

Q3

2020 REPORT



OCEAN YIELD



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THIRD QUARTER RESULTS 2020

Fornebu, 2nd November 2020, Ocean Yield ASA (“Ocean Yield” or the “Company”) announces results for the third quarter 2020.

HIGHLIGHTS

- The Board of Directors has declared a dividend of USD 5.15 cents per share. This is an increase of USD 0.15 cents compared to the previous quarter and is the 29th consecutive quarterly dividend declared by the Company.
- EBITDA for Q3 2020 was USD 52.2 million and EBITDA adjusted for finance lease effects was USD 75.8 million.
- Net Profit after tax for Q3 2020 was negative USD 104.4 million. This is mainly due to previously announced impairments of USD 129.4 million related to the book value of the FPSO *Dhirubhai-1* and the offshore construction & cable-lay vessel *Connector*. Adjusted net profit for Q3 2020 was USD 24.5 million.
- In August, the newcastlemax dry-bulk vessel *Mineral Qingdao* was delivered to Ocean Yield and the vessel commenced a 15-year bareboat charter to CMB NV upon delivery.
- Ocean Yield’s 75% interest in the diving support & offshore construction vessel *SBM Installer* was sold to SBM Offshore at the end of the quarter.
- A call notice for NOK 300 million was issued on the bond issue OCY04. Settlement has been done post quarter end.
- Post quarter end, the restructuring agreement with Solstad Offshore for two AHTS vessels was closed and is now effective.
- Also post quarter end, Ocean Yield announced the investment in two Suezmax newbuildings with 10-year charter to Nordic American Tankers Ltd.

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

“We are pleased to announce an increase in dividends for the third quarter. The current dividend level is conservative relative to expected future earnings and the intention is to gradually increase the dividends further going forward. Despite market volatility caused by COVID-19, all our counterparties are performing according to the respective charter contracts and we are of the opinion that the counterparty risk has been reduced during Q3. The book values of two of our oil-service vessels have been substantially reduced in Q3 reflecting a less favourable market outlook for these vessels due to the low oil price. Post quarter end Ocean Yield announced the investment in two suezmax newbuildings with 10 year charter contracts and these vessels will contribute to increased earnings and dividend capacity as from delivery.”

SELECTED KEY FINANCIAL FIGURES

	2nd Quarter 2020	3rd Quarter 2020	3rd Quarter 2019 <i>Restated*</i>	Jan - Sep 2020	Jan - Sep 2019 <i>Restated*</i>	Jan - Dec 2019 <i>Restated*</i>
<i>Amounts in USD million</i>						
Revenues and other income	90.0	57.2	61.7	208.4	178.6	240.3
EBITDA	86.3	52.2	56.6	194.9	162.5	218.4
EBITDA adjusted for finance lease effects**	86.0	75.8	80.3	243.5	219.7	298.9
Profit for the period	16.5	(104.4)	(63.2)	(89.5)	(49.5)	(39.9)
Adjusted Net profit from continuing operations**	24.0	24.5	17.0	66.6	47.5	66.3
Equity ratio	29.6 %	27.5 %	28.3 %	27.5 %	28.3 %	27.8 %
EBITDA charter backlog (USD bn)***	3.2	2.9	3.2	2.9	3.2	3.6
Dividend declared per share (USD)	0.0500	0.0515	0.1910	0.1515	0.5730	0.7640

* Comparative information has been restated due to discontinued operations

**Definition on page 20

***Definition on page 20

MAIN EVENTS DURING THE THIRD QUARTER

Dividends

- The Board of Directors has declared a quarterly dividend payment of USD 0.0515 per share for Q3 2020. The dividend will be paid on or about 16th November 2020 to shareholders as of 4th November 2020 registered with the Norwegian Central Securities Depository (the “VPS”) as of 6th November 2020 (the “Record Date”). The ex-dividend date will be 5th November 2020.

New investments

- Post quarter end, Ocean Yield agreed to acquire two suezmax newbuilding tankers with 10-year bareboat charters to Nordic American Tankers Ltd (“NAT”). 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 by the yard, Samsung Heavy Industries, South Korea, during the first half of 2022. NAT will have certain options to acquire the vessels during the charter period. NAT is a crude tanker company listed on the New York Stock Exchange with a fleet of 25 Suezmax tankers, including these two newbuildings.

Portfolio update

- In July, the vessel *Navig8 Amessi* was delivered to Navig8 Chemical Tankers Ltd. following the exercise of the five year purchase option on the vessel.
- In July, the insurance settlement of USD 26.3 million from the constructive total loss on the PCTC *Höegh Xiamen* was received. Following repayment of related bank debt on the vessel, the net cash proceeds for the Company was about USD 8 million.
- In August, the newcastlemax vessel *Mineral Qingdao* was delivered to Ocean Yield and the vessel commenced a 15-year bareboat charter to CMB NV upon delivery. The vessel has been financed with a bank loan of USD 37.1 million.
- In August, Ocean Yield agreed to sell its 75% interest in the diving support & construction vessel *SBM Installer* to SBM Holding Inc S.A. (“SBM”). The vessel was owned 75% by Ocean Yield and 25% by SBM and Ocean Yield’s equity stake was sold for USD 33.7 million, including working capital. Closing of the transaction was completed on 30th September 2020.
- With regards to the FPSO *Dhirubhai-1*, the COVID-19 pandemic and a lower oil price has led to reduced expectations with respect to the sales price that can be achieved. Hence, the company has recorded an impairment of USD 94.8 million on the book value of the vessel in the third quarter. After the impairment, the book value of the FPSO is USD 51.5 million. Discussions with potential interested parties have recently shown some progress, but there is still uncertainty related to when a sales process can be finalized.

- The offshore construction & cable-lay vessel *Connector* has been operating on a time-charter contract with Ocean Installer until the end of October. The vessel is now in the process of being fixed on a new short term contract as from early December until mid-February 2021, but the market remains challenging with rates continuing to be at low levels. Hence, an impairment of USD 34.6 million on the book value of the vessel has been recorded this quarter. There is continued risk related to the future book value of this vessel if the market does not improve in the near-term. The vessel is scheduled for a planned dry-dock during November.
- Post quarter end, the restructuring agreement between Ocean Yield’s subsidiary F-Shiplease AS and Solstad Offshore ASA (“Solstad”) and its subsidiaries for the vessels *Far Senator* and *Far Statesman* was closed. The previous lease agreements for the vessels have been replaced by new lease agreements with a duration of 4 years with a variable charter rate. F-Shiplease AS has in addition received 2.8 million shares in Solstad, equivalent to about 3.8 % of the shares in the company. The shares are not subject to any lock-up agreement. 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. The vessel *Far Statesman* has been awarded a three year time-charter with Petrobras, which will generate positive cash flow into the vessel pool going forward. The *Far Senator* has been awarded a contract of approximately 90 days with BP Developments Australia Pty Ltd. in Western Australia with expected start-up in Q4 2020.

Funding

- In September, the Company issued a call notice to prepay NOK 300 million of the outstanding amount under the bond issue OCY04. Settlement has taken place after the end of the quarter. Following the prepayment, NOK 450 million is outstanding under the bond issue OCY04, which has maturity in September 2021.
- During the third quarter, the Company repurchased NOK 20 million of the bonds outstanding under the bond issue OCY07 that has maturity in December 2024.

