIARIES OF OCEAN YIELD AS

Ocean Yield AS has loans to and from several of its subsidiaries. For more details regarding the amounts see note 8. All transactions with related parties are done at market rates and in accordance with the arm's lengths principle.

## NOTE 19 SALARY AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND CFO

See note 26 in the consolidated financial statements for Ocean Yield AS Group.

## NOTE 20 SHARES OWNED BY THE BOARD OF DIRECTORS, CEO AND CFO

See note 27 in the consolidated financial statements for Ocean Yield AS Group.

## NOTE 21 CONTINGENCIES AND LEGAL CLAIMS

No material contingencies or legal claims have been identified at the end of the year.

## NOTE 22 EVENTS AFTER THE BALANCE SHEET DATE

See note 29 in the consolidated financial statements for Ocean Yield AS Group.

# DIRECTOR'S RESPONSIBILITY STATEMENT

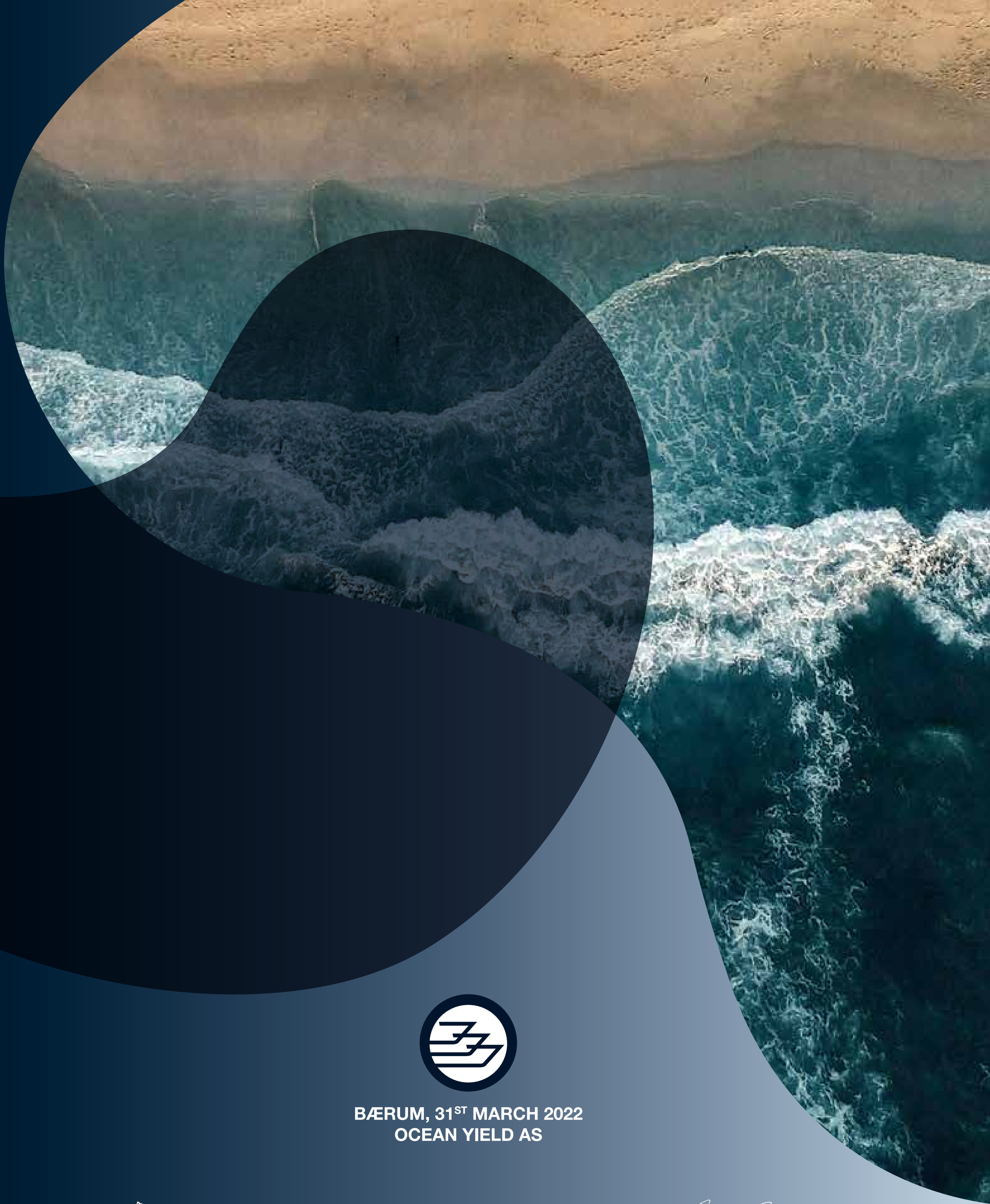
Today, the Board of Directors and the Company's Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements of Ocean Yield AS for the year ending and as of 31st December 2021.

Ocean Yield's consolidated financial statements have been prepared in accordance with IFRS and IFRIC adopted by the EU as well as additional disclosure requirements in the Norwegian Accounting Act and as such are to be applied as per 31st December 2021. The separate financial statements of the parent company Ocean Yield AS have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31st December 2020. The Board of Directors' report for the Group and the parent company meets with the requirements of the Norwegian Accounting Act and Norwegian accounting standard no. 16, as of 31st December 2021.

TO THE BEST OF OUR KNOWLEDGE:

- The consolidated and separate annual financial statements for the Group and the parent company for 2021 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit/loss as a whole per 31st December 2021 for the Group and for the parent company.

- The board of directors' report includes a true and fair review of the
  - development and performance of the business and the position of the Group and the parent company,
  - the principal risks and uncertainties the Group and the parent company may face.



**BÆRUM, 31ST MARCH 2022**
**OCEAN YIELD AS**

V. Policard
**VINCENT POLICARD**
CHAIRMAN

Bernardo Nogueira
**BERNARDO NOGUEIRA**
DIRECTOR

**ANDREAS RØDE**
CEO

KPMG

**KPMG AS**
Sørkedalsveien 6
Postboks 7000 Majorstuen
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To the General Meeting of Ocean Yield AS

# Independent Auditor's Report

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Ocean Yield AS, which comprise:

- The financial statements of the parent company Ocean Yield AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Ocean Yield AS and its subsidiaries (the Group), which comprise the Consolidated statement of financial position as at 31 December 2021, the Consolidated statement of profit and loss and total comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 15 years, from the foundation of the Company 10 September 2007 for the accounting year 2007.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Impairment assessment

Reference is made to the Board of Director's report, section Risk and Risk Management , Note 3 - Accounting Principles, note 11 - Impairment charges and note 16 – Vessels and Other Fixed Assets.