Organisational update

- Mr. Øyvind Haraldsen, Head of shipping at Danske Bank will join Ocean Yield as from 1st January 2021 as Managing Director of Ocean Yield Malta Ltd. Mr. Haraldsen has extensive experience from ship financing from both Danske Bank and Nordea.

THIRD QUARTER FINANCIAL REVIEW

Profit and Loss items

- **Operating revenues** were USD 25.5 million in Q3 2020 compared with USD 26.0 million in Q2 2020.
- **Finance lease revenues** were USD 24.9 million in Q3 2020 compared with USD 31.1 million in Q2 2020. The decrease compared with Q2 2020 is mainly related to the sale of 50% interest in seven tankers to Aker Capital AS in June, which led to a de-consolidation of these vessels. The sale was done to strengthen the equity ratio in Ocean Yield in light of the COVID-19 pandemic and overall market uncertainty. As a result of the sale, the revenues relating to the seven tankers will no longer be reflected under *Finance lease revenues*, but Ocean Yield's share of the net profit in these vessels will be reflected under *Income from investments in associates*. As a further consequence of the sale, the financial expenses in the Profit & Loss will be lower as a result of the de-consolidation. A part of the reduction in *Finance lease revenue* compared with the second quarter is due to lower interest rates during the third quarter, as most of the finance leases are subject to LIBOR adjustment clauses. The reduction in Finance lease revenues is offset by lower interest expenses on loans.
- **Income from investment in associates**, which is related to the 50.0% ownership in seven tankers on long-term charters and 49.9% ownership in six mega container vessels on long-term charters, were USD 6.0 million in Q3 2020 compared with USD 5.5 million in Q2 2020. The increase compared with the second quarter is related to the newly established joint venture with Aker Capital AS, as described above.
- **Other revenues** were USD 0.8 million and is related to the sale of the 75% interest in the vessel *SBM Installer*.
- **Total revenues and other income** for Q3 2020 were USD 57.2 million compared with USD 90.0 million for Q2 2020. The figures for Q2 2020 included an insurance claim on the *Höegh Xiamen* of USD 27.4 million.
- **Vessel operating expenses** were USD 2.3 million in Q3 2020 compared with USD 2.2 million in Q2 2020. The operating expenses are related to the *Connector*, which is operated on a time-charter basis.
- **EBITDA** was USD 52.2 million in Q3 2020 compared with USD 86.3 million in Q2 2020. The reduction is mainly a result of the establishment of the JV with Aker Capital AS, as described above. In addition, the figure for Q2 2020 included a one-off amount related to the insurance settlement of USD 27.4 million for the vessel *Höegh Xiamen*. Adjusted for finance lease effects, the EBITDA was USD 75.8 million compared with USD 86.0 million in Q2 2020. The adjusted EBITDA in Q2 2020 is not including the insurance claim on the *Höegh Xiamen*.
- **Depreciation and amortization** were USD 11.7 million in Q3 2020, compared with USD 12.4 million in Q2 2020. The reduction compared with the second quarter is mainly related to the constructive total loss on the *Höegh Xiamen*. The dry-bulk vessel *Mineral Qingdao* delivered during Q3 2020 is accounted for as a finance lease and has no impact on depreciation.
- **Impairment charges and other non-recurring items** were USD 34.6 million and is related to the vessel *Connector*. After the impairment, the *Connector* has a book value of USD 142.3 million. The impairment recorded on the FPSO is reflected under *Discontinued operations* as this vessel is classified as an asset held for sale.
- **Operating profit** was USD 5.9 million in Q3 2020 compared with USD 46.2 million in Q2 2020.
- **Financial income** was USD 1.0 million in Q3 2020 compared with USD 0.1 million in Q2 2020. This is related to interest income from cash deposits and guarantee fees in connection with joint-ventures.
- **Financial expenses** were USD 17.1 million in Q3 2020, compared with USD 25.8 million in Q2 2020. The reduction is partly due to the sale of 50% interest in seven tankers to Aker Capital AS, as the net profit related to these vessels is now included under *Income from investments in associates*, but also due to lower interest rates during the third quarter. The financial expenses for Q2 2020 included a one-off expense of USD 3.6 million related to break cost of a fixed interest rate loan on the vessels *Far Senator* and *Far Statesman* in connection with a refinancing of these vessels. Excluding this one-off expense, the comparable figure for the second quarter was USD 22.2 Million.
- **Foreign exchange losses** were USD 6.8 million in Q3 2020, compared with a loss of USD 54.8 million in Q2 2020. The foreign exchange movements are mainly a result of fluctuations in the USD/NOK exchange rate, as Ocean Yield's bond loans are denominated in NOK.
- **Change in fair value of financial instruments** were positive with USD 10.5 million in Q3 2020 compared with a positive movement of USD 54.8 million in Q2 2020. This is mainly related to the Company's cross currency swaps, which have been used to swap NOK exposure into USD.
- **The Net profit before tax** in Q3 2020 was negative USD 6.6 million compared with a net profit before tax of USD 20.5 million for Q2 2020.
- **Tax payable** was positive USD 0.4 million in Q3 2020 compared with negative USD 0.4 million in Q2 2020.
- **Change in deferred tax** was negative USD 0.8 million in Q3 2020, compared with negative USD 0.9 million in Q2 2020.
- **The Net profit after tax from continuing operations** for Q3 2020 was negative USD 7.1 million compared with a net profit after tax of USD 19.2 million for Q2 2020.
- **Net profit after tax from discontinued operations**, which is related to the FPSO, was negative USD 97.3 million in Q3 2020 compared with a net loss of USD 2.8 million in Q2 2020. This includes an impairment on the book value of the FPSO of USD 94.8 million. EBIT-

DA for the FPSO in Q3 2020 was negative USD 2.5 million.

- **Net profit after tax, including discontinued operations** for Q3 2020 was negative USD 104.4 million compared with a Net profit after tax of USD 16.5 million for Q2 2020. Adjusted for discontinued operations, non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the net profit after tax was USD 24.5 million as compared with USD 24.0 million in Q2 2020.

Balance sheet items

- **Vessels and equipment** was USD 699.9 million in Q3 2020 compared with USD 855.2 million in Q2 2020. The decrease compared with the second quarter is mainly related to the impairment made on the *Connector* and the sale of the 75% interest in the *SBM Installer*.
- **Investments in associates**, which includes 49.9% interest in six mega container vessels on long-term charter and 50% interest in seven tankers, also on long-term charter, was USD 175.1 million in Q3 2020 compared with USD 173.4 million in Q2 2020.
- **Finance lease receivables and related assets**, including the short term portion, were USD 1,421.4 million in Q3 2020 compared with USD 1,447.6 million in Q2 2020.
- **Restricted cash deposits** were USD 14.2 million compared with USD 26.4 million in Q2 2020. The cash deposits are posted as collateral with banks for the Company's cross currency swaps related to unsecured bond loans. The decrease compared with the second quarter is mainly due to the strengthening of the NOK against the USD.
- **Cash & cash equivalents** at the end of Q3 2020 were USD 158.6 million, compared with USD 106.4 million at the end of Q2 2020. In addition, USD 4.9 million of cash is included in *Assets held for sale*. The Company had undrawn credit lines available in an amount of USD 36.8 million at the end of the quarter.
- **Assets held for sale were** USD 58.3 million compared with USD 154.6 million in Q2 2020. This amount is related to the FPSO *Dhirubhai-1*. Included in the USD 58.3 million is the book value of the FPSO of USD 51.5 million, USD 4.9 million in cash, in addition to trade receivables and other assets of USD 2.0 million.
- **Book equity** was USD 698.4 million at the end of Q3 2020, compared with USD 826.6 million at the end of Q2 2020. The equity ratio was 27.5% at the end of Q3 2020 compared with 29.6% in Q2 2020.
- **Interest bearing long-term debt** was USD 1,435.2 million compared with USD 1,554.1 million in Q2 2020. During the quarter, the Company has prepaid debt as

a result of the sale of the *SBM Installer* and the sale of the chemical tanker *Navig8 Amessi*, in addition to ordinary debt repayments and reductions on revolving credit facilities. In addition, the company has drawn USD 37.1 million in connection with the delivery of one dry-bulk vessel. The announced prepayment of the unsecured bond OCY04 of NOK 300 million will be reflected in the Q4 2020 financial accounts as settlement was done after quarter end.

- **Interest bearing short-term debt** was USD 335.6 million in Q3 2020 compared with USD 335.9 million in Q2 2020.
- **Fair value of derivatives, including the long- and short-term portion:** The fair value of derivatives was negative USD 44.9 million in Q3 2020 compared with negative USD 55.8 million in Q2 2020. The decrease compared with the first quarter is mainly a result of the movements in the USD/NOK exchange rate, which affects the fair value of the Company's cross currency swaps related to unsecured bond loans denominated in NOK.
- **Total assets** were USD 2,535.5 million in Q3 2020, compared with USD 2,797.0 million in Q2 2020.

Cash flow

- **Net cash flow from operating activities** was USD 29.6 million in Q3 2020 compared with negative USD 14.6 million in Q2 2020. The figure for Q2 2020 was negatively affected by termination of cross currency swaps.
- **Net cash flow from investing activities** was positive USD 145.0 million. This is explained by the sale of the *SBM Installer*, sale of a vessel accounted for as a finance lease, investment in one new vessel, return of cash deposits from banks in connection with the strengthening of the NOK against the USD, the insurance settlement of the *Höegh Xiamen* and ordinary repayments of finance leases.
- **Net cash flow from financing activities** was negative USD 122.4 million. This is mainly explained by proceeds from new long-term debt of USD 70.6 million related to the delivery of the *Mineral Qingdao* and refinancing of two chemical tankers. In addition, the Company made repayments of debt of USD 130.7 million, which includes refinancing of the two chemical tankers and reductions on revolving credit facilities in addition to ordinary repayments. In addition, the Company de-consolidated USD 50.9 million of debt related to the sale of the *SBM Installer*.

CHARTER BACKLOG

The EBITDA charter backlog at the end of Q3 2020 was USD 2.9 billion with an average remaining contract duration of 10.1 years. This includes Ocean Yield's pro-rata interest in vessels owned in joint ventures. The total fleet, counted 68 vessels at the end of the third quarter, which includes wholly and partly owned vessels. Including the two Suezmax newbuildings announced after quarter end, the fleet consists of 70 vessels in total.

RISKS

There is continued uncertainty around the impact of the COVID-19 pandemic on the global shipping markets. The pandemic has so far not had any material negative effects on our portfolio of vessels with long term charters and all counterparties are performing according to the charter contracts. In certain shipping segments we have seen a positive recovery during the third quarter, while rates have been reduced in the tanker market. The long-term impact of the pandemic is still difficult to predict as several countries are now experiencing a second wave of COVID-19 infections.

The Company is exposed to direct market risk for the oil-service vessels that are without long-term charters.

The Company is also exposed to a number of other risks, including counterparty-, financing-, interest rate-, curren-

cy-, impairment- and residual value risk related to its vessels.

For a more detailed description of risk factors, please refer to the annual report for 2019, which is available on www.oceanyield.no.

OUTLOOK

At the end of the quarter Ocean Yield has a sound financial position and it is currently not expected that the COVID-19 pandemic will have any material negative effects on the portfolio of vessels with long-term charters. With a substantial cash position and access to attractively priced bank financing, Ocean Yield is positioned for new investments in modern vessels with long term charters.

Ocean Yield currently has a conservative dividend level relative to expected future earnings and it is the intention of the Board of Directors to gradually increase the dividends going forward.

Fornebu, 2nd November 2020

Ocean Yield ASA



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Chairman



Anne Christin Døvingen
Director



Kjell Inge Røkke
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Ocean Yield ASA Group condensed consolidated financial statement for the third quarter 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amounts in USD million	Note	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
		2020	2020	2019	2020	2019	2019
				Restated*		Restated*	Restated*
Operating revenues		26.0	25.5	25.9	74.9	79.6	103.3
Finance lease revenue		31.1	24.9	30.4	88.9	81.9	114.1
Income from investments in associates		5.5	6.0	5.4	16.4	17.0	22.9
Other income		27.4	0.8	-	28.2	-	-
Total revenues and other income	5	90.0	57.2	61.7	208.4	178.6	240.3
Vessel operating expenses		(2.2)	(2.3)	(2.4)	(6.3)	(7.4)	(9.3)
Wages and other personnel expenses		(1.2)	(1.5)	(1.7)	(4.4)	(5.0)	(6.8)
Other operating expenses		(0.2)	(1.2)	(1.0)	(2.8)	(3.4)	(5.5)
Write down on trade receivables		-	-	0.0	-	(0.3)	(0.4)
EBITDA	5	86.3	52.2	56.6	194.9	162.5	218.4
Depreciation and amortization	8	(12.4)	(11.7)	(12.4)	(36.6)	(37.2)	(49.7)
Impairment charges and other non recurring items	8	(27.7)	(34.6)	(0.0)	(62.2)	(0.0)	0.0
Operating profit (EBIT)		46.2	5.9	44.3	96.1	125.3	168.7
Financial income		0.1	1.0	0.4	1.4	1.3	2.0
Financial expenses		(25.8)	(17.1)	(27.3)	(68.8)	(77.6)	(104.2)
Foreign exchange gains/losses		(54.8)	(6.8)	17.7	(13.5)	11.2	2.0
Change in fair value of financial instruments	7	54.8	10.5	(23.1)	0.8	(17.1)	(3.6)
Net financial items		(25.7)	(12.5)	(32.3)	(80.0)	(82.1)	(103.8)
Net profit before tax		20.5	(6.6)	12.0	16.0	43.1	64.9
Tax payable		(0.4)	0.4	(0.9)	(0.3)	(2.4)	(1.0)
Change in deferred tax		(0.9)	(0.8)	(0.0)	(2.2)	(0.0)	(2.5)
Net profit after tax, from continuing operations		19.2	(7.1)	11.1	13.5	40.7	61.5
Profit (loss) from discontinued operation, net of tax	6	(2.8)	(97.3)	(74.3)	(103.0)	(90.2)	(101.4)
Profit for the period		16.5	(104.4)	(63.2)	(89.5)	(49.5)	(39.9)
Attributable to:							
Equity holders of the parent		13.9	(106.9)	(63.5)	(97.1)	(50.1)	(43.5)
Non-controlling interests		0.2	0.3	0.3	0.4	0.6	0.9
Dividends on hybrid capital		2.4	2.2	-	7.2	-	2.7
Profit for the period		16.5	(104.4)	(63.2)	(89.5)	(49.5)	(39.9)
Weighted average number of shares outstanding		175.2	175.2	159.3	175.2	159.3	160.8
Earnings per share (USD), continuing operations		0.09	(0.05)	0.07	0.03	0.25	0.36
Total number of shares outstanding, eksl. treasury shares		175.3	175.1	159.3	175.1	159.3	175.2