<table>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Vessels and other fixed assets include vessels on operating lease contracts with customers totaling USD 524.2 million as at 31 December 2021. Interest-bearing long-term and short-term receivables includes vessels on finance lease contracts with customers totaling USD 1 491.5 million as at 31 December 2021.<br><br>The Group is exposed to market risk where a downturn in the markets could lead to counterparty default, as well as a residual value risk related to vessels upon expiry of a charter contract. This is particularly relevant to the Group's customers within oil & gas and car carrier business segments.<br><br>The Group has at year-end identified impairment triggers for two vessels and has assessed the recoverable amount for these two vessels within the oil service segment, which is discussed in notes 11 and 16. The carrying amount of these two vessels at 31 December 2021 was USD 78.6 million, and no impairment was accounted for following the impairment test.<br><br>The preparation of the estimate of the recoverable amount of the vessels involve significant judgments and estimation uncertainties. This requires special audit consideration because of the likelihood and potential magnitude of misstatements related to the valuation of Vessels and other fixed assets and Interest-bearing long-term receivables.</td><td>For each vessel, we applied professional skepticism and critically assessed Management's judgement for identification of impairment indicators, including counterparty assessments.<br><br>Where impairment indicators were identified our procedures included:<br>▪ Assessing the mathematical and methodological integrity of management's impairment models;<br>▪ Assessment of management's cash flow forecasts covered by, and subsequent to, lease contracts;<br>▪ Challenging management's assessment related to residual values with reference to expected utilization after contract completion, purchase and renewal options.<br>▪ Assessing management's estimates of future cash flows and challenged whether these were appropriate in light of;<br>  o Previous estimates and historical performance<br>  o External sources for future charter hires where available.<br>▪ Using our specialist to perform an assessment of management's methodology for estimating the recoverable amount. This includes assessing the discount rate applied to the impairment tests for each vessel, testing the mathematical accuracy of management's discount rates and challenging key assumptions in the discount rate such as market premium, beta value and debt ratio:<br>▪ Evaluation of the appropriateness of the disclosures related to impairment.</td></tr>
</table>

## Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the company's ESG report.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Report on compliance with Regulation on European Single Electronic Format (ESEF)

#### Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXGLT422-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

#### Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

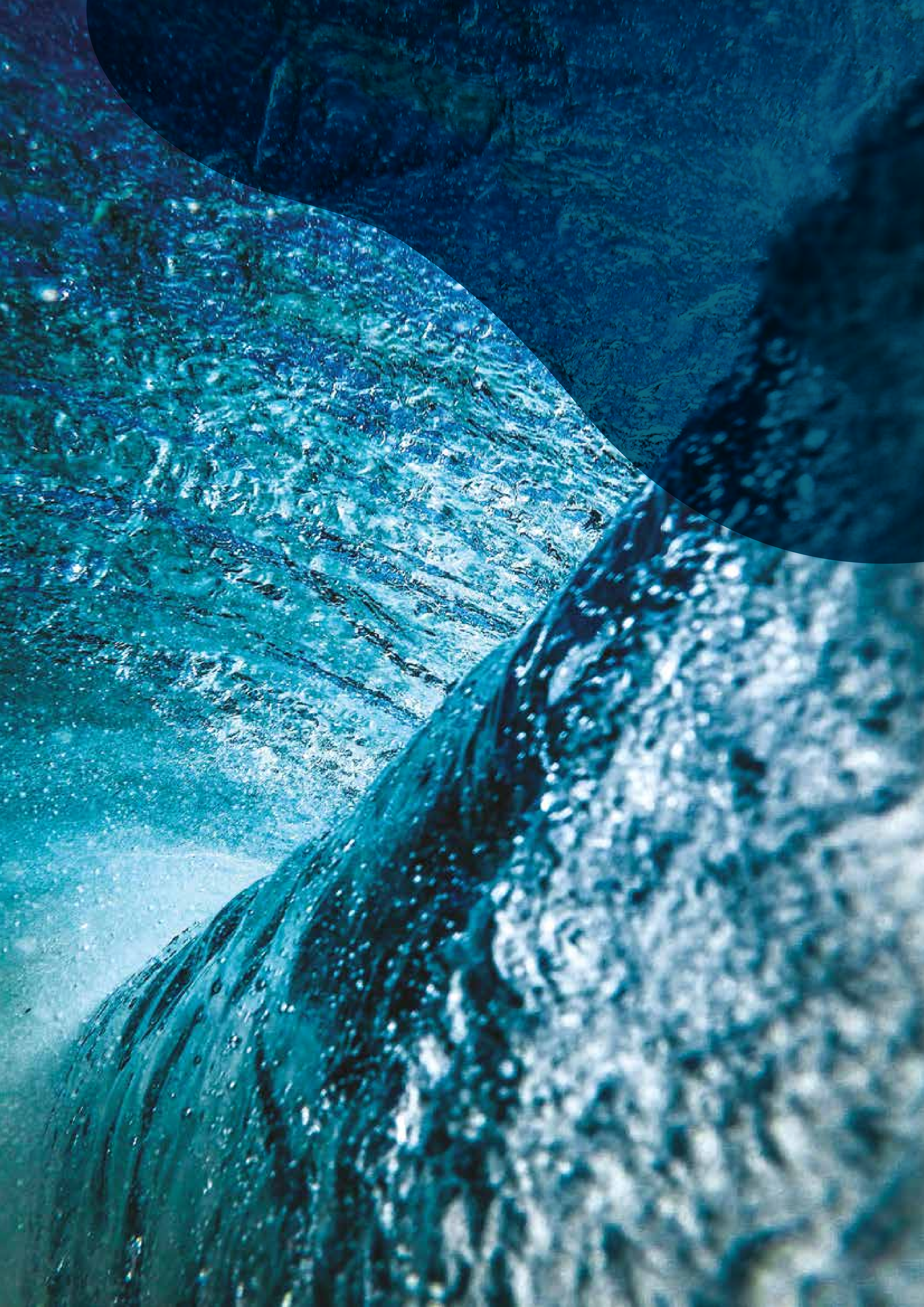
#### Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information”. The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company’s processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management’s use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 31 March 2022
KPMG AS

Vegard Tangerud
*State Authorised Public Accountant*



# 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, impairment charges and loss from sale of vessels.*

- *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: Net profit adjusted for impairment charges, foreign exchange gains/losses, fair value adjustments of derivatives, changes in deferred tax and non-recurring items.*

- *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, Adjusted net profit and Charter Backlog 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, the Company considers Adjusted net profit to be a relevant performance criteria. The net profit is adjusted for significant non-cash and non-recurring items, and the Adjusted net profit is thus a useful measure when it comes to the Company's dividend capacity.

EBITDA and EBIT are disclosed in the condensed consolidated statement of profit and loss as separate line items.

**Reconciliation of other alternative performance measures to the financial statements are as follows:**

| Amounts in USD million | 2021 | 2020 |
|---|---|---|
| Total revenues and other income | 185.1 | 258.8 |
| Vessel operating expenses | -0.8 | -7.9 |
| Wages and other personnel expenses | -12.5 | -6.0 |
| Other operating expenses | -9.8 | -3.6 |
| **EBITDA** | **162.0** | **241.2** |
| Repayment on finance lease receivables | 86.5 | 97.1 |
| Other income - insurance claim Höegh Xiamen | - | -27.2 |
| **EBITDA adjusted for finance lease effects** | **248.5** | **311.1** |
| | | |
| Net profit (loss) after tax | 63.0 | -141.3 |
| Other income - insurance claim Höegh Xiamen | - | -27.2 |
| Impairment of Höegh Xiamen | - | 27.7 |
| Impairment of Dhirubhai-1 | 16.4 | 94.8 |
| Impairment of Connector | - | 34.6 |
| Loss from sale of Connector | - | 70.7 |
| Net effects from sale of SBM Installer | - | -1.6 |
| Refinancing Far Senator/Normand Statesman (fixed NOK to floating USD) | - | 3.6 |
| Restructuring agreement Far Senator/Normand Statesman | - | -1.1 |
| Termination of swaps in BOX Holdings | 1.9 | - |
| Expenses related to sale of Ocean Yield AS | 13.7 | - |
| Foreign exchange gains/losses | -5.7 | 39.7 |
| Change in fair value of financial instruments | -1.8 | -25.5 |
| Change in deferred tax | 1.9 | 2.9 |
| Other non-recurring items | -0.2 | 0.7 |
| **Adjusted Net profit** | **89.1** | **77.9** |
| Loss from discontinued operation, net of tax | 4.3 | 10.3 |
| **Adjusted Net profit from continuing operations** | **93.5** | **88.2** |

# ESG REPORT 2021

# OCEAN YIELD ESG REPORT 2021

## – *Introduction from the CEO*

I am proud to present Ocean Yield's ESG report for 2021. We offer our stakeholders a comprehensive and transparent picture of our performance and efforts regarding crucial Environmental, Social, and Governance topics.

An essential understanding of our ESG risks, opportunities, and performance are critical to ensure the long-term value creation and success of Ocean Yield. We take these matters seriously and work to meet our stakeholder's expectations in a fast-moving and changing environment.

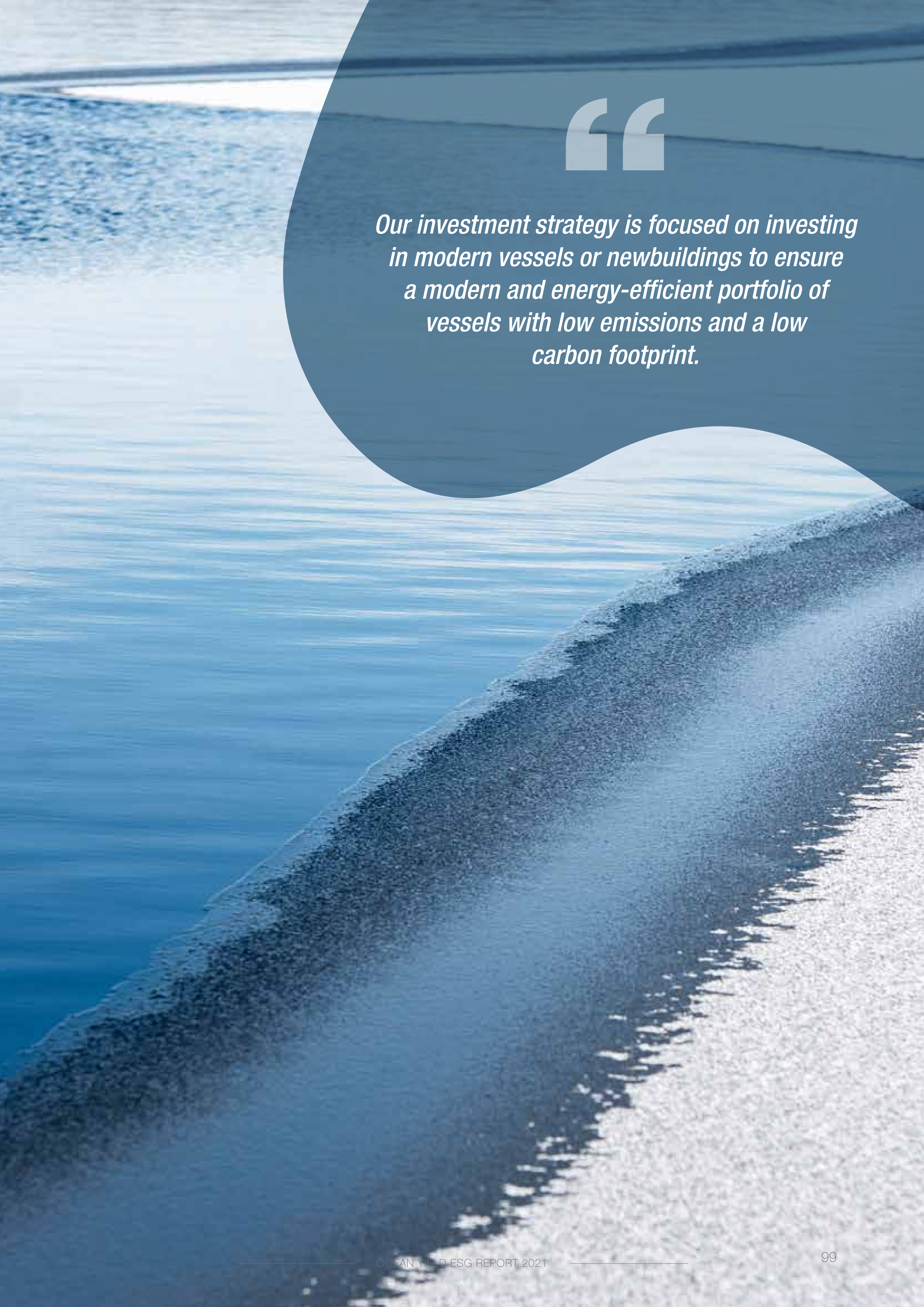
Ocean Yield has a diverse and young fleet consisting of 64 vessels as of year end 2021, including tankers, container vessels, dry-bulk, car carriers, gas carriers, and oil service vessels. Our investment strategy is focused on investing in modern vessels or newbuildings to ensure a modern and energy-efficient portfolio of vessels with low emissions and a low carbon footprint.

While ocean-going transportation is the most carbon-efficient means of transport available today, global emissions will have to be reduced to minimize the effects of climate change. Ocean Yield welcomes and supports the IMO 2050 strategy to reduce the $CO_2$ emissions from the shipping sector in line with the Paris Agreement, and we will do our part to support these global efforts.

For Ocean Yield, 2021 was a year characterized by a gradual recovery from the COVID-19 pandemic with increased investment activity. Through our joint venture, we acquired our first container newbuilding fitted with a dual-fuel engine that will be able to operate on LNG and decrease the carbon footprint compared with running on conventional fuel.

For 2022, we aim to continue investing in fuel-efficient, modern vessels on long-term charter to build an even more diversified fleet and over time continue to reduce our carbon footprint.

**Andreas Røde**
CEO



*Our investment strategy is focused on investing in modern vessels or newbuildings to ensure a modern and energy-efficient portfolio of vessels with low emissions and a low carbon footprint.*

# ABOUT THIS REPORT

In this section, we outline the principles, boundaries and scope of our ESG reporting and how we see ESG as a vital part of Ocean Yield's reporting to our stakeholders.

## REPORTING STANDARDS

This report contains disclosures from the World Economic Forum's efforts to develop a core set of standard sustainability metrics and the Norwegian Shipowners' Association Guidelines on ESG reporting for the shipping and offshore industries. We also use reporting guidance from Euronext and selected recommendations from the Task Force on Climate-related Financial Disclosures.

## BOUNDARIES AND SCOPE

Ocean Yield has no operational control of our vessels as they all are on long-term bareboat charters to reputable clients. The clients are responsible for the operations of the vessels, and we, therefore, classify the emissions as indirect emissions (scope 3). We do, however, strive to be transparent concerning the availability of data and reporting boundaries.

- $CO_2$ emissions from our vessels are included on a 100% basis to the extent our counterparties have provided the data. According to the GHG protocol, these emissions are beyond our operational control and are reported as indirect scope 3 emissions. Emission data for our vessels in this report are for 2020 as 2021 emissions are not available until after our clients submit the data to the IMO data collection system (IMO DCS), expected in Q3 2022.

- Scope 1 emissions relate to direct emissions from the vessel Connector, which was sold in December 2020.

- Scope 2 emissions related to electricity consumption are not included in this report as this is considered immaterial.

- We do not report safety data for our vessels as we do not have access to the data. Our clients are responsible for the operations.

- The FPSO Dhirubhai-1 has been classified as discontinued operations and was sold in Q4 2021. For 2020, the vessel was not in operation and moored in a fixed position with a small crew. Therefore, environmental and safety data from the vessel are not included in this report.

- Our workforce data does not include temporary employees or contractors.

## OUR MATERIAL ESG ASPECTS

We have selected the ESG topics that we consider most significant to us and our stakeholders. These topics have been selected and prioritized through internal interviews, market analysis, relevant ESG standards, the business context of the shipping industry, and financial stakeholder outreach.