*Comparative information has been re-presented due to a discontinued operation

TOTAL COMPREHENSIVE INCOME

	2nd Quarter 2020	3rd Quarter 2020	3rd Quarter 2019 <i>Restated*</i>	Jan - Sep 2020	Jan - Sep 2019 <i>Restated*</i>	Jan - Dec 2019 <i>Restated*</i>
<i>Amounts in USD million</i>						
Profit for the period	16.5	(104.4)	(63.2)	(89.5)	(49.5)	(39.9)
Other comprehensive income, net of income tax						
Items that will not be reclassified to the income statement						
Remeasurements of defined benefit liability (asset)	-	-	-	-	-	(0.1)
Total for items that will not be reclassified to the income statement	-	-	-	-	-	(0.1)
Items that are or may be reclassified to the income statement						
Share of other comprehensive income from investment in associates	(1.5)	0.6	(5.4)	(16.2)	(19.9)	(15.5)
Change in fair value of available for sale financial assets	0.1	(0.0)	(0.9)	(0.5)	(1.1)	(0.8)
Currency translation differences	(0.0)	0.0	(2.6)	(0.0)	(1.7)	(0.6)
Total for items that are or may be reclassified to the income statement	(1.4)	0.6	(8.8)	(16.8)	(22.7)	(16.8)
Total change in other comprehensive income, net of income tax	(1.4)	0.6	(8.8)	(16.8)	(22.7)	(16.9)
Total comprehensive income for the period	15.1	(103.8)	(72.1)	(106.3)	(72.1)	(56.8)
Attributable to:						
Equity holders of the parent	12.4	(106.2)	(72.3)	(113.8)	(72.8)	(60.4)
Non controlling interests	0.2	0.3	0.3	0.4	0.6	0.9
Dividends on hybrid capital	2.4	2.2	-	7.2	-	2.7
Total comprehensive income for the period	15.1	(103.8)	(72.1)	(106.3)	(72.1)	(56.8)

*Comparative information has been re-presented due to a discontinued operation



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in USD million</i>	Note	30 June 2020	30 September 2020	30 September 2019	31 December 2019
ASSETS					
Vessels and equipment	8	855.2	699.9	1 066.9	1 053.7
Investments in associates	10	173.4	175.1	173.7	178.2
Finance lease receivables and related assets	9	1 254.5	1 257.3	1 265.6	1 483.6
Restricted cash deposits		26.4	14.2	26.4	22.7
Other shares and other non-current assets		2.0	1.9	2.4	2.6
Deferred tax assets		-	-	0.0	0.1
Total non-current assets		2 311.4	2 148.3	2 535.0	2 740.9
Finance lease receivables, short term portion	9	193.1	164.1	170.8	219.8
Trade and other interest-free receivables		31.4	6.1	10.2	7.1
Cash and cash equivalents		106.4	158.6	176.0	185.5
Current assets		331.0	328.8	357.0	412.3
Assets held for sale	6	154.6	58.3	-	-
Total current assets		485.6	387.2	357.0	412.3
Total assets		2 797.0	2 535.5	2 892.0	3 153.2
EQUITY AND LIABILITIES					
Share capital		271.0	271.0	253.7	271.0
Treasury shares		(0.0)	(0.2)	(0.1)	(0.1)
Other paid-in capital		366.1	366.1	306.1	366.1
Total paid-in capital	13	637.1	636.9	559.7	637.0
Retained earnings and translation reserves		51.8	(63.5)	121.6	101.4
Total equity attributable to equity holders of the parent		688.8	573.4	681.2	738.4
Hybrid capital		125.0	125.0	123.1	125.0
Non controlling interests		12.7	0.0	12.9	13.2
Total equity		826.6	698.4	817.2	876.6
Interest-bearing long-term debt	12	1 554.1	1 435.2	1 642.3	1 909.0
Deferred tax liabilities		3.9	4.6	0.0	2.6
Mobilization fee and advances		2.5	1.5	6.8	5.7
Fair value of derivatives	7	42.5	28.7	22.3	23.7
Finance lease liabilities		0.9	0.8	1.1	1.0
Other interest-free long-term liabilities		-	-	-	1.6
Total non-current liabilities		1 604.0	1 470.8	1 672.5	1 943.6
Interest-bearing short-term debt	12	335.9	335.6	330.5	276.2
Fair value of derivatives	7	13.3	16.2	37.4	22.5
Current provisions (field abandonment)		-	-	14.8	12.4
Trade and other payables		14.6	12.9	19.5	22.0
Current liabilities		363.7	364.7	402.3	333.0
Liabilities directly associated with the assets held for sale	6	2.7	1.6	-	-
Total current liabilities		366.4	366.3	402.3	333.0
Total liabilities		1 970.4	1 837.1	2 074.8	2 276.6
Total equity and liabilities		2 797.0	2 535.5	2 892.0	3 153.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in USD million</i>	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Shareholders equity	Hybrid capital	Non controlling interests	Total equity
Balance at 31st December 2018	253.7	387.4	(0.1)	(11.1)	(41.4)	257.2	845.7	-	0.0	845.7
Profit for the period	-	-	-	-	-	(40.7)	(40.7)	-	0.9	(39.9)
Other comprehensive income	-	-	-	(0.8)	(0.6)	(15.6)	(16.9)	-	-	(16.9)
Total comprehensive income	-	-	-	(0.8)	(0.6)	(56.3)	(57.7)	-	0.9	(56.8)
Dividend	-	(60.9)	-	-	-	(60.7)	(121.6)	-	(0.0)	(121.6)
Dividend on hybrid capital	-	-	-	-	-	(2.7)	(2.7)	-	-	(2.7)
Issuance of ordinary shares	17.3	60.7	-	-	-	-	78.0	-	-	78.0
Expenses related to issuance of shares, net of tax	-	(0.8)	-	-	-	-	(0.8)	-	-	(0.8)
Issuance of hybrid capital	-	-	-	-	-	-	-	125.0	-	125.0
Expenses related to issuance of hybrid bond, net of tax	-	-	-	-	-	(1.9)	(1.9)	-	-	(1.9)
Treasury shares acquired	-	-	(1.5)	-	-	-	(1.5)	-	-	(1.5)
Treasury shares sold	-	-	1.2	-	-	(0.3)	0.9	-	-	0.9
Minority's share of capital increase in subsidiary	-	-	-	-	-	-	-	-	12.2	12.2
Transfer from share premium to retained earnings	-	(20.3)	-	(0.0)	-	20.4	-	-	-	-
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
Profit for the period	-	-	-	-	-	(89.9)	(89.9)	-	0.4	(89.5)
Other comprehensive income	-	-	-	(0.5)	(0.0)	(16.2)	(16.8)	-	-	(16.8)
Total comprehensive income	-	-	-	(0.5)	(0.0)	(106.1)	(106.7)	-	0.4	(106.3)
Dividend	-	-	-	-	-	(51.0)	(51.0)	-	(0.5)	(51.5)
Dividend on hybrid capital	-	-	-	-	-	(7.2)	(7.2)	-	-	(7.2)
Decrease in non-controlling interests (de-consolidation of subsidiary)	-	-	-	-	-	-	-	-	(13.0)	(13.0)
Treasury shares acquired	-	-	(0.7)	-	-	-	(0.7)	-	-	(0.7)
Treasury shares sold	-	-	0.7	-	-	(0.2)	0.5	-	-	0.5
Change of functional currency in subsidiaries	-	-	-	-	42.0	(42.0)	0.0	-	-	0.0
Balance at 30th September 2020	271.0	366.1	(0.4)	(12.4)	-	(50.9)	573.4	125.0	-	698.4