Ocean Yield has identified the following material ESG aspects:
- Principles of Governance
- Responsible business conduct
- Climate-Change and Environment
- People and Communities

# PRINCIPLES OF GOVERN-ANCE

Clear and strong corporate governance forms the basis for Ocean Yield's long-term value creation and ensures the public trust in the company.

Ocean Yield's principles of governance define a framework of rules and procedures by which we govern and control our business and are incorporated into our performance culture through our Board of Directors, executive management, and employees.

Ocean Yield is committed to a credible and robust approach to ESG and this is an integrated part of our investment decision making prosess and day to day operation. We focus on the integration of sustainability into our daily operations and business decisions and cement our commitment to good governance, a good working environment, environmental and climate responsibility, diversity and inclusion, and ethical business conduct.

## COMPLIANCE

Ocean Yield's corporate governance principles are in accordance with the Norwegian Accounting Act §3-3b and based on the Norwegian Code of Practice for Corporate Governance ("NUES"). Any deviation from the "NUES" principles are explained in the Corporate Governance Statement published with the annual report.

## OUR CODE OF CONDUCT

Ocean Yield's vision and core values are designed to cultivate and refine a corporate culture in which people deliver strong results in a responsible manner, which is reflected in our Code of Conduct that all employees are expected to follow. Our Code of Conduct is available in English and published in full on our website.

The Code of Conduct covers a wide range of essential topics, including, but not limited to:

- Working environment
- Corruption and bribery
- Conflicts of interests
- Insider trading
- Relations to suppliers

All employees are trained in the contents of the Code of Conduct, and the document is signed by all new employees when joining the Company. The Code of Conduct is reviewed annually.

We apply zero-tolerance management to violations of our Code of Conduct. Under our whistleblower procedure, most (potential) violations are reported to and dealt with by line management. If this is not considered appropriate, complaints can be reported directly to our Board of Directors, or through our whistleblower hotline available on the company website.
Reports received through the integrity channel are initially received and handled by an independent third party; PwC Law. PwC is dedicated to maintaining high ethical standards and handles all submissions with confidentiality.

## ANTI-CORRUPTION

Ocean Yield does not tolerate any form of corruption and will make active efforts to ensure that this does not occur in the Company's business activities. Ocean Yield's Anti-corruption Policy contains principles on relevant issues such as bribes, gifts, services, and other forms of corruption and is available in full on our company website. Per the date of the publication of this report, Ocean Yield is not aware of any incidents or allegations of corruption in 2021.

The risk of corruption incidents have been considered to be low. Ocean Yield makes investments in vessels and have a low number of suppliers as all vessel operations are managed by our clients.

## BOARD OF DIRECTORS

Following the privatization of Ocean Yield in December 2021, a new board of Directors was elected, consisting of two key individuals from KKR. The CEO and executive management staff report directly to the Board of Directors on a frequent basis.


## RISK AND OPPORTUNITY MANAGEMENT

Ocean Yield's risk management process shall identify potential threats and opportunities to develop a strategy for minimizing or eliminating risks and capturing business opportunities. This process is included in our overall business processes. It includes ESG, particularly regarding climate risks and opportunities, such as stricter climate and environmental regulations, changing stakeholder expectations, EU Taxonomy developments, and new technologies. The risk management process includes:

- Definition of business goals and identification of risks
- Risk assessment and mitigation
- Risk reporting, monitoring, and improvement

The risk assessments and related actions are reported and reviewed by the Board of Directors on an annual basis.

## REPORTING TO STAKEHOLDERS

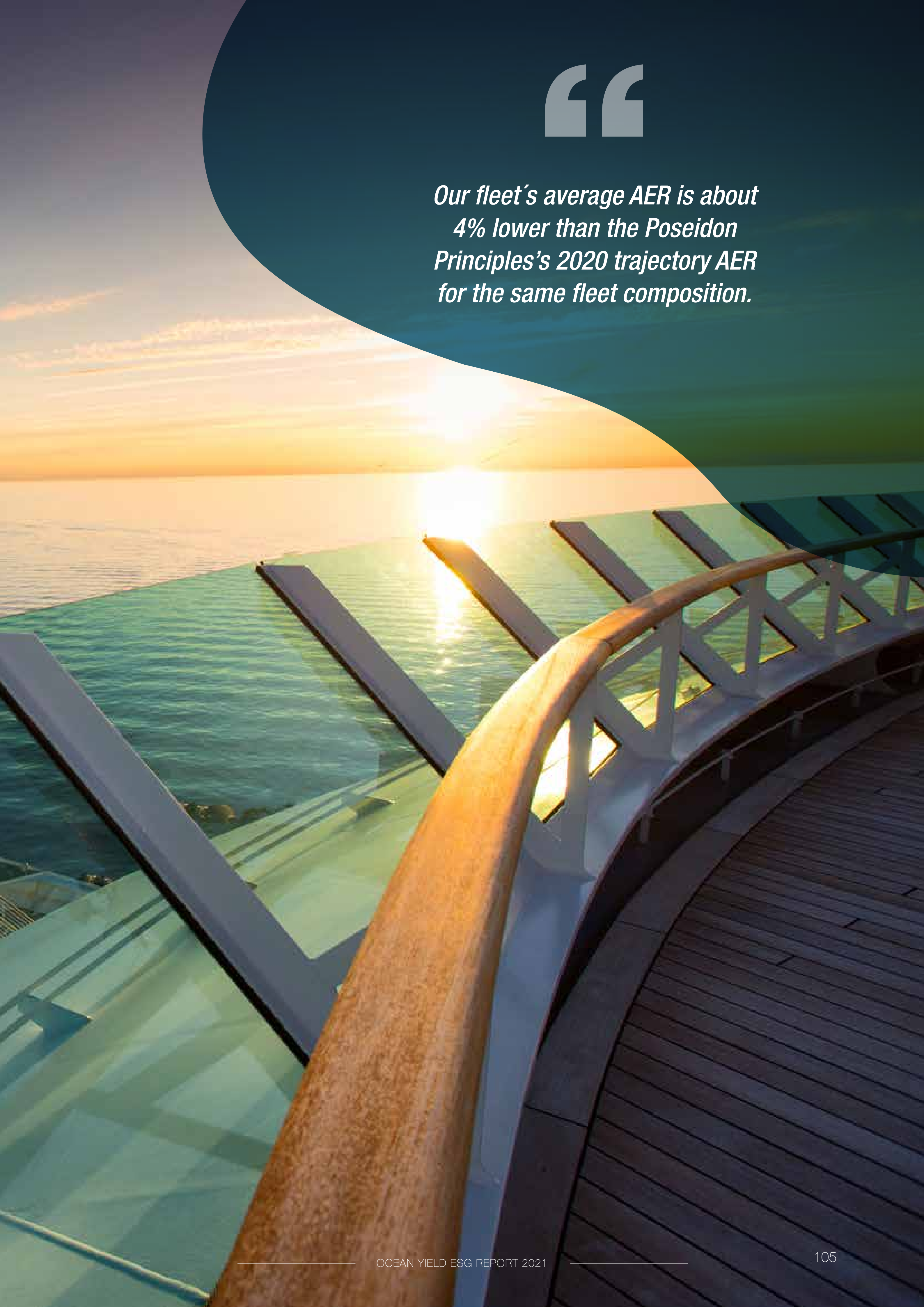
Ocean Yield will communicate relevant business information on a complete and timely basis to our stakeholders and employees. Ocean Yield is committed to providing the financial markets with quality information on the financial and operational status, enabling investors in our bond loans and analysts to maintain a correct picture of the financial situation, and ESG risks and opportunities/challenges facing us in the future. Ocean Yield will provide accurate disclosure information to the financial markets according to all relevant laws and regulations for companies with listed bonds on the Oslo Stock Exchange.

## MANAGEMENT INCENTIVES

The management incentive system's primary purpose for management remuneration is to stimulate a strong and long-lasting profit-oriented culture leading to an increasing value of the Company over time. The CEO, CFO, and other key employees are entitled to a variable salary where part of this is discretionary based on certain KPIs. In addition, management has invested alongside KKR in a management equity plan, incentivizing management to increase the long-term value of the Company. Remuneration to the Board of Directors and the fixed and variable salary of Ocean Yield's CEO and CFO is presented in note 26 of the Annual report.

More information on our Corporate governance on [www.oceanyield.no](http://www.oceanyield.no)

*Our fleet´s average AER is about 4% lower than the Poseidon Principles's 2020 trajectory AER for the same fleet composition.*



# RESPONSIBLE BUSINESS CONDUCT

Ocean Yield is committed to ethical and responsible business conduct, which we regard as a prerequisite to maintaining public trust in the company.

Ocean Yield chooses our counterparts carefully and strives to work with partners that share our values and have zero tolerance for corruption, bribery, and unethical behavior. Ocean Yield does not tolerate any form of corruption and actively ensures that this does not occur in our business activities. Ocean Yield's Code of Conduct and Anti-corruption Policy contains principles on relevant issues such as bribes, gifts, services, and other forms of corruption. Ocean Yield has strict restrictions against any forms of anti-competitive practices and contractual requirements related to sanctions and restricted parties.

Ocean Yield maintains business processes, training and controls to implement and uphold our Code of Conduct.

Ocean Yield has not incurred any monetary losses due to legal proceedings associated with bribery or corruption in 2021 or any years prior.

*INSIDER TRADING*
Ocean Yield is subject to several laws concerning the purchase and sale of publicly traded securities. Our employees and their close family members must refrain from trading securities while possessing material, non-public information relating to the Company or any other company where Ocean Yield directly or indirectly has ownership interests. Directors, officers, and other personnel defined as primary insiders are subject to various reporting and insider trading requirements.

*LOBBYING*
Ocean Yield maintains a neutral position on party politics and will not support, financially or otherwise, any party or its candidates. Ocean Yield has not participated in any form of lobbying.

*TAX*
According to Norwegian rules and requirements, Ocean Yield pays tax as an ordinary Norwegian company. In addition, Ocean Yield pays taxes related to our operation in Malta to the Maltese government.

*WHISTLEBLOWER PROGRAM*
Ocean Yield has established a whistleblower channel where employees and others can raise concerns about improper activities or misconduct and report instances of potential non-compliance with our values without fear of retaliation. Such improper activities or misconduct may include HSE violations, harassment, insider trading, money laundering, fraud, bribery and kickback arrangements, or other breaches of Ocean Yield's Code of Conduct.

Ocean Yield's employees are encouraged to first discuss any compliance matters internally with their immediate supervisor or another member of senior management. If such measures are not appropriate or sufficient, complaints may be reported through the independent whistleblower channel, and an independent third party, PwC Law, will be processing the reports. PwC is dedicated to maintaining high ethical standards and handles all submissions with confidentiality.

In 2021 or prior years, no cases have been reported through the whistleblower channel or line management.

# CLIMATE CHANGE AND ENVIRONMENT

Seaborne transportation remains the most cost- and energy-efficient method to transport large volumes of commodities and finished goods around the world.

## CLIMATE CHANGE

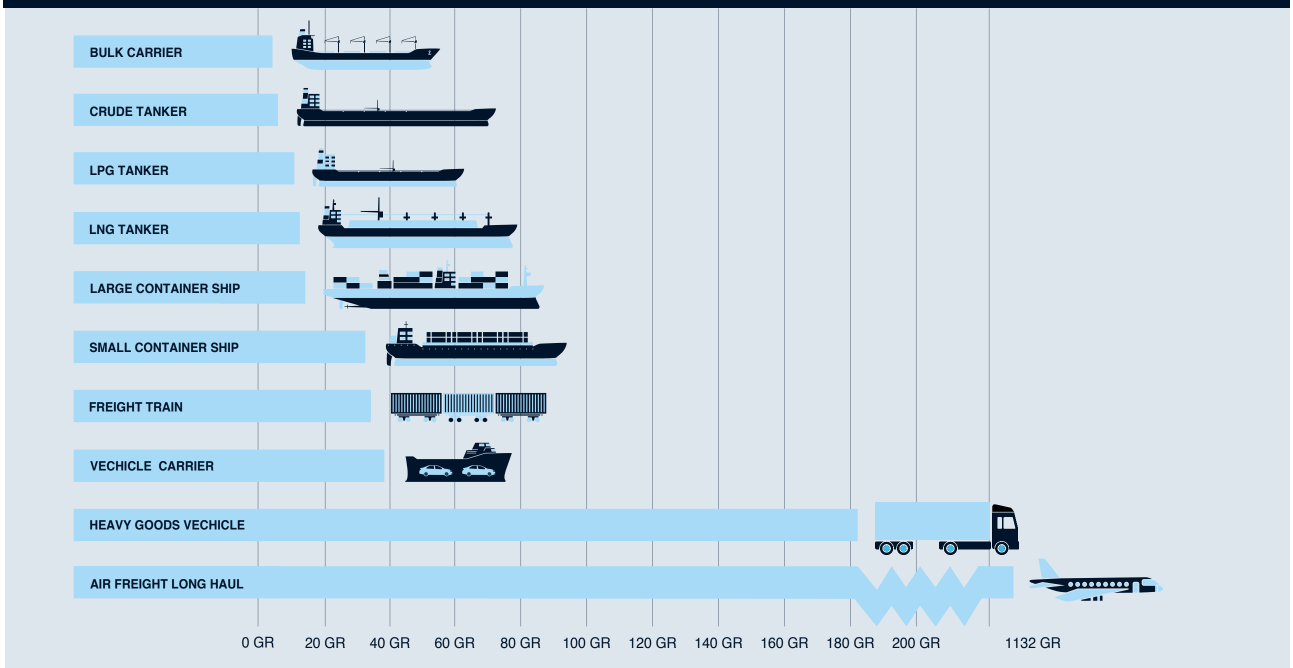
Today, 85%[1] of the world's goods are transported by sea. As a result, global sea-going transport is responsible for an estimated 2.5%1 of total global $CO_2$ emissions, about 940 million tons[1]. According to the IMO, under a "business-as-usual scenario", these emissions are projected to increase between 50% and 250% by 2050, undermining the objectives of the Paris Agreement. However, there is significant untapped potential to reduce emissions relatively effectively by implementing technical and operational measures such as slow-steaming, weather routing, and propulsion efficiency devices.

As a response, IMO launched their initial strategy to reduce Greenhouse gas (GHG) emissions from ships in 2018.

IMO's ambitions include;

- A reduction of $CO_2$ intensity as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; and,
- Reduction of the total annual GHG emissions from international shipping by at least 50% by 2050 compared to 2008, consistent with the Paris Agreement goals.

### GLOBAL AVERAGE - GRAMME $CO_2$ PER TONNE KM




*Source: DEFRA 2019.*

[1]*European Commission – Reducing emissions from the shipping sector*

Ocean Yield acknowledges the risks and challenges related to climate change and is a strong supporter of IMO's ambitions and efforts to reduce and eventually eliminate GHG emissions in the maritime sector. We recognize that we have responsibility to do our part to reduce our own contributions to global warming and we therefore supports the UN Sustainability Development Goals 13 on Climate Action. We however recognize that some of our vessels are currently involved in transportation of fossile fuels or servicing the oil & gas sector.