Change in equity as of 30th September 2019

Balance at 31st December 2018	253.7	387.4	(0.1)	(11.1)	(41.4)	257.2	845.7	-	0.0	845.7
Net profit after tax for the period	-	(11.3)	-	-	-	24.7	13.4	-	0.3	13.7
Other comprehensive income	-	-	-	(0.1)	0.8	(14.5)	(13.8)	-	-	(13.8)
Total comprehensive income	-	(11.3)	-	(0.1)	0.8	10.2	(0.4)	-	0.3	(0.1)
Dividend	-	(60.9)	-	-	-	(30.3)	(91.2)	-	-	(91.2)
Issuance of hybrid capital	-	-	-	-	-	-	-	125.0	-	125.0
Expenses related to issuance of hybrid bond, net of tax	-	-	-	-	-	-	-	(1.9)	-	(1.9)
Treasury shares acquired	-	-	(0.8)	-	-	-	(0.8)	-	-	(0.8)
Treasury shares sold	-	-	0.5	-	-	-0.1	0.4	-	-	0.4
Minority's share of capital increase in subsidiary	-	-	-	-	-	-	-	-	12.2	12.2
Transfer from share premium to retained earnings	-	(20.3)	-	(0.0)	-	20.3	-	-	-	-
Balance at 30th September 2019	253.7	306.1	(0.4)	(12.2)	(43.1)	177.2	681.2	123.1	12.9	817.2

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in USD million</i>	2nd Quarter 2020	3rd Quarter 2020	3rd Quarter 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Profit for the period	16.5	(104.4)	(63.2)	(89.5)	(49.5)	(39.9)
Income tax expense	1.2	0.5	0.9	2.6	2.4	3.5
Depreciation and amortization	12.4	11.7	19.1	36.6	57.6	74.3
Impairment charges and other non-recurring items	27.7	128.5	68.4	156.1	72.9	80.6
Income from investments in associates	(5.5)	(6.0)	(5.4)	(16.4)	(17.0)	(22.9)
Dividend received from investments in associates	4.1	4.9	4.8	13.5	15.4	21.1
Net interest expenses (+)	21.6	15.9	26.4	62.9	75.0	100.4
Interest paid	(23.9)	(15.7)	(25.7)	(65.3)	(73.4)	(96.3)
Interest received	0.4	0.1	1.8	1.2	6.5	7.4
Unrealized foreign exchange gain/loss	18.3	6.3	(17.9)	(24.0)	(11.8)	(6.1)
Change in fair value of financial instruments	(54.8)	(10.5)	23.1	(0.8)	17.1	3.6
Other changes in operating activities	(32.5)	(1.7)	(2.3)	(45.4)	(3.3)	(5.9)
Net cash flow from operating activities	(14.6)	29.6	29.9	31.5	91.9	119.8
Acquisition of vessels and equipment	(0.1)	(0.2)	-	(0.4)	(0.0)	(0.5)
Sale of vessels (de-consolidation of subsidiary)	-	80.9	-	80.9	-	-
Proceeds from Insurance claim	-	26.3	-	26.3	-	-
Acquisition of vessels accounted for as finance lease receivables	(26.1)	(24.1)	(104.5)	(91.1)	(282.1)	(568.4)
Repayment on finance lease receivables	27.1	23.4	23.6	75.8	57.2	80.5
Sale of vessel accounted for as finance lease	26.5	26.5	-	53.0	-	-
Investments in other non-current assets	(0.0)	0.0	(7.6)	-	(41.5)	(45.9)
Net change in Investment in associated companies	10.2	-	0.0	10.2	-	-
Net change in long-term interest-bearing receivables	28.4	12.2	(8.4)	6.9	(10.3)	(6.5)
Net cash flow from investing activities	66.0	145.0	(96.8)	161.6	(276.7)	(540.8)
Proceeds from issuance of long-term interest-bearing debt	35.6	70.6	149.8	192.4	363.5	772.8
Repayment of long-term interest-bearing debt	(77.0)	(130.7)	(85.7)	(292.7)	(143.2)	(354.0)
Repayment of long-term interest-bearing debt (de-consolidation of subsidiary)	-	(50.9)	-	(50.9)	-	-
Repayment on finance lease liabilities	(0.1)	(0.1)	(0.1)	(0.3)	(0.3)	(0.4)
Dividend paid	(8.8)	(8.8)	(30.3)	(51.0)	(91.2)	(121.6)
Dividend on hybrid capital	(2.4)	(2.2)	-	(7.2)	-	(2.7)
Dividend paid to non-controlling interests	-	-	-	(0.5)	-	-
Net proceeds from issuance of new shares	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	77.3
Net proceeds from issuance of hybrid capital	-	-	123.1	-	123.1	123.1
Net change in treasury shares	0.1	(0.4)	(0.5)	(0.2)	(0.5)	(0.6)
Net cash flow from financing activities	(52.6)	(122.4)	156.3	(210.3)	251.4	493.9
Net change in cash and cash equivalents	(1.2)	52.2	89.4	(17.2)	66.6	72.9
Exchange rate differences	1.0	0.2	(0.3)	(3.5)	(0.6)	2.6
Cash and cash equivalents at beginning of the period	106.8	106.4	86.9	185.5	110.0	110.0
Non-controlling interests' share of cash at time of de-consolidation	-	(1.2)	-	(1.2)	-	-
Change in cash reported with assets held for sale	(0.3)	1.0	-	(4.9)	-	-
Cash and cash equivalents at the end of the period	106.4	158.6	176.0	158.6	176.0	185.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE THIRD QUARTER 2020

NOTE 1 INTRODUCTION

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the third quarter and nine months ending 30th September 2020 comprise Ocean Yield ASA and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group for the year ended 31st December 2019 and quarterly reports are available at www.oceanyield.no.

NOTE 2 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31st December 2019.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 2nd November 2020.

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

Accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31st December 2019.

NOTE 4 ESTIMATES

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

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group’s accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as of the year ended 31st December 2019.



NOTE 5 OPERATING SEGMENTS

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

EBITDA	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
	2020	2020	2019	2020	2019	2019
<i>Amounts in USD million</i>			<i>Restated*</i>		<i>Restated*</i>	<i>Restated*</i>
Tankers	18.3	12.4	19.5	50.0	49.9	68.3
Container vessels	7.6	7.2	7.6	21.8	23.8	31.8
Car Carriers**	37.0	7.7	10.3	54.6	31.4	41.6
Other Shipping	10.8	10.8	7.9	32.1	22.5	32.3
Other Oil Service	14.3	16.3	13.7	42.5	42.3	54.2
Other companies and eliminations	(1.7)	(2.1)	(2.3)	(6.0)	(7.4)	(9.8)
EBITDA	86.3	52.2	56.6	194.9	162.5	218.4

The reduction in the segment *Tankers* from Q2 2020 to Q3 2020 is mainly a result of the establishment of the JV with Aker Capital for seven tankers, as explained earlier.