At the same time, as a part of EU's Sustainable finance action plan, the EU is developing a taxonomy for sustainable activities (the Taxonomy).


The Taxonomy consists of six objectives, where screening criteria for economic activities for two of the objectives are currently being defined; 'Climate Change mitigation' and 'Climate Change adaptation'. Both of these objectives include technical requirements for the maritime sector.

The taxonomy is expected to greatly influence how financial institutions direct their investments, subsequently making alignment with the taxonomy an advantage for companies when seeking investment or access to capital in the near future.

In line with the ambitious climate targets from the EU, the European Commission has proposed to extend the scope of the EU Emissions Trading System (EU ETS) to also cover emissions from the maritime transportation. The EU ETS is an international emissions trading system that is created on the 'cap and trade' principle. A cap is defined on the total amount of greenhouse gases that can be emitted each year by companies included in the system. Within the cap, entities can buy or receive emissions allowances. The allowances are allocated and traded between entities and the cap is reduced over time, resulting in a reduction of total emissions.

The proposal from the EU is to include the maritime sector in the EU ETS from 2023 and will include:
- 100% of the emissions from intra-EU voyages
- 50% of emissions from voyages starting or ending outside an EU member state
- 100% of emissions from vessels when ships are at berth in EU ports

The inclusion will gradually take place between 2023-2025 to ensure a well-ordered transition.

Ocean Yield is following the developments related to the EU taxonomy and EU ETS closely and is continuously seeking to strengthen and adopt our investment strategy to align with future regulatory and market requirements.

## MAIN CLIMATE AND ENVIRONMENTAL RISKS

For shipping as an industry, we see the main climate risks related to the following:

- Compliance with emerging regulations
- Lock-in to emitting fuels that become less competitive during the ship's lifetime
- Climate change may reduce global GDP growth and thereby negatively affect trade volumes
- Changing consumption patterns may change trade volumes

Ocean Yield is a strong believer that these climate risks related to decarbonization of the shipping sector also will provide investment opportunities in upcoming years. Ocean Yield will be well positioned to provide financing of new vessels with low or zero greenhouse gas emissions, being part of the solution to replace the ageing world fleet.

## INVESTING IN A FUTURE PROOF FLEET

Ocean Yield's strategy since the inception has been to invest in modern fuel-efficient vessels with eco-design where possible.

This strategy has resulted in a young fleet of 64 vessels with average age of only 5.2 years as of Q4 2021, which is considered a young fleet by most listed shipping companies. Looking ahead, Ocean Yield will continue the strategy of investing in modern fuel-efficient vessels, which is our key contribution to reducing the average carbon intensity of our fleet.

Since all vessels are leased out on long-term bareboat charter contracts, Ocean Yield has no operational control of the vessels. Ocean Yield has since the launch of the Poseidon Principles implemented requirements in new bareboat charters, imposing the counterparty to report to Ocean Yield with respect to our vessels in accordance with the principles. The Poseidon Principles were launched in 2019 and serves as a framework for creating common, global baselines that are consistent with and supportive of society's goals, including IMO's 2050 GHG reduction strategy. The principles are relevant for a broad group of financial institutions and will enable them to better align their portfolios with responsible environmental impacts. Relevant and available data is disclosed in this report, however, with one year delay.

The Poseidon Principles utilizes a carbon intensity metric known as the Annual Efficiency Ratio (AER). The metric is calculated using an approximation of the annual transport work performed by a ship, using the parameters of fuel consumption, distance travelled and design deadweight tonnage (DWT). AER is reported in unit grams of $CO_2$ per tonne-mile[2] Ocean Yield's fleet has a weighted average AER of 6.15, which is 4% lower than Poseidon Principles trajectory AER for 2020 for the same fleet composition.

In addition, our fleet has a relatively low average Energy Efficiency Design Index (EEDI). EEDI is an important technical measure and aims at promoting the use of more energy efficient equipment and engines and is expressed in grams of $CO_2$ per ship's capacity-mile. The $CO_2$ reduction level in the first phase is set to 10% and will be tightened every five years. Reduction rates have been established until the period 2025 and onwards when a 30% reduction is mandated for applicable ship types calculated from a reference line representing the average efficiency for ships built between 2000 and 2010. Ships build after 1 January 2013 are required to meet the reference EEDI value for their ship type, therefore older ships do not have an EEDI value. We take pride in the energy efficiency of our ships and will continue our strategy on investing in modern and efficient vessels that meet the anticipated new and stricter requirements.

| EEDI | AVG EEDI* |
|---|---|
| Bulk carrier | 3,9 |
| Chemical tankers | 4.7 |
| Container | 10.9 |
| Liquefied gas tankers | 3.9 |
| Oli tanker | 2.8 |
| Vehicle | 10.3 |
| **Grand Total** | **5.5** |

**The EEDI rating includes a total of 55 vessels. Vessels excluded in the statistics are oil-service vessels and certain vessels with no EEDI rating.*

## ENABLING LOW-CARBON SOLUTIONS DUAL FUEL TECHNOLOGY

Since 2016 our two ethylene gas carriers Gaschem Orca and Gaschem Beluga have successfully been powered by the unique Man M-type gas-injection engines (ME-GIE) which enables the vessels to operate on almost any gas type, without reduction in efficiency. This dual-fuel capability has resulted in an AER in 2020 of 10.9, significantly lower than Poseidon's trajectory AER for the same vessel type at 12.9. The vessels are currently on bareboat charter to Hartmann Redereei in Germany and mainly transport ethane derived from US shale gas to Europe.

Ocean Yield's newest ethylene vessel, Navigator Aurora, is designed to use LNG as fuel in addition to conventional fuel. The ship is on a long-term bareboat charter to Navigator Holdings Ltd., transporting ethylene from the east coast of USA to Europe and had an AER of 10.6 in 2020.

## BATTERY POWER

Ocean Yield's two platform supply vessels, NS Frayja and NS Orla, which are on a bareboat charter to AkerBP, was modified in July 2020 with battery packs designed to reduce energy emissions while the vessels are operating on dynamic positioning. It is estimated that this innovative solution can decrease fuel consumption, costs and reduce $CO_2$ emissions by almost two tons annually for the two vessels combined. The energy storage system container is provided by Rolls-Royce.

## CLIMATE RELATED RISK MANAGEMENT

Climate change related risks, most importantly transitional risk but also physical, can have significant future financial effects for Ocean Yield. We recognize this fact and climate related risks are covered in the Company's Risk Management Process.

The key risks related to climate change are related to potential new regulations to reduce greenhouse gas emissions further

[2] $gCO_2/dwt\text{-}nm$

and technologies that can make Ocean Yield's vessels less competitive in the market, and as a result lower the economic value of the vessels. Lower economic value of the vessels could increase counterparty risk and lower the residual values. Ocean Yield is currently mitigating key climate risks by requiring pre-paid charter hire from our clients in addition we apply conservative residual value assumptions in lease calculations to account for loss of value due to stricter regulation and technological improvements. We also believe that our strategy of investing in modern fuel-efficient vessels is a key risk mitigator.

## PERFORMANCE DATA

The table below presents the $CO_2$ emissions of our fleet as reported to us by our counterparties. As part of our commitment to ESG it is important for us to be transparent and disclose the environmental impact of our assets. These emissions are beyond our direct operational control, and as such they represent our indirect scope 3 emissions as defined by the GHG protocol.

We do not report other emissions due to lack of data.

| Metric | Unit | Performance 2020 | Performance 2019* |
|---|---|---|---|
| Scope 1 emissions | Million Mt $CO_2$e | 0.02 | 0.01 |
| Scope 2 emissions | Million Mt $CO_2$e | | |
| Scope 3 emissions | Million Mt $CO_2$e | 1.21 | 1.21 |
| EEDI | g$CO_2$ per ton-nm | 6.0 | 4.7 |
| AER | g$CO_2$ per ton-nm | 61 | 4.7 |

** To provide comparable numbers to 2020, the 2019 numbers are restated based on book values as of 31.12.2019.*

1) Scope 1 emissions includes the operated vessel Connector which was sold in December 2020. The FPSO Dhirubhai-1 is excluded as this vessel is in lay-up and classified as discontinued operations.
2) Scope 2 emissions is excluded as indirect emissions from energy related to office is insignificant compared to Scope 1 and Scope 3 emissions.
3) Scope 3 emissions includes 60 vessels owned in 2020 representing 92% of vessel book value. 5 vessels that was sold during 2020 has been excluded due to no data, which represents 8% of vessel book values. The 6 container vessels owned in the 49.9% owned joint venture Box Holdings Inc. was also excluded due to no data.
4) Weighted average EEDI as per gross vessel values. Calculations based on 55 vessels, including vessels owned in Joint Ventures.
5) Weighted average AER per gross asset value of 54 vessels. Vessels excluded are 6 container vessels owned 50% in a joint venture, oil-service vessels and Dhirubhai-1.

## ENVIRONMENT

Ocean Yield supports the UN Sustainability Development Goal 14 to conserve and sustainably use the oceans, seas and marine resources for sustainable development.


Ocean Yield does not operate any vessels as all vessels are chartered out on long-term bareboat contracts to our clients, however, the bareboat charter contracts places a strict set of requirements for the operation, management and how to keep the vessels compliant with environmental regulations.

As the clients operates the vessels, we do not have in place a specific environmental management framework, nor do we report information related to any environmental incidents that is beyond our operational control.

## ENSURING RESPONSIBLE BALLAST WATER MANAGEMENT

The International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of aquatic organisms and pathogens within ballast water and sediments. All ships engaged in international trade are required to manage their ballast water to avoid the introduction of alien species into coastal areas, including exchanging their ballast water or treating it using an approved ballast water management system. The IMO BWM regulation requires that ballast water treatment systems are in place on all new vessels.

Ocean Yield has ballast water management systems in place for all vessels, with the exception of the Aker Wayfarer, as this vessel only conducts operations offshore Brazil.

## A CONTRACTUAL OBLIGATION TO THE ENVIRONMENT

Ocean Yield's long-term charters are documented through bareboat charter contracts, which are based on the internationally recognized standard BIMCO 2001. Our bareboat charters have precise requirements for how the counterparty operating the vessel shall comply with international environmental regulations. The contracts place a legal responsibility on the counterparty for compliance with international conventions, codes, and regulations.

The charters also regulate that the vessels must be insured against oil spills and environmental incidents. This includes any incident in which environmentally sensitive material is released into the sea through a collision or similar, which would lead to a negative impact on the environment.

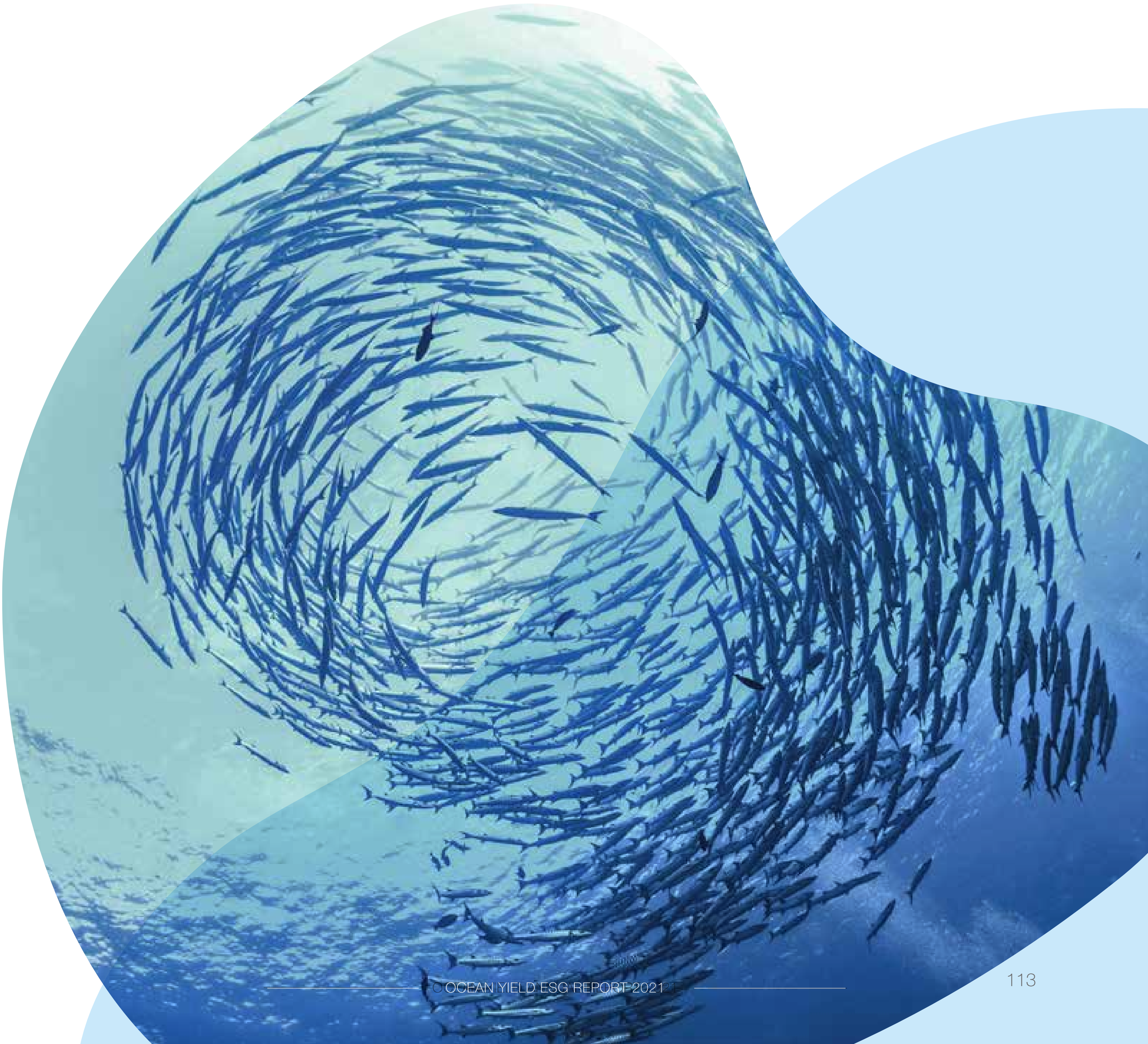
The contracts also regulate that the counterparty operating the vessel must have all relevant environmental permits in place relating to any environmentally sensitive material.

## RECYCLING OF VESSELS

The Company is committed to environmentally and socially responsible recycling of ships. Any vessels that are under Ocean Yield's control will be subject to responsible recycling according to the Hong Kong Convention as a minimum.

Many of our bareboat charters contain requirements towards Green Passports, which is a document prepared in accordance with the guidelines to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, including the Guidelines for the development of the Inventory of the Hazardous Materials, listing all the potentially hazardous materials on board the Vessels.

Following the fire at Hoegh Xiamen on 4 June 2020, the vessel was declared a Total Loss. She was transported to an EU-recognized yard in Turkey for recycling. The recycling contract was entered into by Höegh Autoliners, under the supervision and at the cost of the insurers.