*Comparative information has been re-presented due to a discontinued operation.

**The Segment Car Carriers includes the insurance settlement of USD 26.3 million in Q2 2020.

NOTE 6 DISCONTINUED OPERATIONS AND HELD FOR SALE ASSETS

The FPSO *Dhirubhai-1* is being marketed for sale and has been 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.

The FPSO segment was not previously classified as held for sale or as a discontinued operation. The comparative consolidated statement of profit and loss and OCI has been restated to show the discontinued operations separately from continuing operations.

Results from discontinued operations

<i>Amounts in USD million</i>	2nd Quarter	3rd Quarter	3rd Quarter	Jan - Sep	Jan - Sep	Jan - Dec
	2020	2020	2019	2020	2019	2019
Operating revenues	0.1	0.2	1.0	0.3	3.3	3.8
Other income	-	-	3.6	-	9.3	12.9
Total revenues and other income	0.1	0.2	4.6	0.3	12.6	16.7
Vessel operating expenses	(0.9)	(1.4)	(2.1)	(3.7)	(3.6)	(5.2)
Wages and other personnel expenses	(0.3)	(0.3)	(0.4)	(0.8)	(2.0)	(2.4)
Other operating expenses	(1.4)	(1.0)	(1.5)	(3.8)	(3.6)	(4.9)
Write down on trade receivables	-	-	(0.0)	-	(0.0)	(0.0)
EBITDA	(2.5)	(2.5)	0.6	(8.0)	3.3	4.1
Depreciation and amortization	(0.0)	(0.0)	(6.7)	(0.0)	(20.4)	(24.6)
Impairment charges and other non recurring items	-	(94.8)	(68.4)	(94.8)	(72.9)	(80.6)
Operating profit (EBIT)	(2.5)	(97.3)	(74.5)	(102.9)	(90.0)	(101.1)
Financial income	0.0	0.0	0.1	0.0	0.3	0.3
Financial expenses	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Foreign exchange gains/losses	(0.2)	0.0	0.1	(0.1)	(0.4)	(0.4)
Net financial items	(0.2)	0.0	0.2	(0.1)	(0.2)	(0.2)
Net profit before tax	(2.8)	(97.3)	(74.3)	(103.0)	(90.2)	(101.4)
Tax payable	-	-	-	-	-	-
Change in deferred tax	-	-	-	-	-	-
Profit (loss) from discontinued operation, net of tax	(2.8)	(97.3)	(74.3)	(103.0)	(90.2)	(101.4)

Cash flows from discontinued operations

<i>Amounts in USD million</i>	2nd Quarter 2020	3rd Quarter 2020	3rd Quarter 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Profit for the period	(2.8)	(97.3)	(74.3)	(102.9)	(90.2)	(101.4)
Income tax expense	-	-	-	-	0.0	0.0
Depreciation and amortization	0.0	0.0	6.7	0.0	20.4	24.6
Impairment charges and other non-recurring items	-	94.8	68.4	94.8	72.9	80.6
Net interest expenses (+)	(0.0)	(0.0)	(0.1)	(0.0)	(0.3)	(0.3)
Interest paid	-	-	-	(0.0)	(0.0)	(0.0)
Interest received	-	-	0.1	0.0	0.3	0.3
Unrealized foreign exchange gain/loss	(0.0)	(0.0)	(1.5)	0.1	(0.9)	(0.9)
Other changes in operating activities	(2.6)	(0.6)	1.7	(14.1)	5.3	(4.4)
Net cash flow from operating activities	(5.4)	(3.1)	0.9	(22.1)	7.5	(1.4)
Acquisition of vessels and equipment	0.0	(0.2)	-	(0.2)	(0.0)	(0.2)
Net cash flow from investing activities	0.0	(0.2)	-	(0.2)	(0.0)	(0.2)
Net change in cash and cash equivalents	(5.4)	(3.2)	0.9	(22.3)	7.5	(1.7)
Intra Group transactions	5.6	2.1	(7.0)	20.4	(16.4)	(12.0)
Exchange rate differences	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
Cash and cash equivalents at beginning of the period	5.7	5.9	17.7	6.9	20.6	20.6
Cash and cash equivalents at the end of the period	5.9	4.9	11.6	4.9	11.6	6.8

Assets held for sale and related liabilities

At 30th September 2020, assets held for sale were stated at fair value less costs to sell and comprise the following:

<i>Amounts in USD million</i>	30 September 2020
Vessels and equipment	51.5
Trade and other interest-free receivables	2.0
Cash and cash equivalents	4.9
Assets held for sale	58.3
Current provisions (field abandonment)	0.3
Trade and other payables	1.3
Liabilities directly associated with the assets held for sale	1.6

The fair value of the assets held for sale has been categorized as a Level 3 in the fair value hierarchy.

The COVID-19 pandemic and a lower oil price has led to increased uncertainty with respect to the timeline and the sales price that can be achieved for the FPSO. Discussions with potential interested parties have recently shown some positive progress, but there is still uncertainty related to when a sales process can be finalized. As of Q3 2020 the fair value of the FPSO has been estimated to be USD 51.5 million, and an impairment of USD 94.8 million have been recognized in the third quarter.

The fair value has been calculated based on the present value of estimated future cash flows. The Group has considered several possible scenarios and calculated the present value of estimated future cash flows for these scenarios. The scenarios are based on recent interest for the FPSO. The fair value has then been calculated as the weighted average of these scenarios.

The present value have been calculated using a discount rate of 8.8% p.a., after tax, which implies a pre-tax discount rate of 10.1% p.a. The discount rate is estimated as the weighted average of the required return on equity and expected borrowing costs, at an expected long-term equity ratio of 50 percent.

NOTE 7 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

<i>Amounts in USD million</i>	Change Q3 2019	Change Jan - Sep 2019	Fair value as of 30 Sep 2019
Cross Currency Interest Rate Swaps	(22.9)	(13.5)	(51.0)
Forward exchange contracts	(0.3)	0.3	(0.8)
Interest rate swaps	0.1	(3.8)	(7.8)
Total	(23.1)	(17.1)	(59.7)

NOTE 8 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2020:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other/elim	Total
Balance at 1 January	-	-	271.0	148.5	478.6	146.1	9.3	1 053.7
Acquisitions	-	-	-	-	0.3	0.2	-	0.4
Disposals (de-consolidation of subsidiary)	-	-	-	-	(109.0)	-	-	(109.0)
Depreciation	-	-	(9.5)	(4.1)	(22.2)	-	(0.8)	(36.6)
Impairment	-	-	(27.7)	-	(34.6)	-	-	(62.2)
Reclassified to asset held for sale	-	-	-	-	-	(146.3)	-	(146.3)
Balance at 30th September 2020	-	-	233.9	144.4	313.1	-	8.5	699.9

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

The FPSO *Dhirubhai-1* has been classified as held for sale from 1st January 2020, see note 6 for more information.

In June 2020, the vessel *Höegh Xiamen*, which was bareboat chartered to Höegh Autoliners, caught fire after it completed loading operations in Jacksonville, Florida. The vessel was declared a constructive total loss as a result of the damage incurred in the fire, and as a consequence an impairment of USD 27.7 million was made on the vessel in Q2 2020. Ocean Yield was covered under the vessel's insurance policy and received a settlement of USD 26.3 million in Q3 2020.