# PEOPLE AND COMMUNITIES

Ocean Yield's employees are our most important resource and the drivers of the company's success.

Our key activities demand a wide range of skills, and the Company relies on the competence and talent of our people to deliver on our strategic ambitions. In line with our Code of Conduct, Ocean Yield's priorities are to maintain an inclusive environment, ensuring collaboration, continuous learning, and productivity. These priorities are supported within every business area to secure the well-being of our people.

## DIVERSITY

Ocean Yield strives to achieve and maintain a diverse workforce by encouraging innovation, learning and understanding. As of year-end 2021, the Company is composed of 15 permanent employees located in Norway and Malta.

The Company aims to be an attractive employer for both new and existing employees. Our values are integrated with how we work, and we work to recruit talent that recognizes the same values. Throughout 2021 there was one new hire.

In recent years, Ocean Yield has increased the proportion of women in its workforce. Women account for 46% of the workforce at year-end 2021, compared to 41% the year before. 14.2% of female employees hold leadership positions. As of year-end 2021, the workforce consisted of 7 women and 8 men. We believe that gender balance strengthens the Company and aim to secure an inclusive work environment where our employees can flourish.

We are an equal opportunity employer and work to ensure an environment free of discrimination. All employees are treated equally regardless of gender, sexual orientation, disability, ethnicity, skin color, religion, or political opinions.

Ocean Yield has a zero-tolerance policy for harassment or degrading treatments in any form by or towards employees. According to work, position, and seniority, Ocean Yield has a compensation policy that ensures fair and equal compensation for all employees. Wages are market competitive, and the Company complies with the laws applicable in the countries where we are present. CEO and CFO compensation are disclosed in our annual report to secure transparency regarding wage levels.

We will continue to uphold our values of diversity and equality in all our endeavors and be transparent about our activities.

## COMPETENCE

Continuous workforce development is essential for Ocean Yield's growth and productivity. Given the small size of our employee base, our focus is specifically to increase development training on the job. Employees are encouraged to evolve and seek new knowledge. As part of our training and comptency efforts and to keep our employees well informed, industry experts, product specialists, economists and people with other relevant knowhow from banks and other reputable firms are regularly invited to present and educate with the aim to provide our people with opportunities to develop their skillsets and talent.

Ocean Yield thrives on having a flat organizational structure and corporate culture, encouraging open feedback, communication, and cooperation. Annually, employees are subject to a performance review, in which they are also encouraged to voice opinions, concerns and make suggestions for improvements to learn and develop.

New employees are provided with the necessary training, guidance, and supervision. Additionally, all new employees have completed anti-corruption and business ethics training as part of their introduction.

Focus on and awareness on compliance and business integrity as defined in the Code of Conduct is vital to ensure integrity in our work. We had a 100% completion rate of mandatory training related to Code Of Conduct and anti-corruption in 2021. Increasing competency and training on cyber security has been highlighted during this reporting year.

## EMPLOYEE WELL-BEING

The safety and well-being of all our employees are our top priority. Ocean Yield has minimal operational control and responsibility of our assets, and our main activities are related to an office environment. Thus, the health and safety risk is considered to be low. During the past year, we had no fatalities or recordable injuries. Our goal is to have zero injuries, fatalities and environmental incidents.

We work hard to accommodate employees to maintain a healthy work-life balance through flexible work hours, remote work possibilities, and stress management resources, among other initiatives. Sick leave rates remain low and have been reduced since the previous reporting year.

We achieved a sick leave rate of 0.65% in 2021 compared to 0.9% in 2020. A high retention rate provides an additional indication of the well-being of our employees. In 2021, the retention rate was 93%, compared to 88% in 2020.

Ocean Yield is continually working to uphold and adjust people processes to provide our employees with the resources they need to maintain a healthy and productive work environment.

## FREEDOM OF ASSOCIATION

Ocean Yield promotes a responsible employment environment and respects universal principles and norms that protect labor rights. This includes respecting the freedom of association and the freedom to conduct collective negotiations. Ocean Yield is against any form of child labour.

## STIFTELSEN VI

Ocean Yield supports the foundation "Stiftelsen VI". Established in 2018, "Stiftelsen VI" works to ensure that persons with impairments are given the same opportunities to a dignified life as non-disabled persons.

Studies show that many people suffering from a disability experience reduced quality of life, poorer health, and higher isolation levels. The living conditions survey published by Statistics Norway shows a significant gap in the opportunities afforded non-disabled persons and persons living with a disability. "Stiftelsen VI" seeks to address this vital issue. Through motivation, promoting, and providing an arena for fellowship in sports and physical activity, the foundation aims to give persons with impairments an increased sense of achievement and purpose - promoting equality through providing equal opportunities to function and perform.

## SOCIAL AND ENVIRONMENTAL SUPPORT IN MALTA

Ocean Yield supports several non-governmental organisations in Malta with their work to help people in need of social and medical support. Further, Ocean Yield supports the environmental saving organization Zibel. Zibel was established in 2017 with the aim of reducing the overall waste generated in Malta and makes great efforts in cleaning up the seabed and coastline around the Maltese Islands.

# DEFINITIONS AND ASSUMPTIONS

| | |
|---|---|
| AER | Annual Efficiency Ratio. The metric is calculated using an approximation of the annual transport work performed by a ship, using the parameters of fuel consumption, distance travelled and design deadweight tonnage (DWT). AER is reported in unit grams of $CO_2$ per tonne-nautical mile. |
| BIMCO | Baltic and International Maritime Council. |
| BWM | Ballast Water Management. |
| $CO_2$-e | $CO_2$ equivalents. |
| CoC | Code of Conduct. |
| DWT | Deadweight Tonnage. |
| EEDI | Energy Efficiency Design Index. A technical measure that aims at promoting the use of more energy efficient (less polluting) equipment and engines. EEDI requires a minimum energy efficiency level per capacity mile (e.g. tonne mile) for different ship type and size segments. Since 1 January 2013, following an initial two year phase zero, new ship design needs to meet the reference level for their ship type. |
| ESG | Environment Social and Governance. |
| IMO | International Maritime Organization. |
| NM | Nautical mile. |
| NUES | Norwegian Code of Practice for Corporate Governance. |
| OCY | Ocean Yield. |
| Poseidon Principles | The Poseidon Principles were launched in 2019 by several financial institutions and serves as a framework for creating common, global baselines that are consistent with and supportive of society's goals, including IMO's 2050 GHG reduction strategy. |
| $SO_2$ | Sulfur dioxide. |
| TCFD | Taskforce for Climate-related Financial Disclosures. |
| The taxonomy | EU Taxonomy for sustainable activities. |
| WEF | World Economic Forum. |

Except for climate performance data, the information in this report represents the reporting period 01.01.2021 – 31.12.2021. The climate performance data AER and $CO_2$ represents the reporting period 1.1.2020 – 31.12.2020 for vessels owned by Ocean Yield in that period, but excluding the FPSO Dhirubhai-1, six container vessels owned 50%, and the SBM Installer owned 75%. The EEDI data excludes the oil-service vessels, four chemical tanker vessels and three car carriers. All climate performance data, including AER, represents the reporting period 01.01.2020 – 31.12.2020 for vessels owned by Ocean Yield in that period, but excluding our FPSO Dhirubhai-1 (in lay-up), six container vessels owned 50% and oil-service vessels. Information used to calculate climate performance, such as distance travelled and fuel use by fuel type are provided by our counterparts and is verified by third parties. Ocean Yield follows the Greenhouse gas protocol definitions for emissions. Ocean Yield use the emissions factors per fuel type provided by IMO in Resolution MEPC.245(66) Climate performance is calculated for 100% of the asset value of our owned vessels unless otherwise stated.

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