In August 2020, Ocean Yield agreed to sell its 75% share in the subsidiary OS Installer Limited, which owns the diving support & construction vessel *SBM Installer*. The shares were sold to SBM Holding Inc S.A. for USD 33.7 million, including working capital. Closing of the transaction was completed on 30th September 2020. The sale of shares is presented as sale of assets and repayment of debt in the

Group accounts.

As of quarter-end the Group has assessed the values of the vessels *Connector*, *Far Senator*, *Far Statesman* and the Group's Car Carriers. The value in use has been estimated for all of the vessels, and has been calculated based on the present value of estimated future cash flows.

The projected cash flows represents management's best estimate for future charter hire for the vessels.

As of quarter-end the estimated value in use is USD 34.6 million lower than the book value for the vessel *Connector*, and an impairment of USD 34.6 million has thus been recognized in the third quarter. The estimated value in use is equal or higher than the book value for *Far Senator*, *Far Statesman* and the Group's car carriers.

As of quarter-end the book value of *Connector* was USD 142.3 million, the book value of *Far Senator* and *Far Statesman* was USD 85.0 million and the book value of the Group's Car Carriers was USD 233.9 million. The calculations of value in use are highly sensitive to the estimated level of future charter hires, the length of the cash flows

and the weighting of the different scenarios.

NOTE 9 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

The net finance lease receivables as of 30th September 2020 was as follows:

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

In February 2020, Ocean Yield agreed to acquire two ultramax and one kamsarmax dry bulk vessels for a total consideration of USD 62.8 million net of pre-paid charter hire with 9, 10 and 12 years bareboat charters to Scorpio Bulkers Inc. ("Scorpio Bulkers"). In addition, Ocean Yield committed to part finance the scrubber installation on the vessels, with an additional of USD 1.5 million per vessel during 2020. The two ultramax vessels, built in 2015 and 2016, were delivered to the Company towards the end of the first quarter. The third vessel, built in 2018, was delivered to the Company in the second quarter. Scorpio Bulkers will have certain options to either trigger a sale or acquire the vessels during the charter period. The vessels are accounted for as finance leases and are included in the segment 'Other Shipping'.

In June 2020, the vessel *Navig8 Aquamarine* was delivered to *Navig8*, following the exercise of the five year purchase option on the vessel.

Also in June 2020, Ocean Yield entered into an agreement with Aker Capital AS whereby Aker acquired a 50% interest in 7 tankers with long-term charters from Ocean Yield. Ocean Yield's remaining 50% share is accounted for as an investment in associates, and as a consequence the 7 vessels are no longer included in finance lease receivables.

In July 2020, the vessel *Navig8 Amessi* was delivered to *Navig8* following the exercise of the five year purchase option on the vessel.

In August 2020, the newcastlemax vessel *Mineral Qingdao* was delivered to Ocean Yield and the vessel commenced a 15-year bareboat charter to CMB upon delivery. CMB will have certain options to either sell or acquire the vessel during the charter period. The vessel is accounted for as a finance lease and is included in the segment 'Other Shipping'.



NOTE 10 INVESTMENTS IN ASSOCIATES

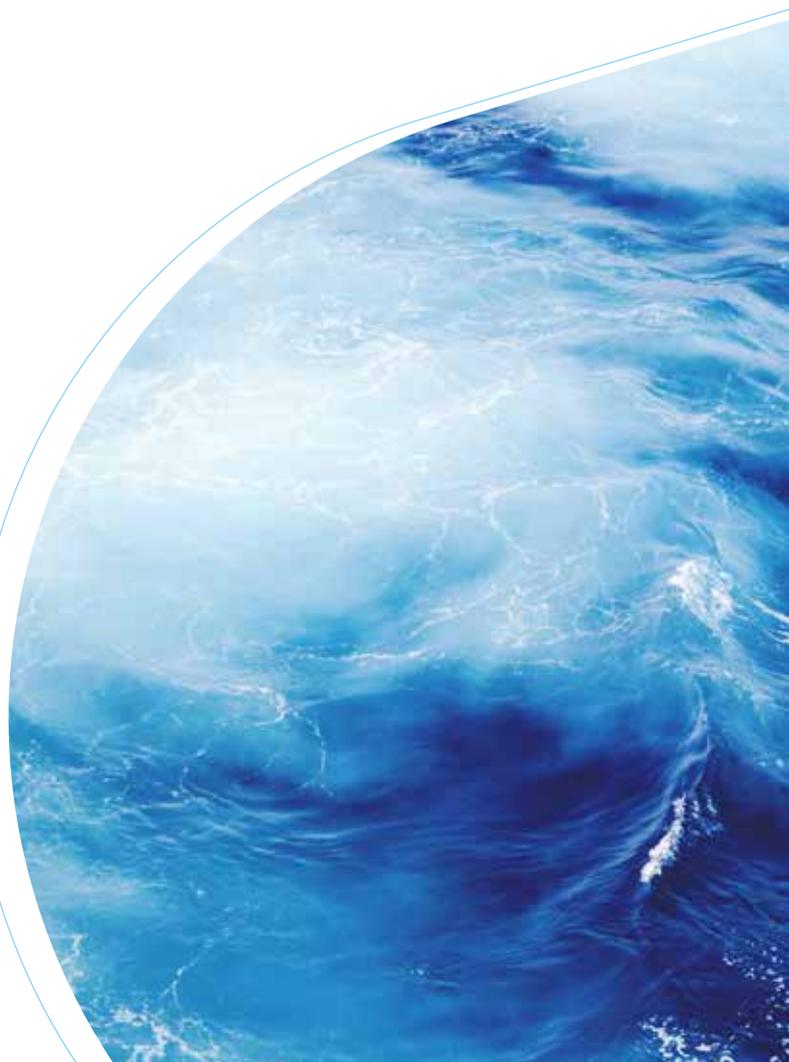
<i>Amounts in USD million</i>	BOX Holdings	OY Holding Suez	OY Holding LR2	Total
Ownership	49.9 %	50.0 %	50.0 %	
Balance 1 January 2020	178.2	-	-	178.2
Change from subsidiary to associated company (sale of 50% to Aker Capital)	-	6.0	4.1	10.2
Dividends received	(13.5)	-	-	(13.5)
Income from investments in associates	16.1	0.3	0.1	16.4
Other comprehensive income from investments in associates	(16.2)	-	-	(16.2)
Total investments in associates 30th September 2020	164.6	6.3	4.2	175.1
<i>Carrying amount of investment in associates:</i>				
Non-currents assets	779.1	100.5	114.2	993.8
Current assets	33.3	15.0	15.2	63.5
Non-current liabilities	(519.9)	(93.9)	(111.8)	(725.6)
Current liabilities	(47.8)	(9.0)	(9.2)	(66.0)
Net assets (100%)	244.7	12.6	8.4	265.7
Share of net assets	122.1	6.3	4.2	132.6
<i>Adjustment to carrying value of investment:</i>				
Finance lease receivables	46.0	-	-	46.0
Adjustment to interest-bearing long-term debt	(3.5)	-	-	(3.5)
Carrying amount of investments in associates 30th September 2020	164.6	6.3	4.2	175.1

In June 2020, Ocean Yield entered into an agreement with Aker Capital AS whereby Aker acquired a 50% interest in 7 tankers with long-term charters from Ocean Yield. Ocean Yield's remaining 50% share is accounted for as investments in associates.

NOTE 11 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 30th September 2020 no contractual obligations related to the purchase of vessels.

Post quarter end, Ocean Yield has agreed to acquire two suezmax newbuilding tankers with 10-year bareboat charters to NAT. 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 by the yard, Samsung Heavy Industries, South Korea, during the first half of 2022. NAT will have certain options to acquire the vessels during the charter period.



NOTE 12 INTEREST-BEARING DEBT

Material changes in interest-bearing debt (short- and long-term) during 2020:

<i>Amounts in USD million</i>	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other/elim	Total
Balance at 1 January	875.3	84.5	168.2	355.7	395.2	-	306.2	2 185.2
New loans	44.0	-	-	103.2	47.1	-	-	194.3
Paid loan fees	(0.5)	-	-	(1.4)	-	-	-	(1.9)
Instalments	(112.7)	(5.4)	(30.2)	(21.7)	(70.2)	-	(52.6)	(292.7)
Repayment of interest bearing-debt (de-consolidation of subsidiary)	-	-	-	-	(67.1)	-	-	(67.1)
Effect of movements in foreign exchange and loan fees amortized	2.0	0.1	0.5	0.7	(6.0)	-	(20.1)	(22.8)
Change from subsidiary to associated company (sale of 50% to Aker Capital)	(224.2)	-	-	-	-	-	-	(224.2)
Total interest-bearing liabilities 30th September 2020	583.9	79.2	138.6	436.6	299.0	-	233.5	1 770.8
Long-term	535.3	72.0	(0.5)	403.0	271.0	-	154.4	1 435.2
1st year instalments	48.6	7.2	139.0	33.6	28.1	-	79.1	335.6
Total interest-bearing liabilities 30th September 2020	583.9	79.2	138.6	436.6	299.0	-	233.5	1 770.8
Undrawn facilities	-	-	-	-	36.8	-	-	36.8

In March 2020, the bank financing for the three dry-bulk vessels with long-term charter to Scorpio Bulkers was signed and drawn-down upon delivery of each respective vessel. The vessels have been financed in two separate loan facilities on competitive terms. The total loan amount is approximately USD 48.2 million for all three vessels.

In June 2020, Ocean Yield entered into an agreement with Aker whereby Aker acquired a 50% interest in 7 tankers with long-term charters from Ocean Yield. Ocean Yield's remaining 50% share is accounted for as an investment in associates, and as a consequence the bank debt related to the vessels are no longer included in interest-bearing debt. Ocean Yield continues to guarantee the senior secured bank debt against a guarantee fee.

In August 2020, the newcastlemax vessel *Mineral Qingdao* was delivered to Ocean Yield. The vessel has been financed with a bank loan of USD 37.1 million.

During the third quarter, the Company repurchased NOK 20 million of the bonds outstanding under the bond issue OCY07 that has maturity in December 2024.

In September 2020, the Company issued a call notice for NOK 300 million in accordance with the bond agreement to prepay NOK 300 million of the outstanding amount under the bond issue OCY04. Settlement has taken place after the end of the quarter. Following the prepayment, NOK 450 million is outstanding under the bond issue OCY04, which has maturity in September 2021.

Also in September 2020, Ocean Yield entered into a new loan facility for the refinancing of the chemical tankers *Navig8 Azotic* and *Navig8 Aronaldo* for a total amount of USD 34 million.

NOTE 13 SHARE CAPITAL AND DIVIDENDS

In Q3 2020 certain members of senior management have acquired a total of 50,000 shares in the Company. The purchase of shares was made as part of the Company's management incentive program.

As of 30th September 2020 the Company had a share capital of NOK 1,752,865,750 divided into 175,285,575 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 174,371.

In Q3 2020, USD 8.8 million was paid in dividends, following the announcement of the Q2 2020 results.

NOTE 14 EVENTS AFTER THE BALANCE SHEET DATE

Post quarter end, Ocean Yield agreed to acquire two suezmax newbuilding tankers with 10-year bareboat charters to NAT. 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 by the yard, Samsung Heavy Industries, South Korea, during the first half of 2022.

Post quarter end, the restructuring agreement between Ocean Yield's subsidiary F-Shiplease AS and Solstad and its subsidiaries for the vessels *Far Senator* and *Far Statesman* was closed. The previous lease agreements for the vessels have been replaced by new lease agreements with a duration of 4 years. The charter rate payable under the new lease agreements is now a reference rate equal to the average per vessel EBITDA in a pool of seven similar UT731 design vessels operated by Solstad.

Post quarter end the Company has prepaid NOK 300 million of the outstanding amount under the bond issue OCY04.

USE AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

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

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

- EBITDA: Earnings before financial items, income taxes, depreciation, amortization and impairment charges.
- EBITDA adjusted for finance lease effects: EBITDA adjusted for Repayment of finance lease receivables.
- EBIT: Earnings before financial items and income taxes.
- Adjusted net profit from continuing operations: Net profit adjusted for discontinued operations, impairment charges, foreign exchange gains/losses, fair value adjustments of derivatives, changes in deferred tax and non-recurring items.
- 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 pur-

chase options in bareboat charter contracts not being exercised, adjustments made for finance lease effects, investments in joint ventures, currency effects and the forward interest rates for floating rate lease agreements.

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

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

	2nd Quarter 2020	3rd Quarter 2020	3rd Quarter 2019 Restated*	Jan - Sep 2020	Jan - Sep 2019 Restated*	Jan - Dec 2019 Restated*
<i>Amounts in USD million</i>						
EBITDA	86.3	52.2	56.6	194.9	162.5	218.4
Repayment on finance lease receivables	27.1	23.4	23.6	75.8	57.2	80.5
Other revenue - insurance claim Höegh Xiamen	(27.4)	0.2	-	(27.2)	-	-
EBITDA adjusted for finance lease effects	86.0	75.8	80.3	243.5	219.7	298.9
Profit for the period	16.5	(104.4)	(63.2)	(89.5)	(49.5)	(39.9)
Loss from discontinued operation, net of tax	2.8	97.3	74.3	103.0	90.2	101.4
Other revenue - insurance claim Höegh Xiamen	(27.4)	0.2	-	(27.2)	-	-
Impairment of Höegh Xiamen	27.7	-	-	27.7	-	-
Impairment of Connector	-	34.6	-	34.6	-	-
Net effects from sale of SBM Installer	-	(1.6)	-	(1.6)	-	-
Refinancing Far Senator/Far Statesman (fixed NOK to floating USD)	3.6	-	-	3.6	-	-
Foreign exchange gains/losses	54.8	6.8	(17.7)	13.5	(11.2)	(2.0)
Change in fair value of financial instruments	(54.8)	(9.2)	23.1	0.4	17.1	3.6
Change in deferred tax	0.9	0.8	0.0	2.2	0.0	2.5
Other non-recurring items	-	-	0.5	-	0.9	0.9
Adjusted Net profit from continuing operations	24.0	24.5	17.0	66.6	47.5	66.3
Attributable to:						
Equity holders of the parent	21.3	22.0	16.8	58.6	46.9	62.7
Non-controlling interests	0.3	0.3	0.3	0.8	0.7	0.9
Dividends on hybrid capital	2.4	2.2	-	7.2	-	2.7
Adjusted Net profit from continuing operations	24.0	24.5	17.0	66.6	47.5	66.3

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