GOLAR LNG PARTNERS LP

Consolidated financial statements as of and for the years ended December 31, 2023 and 2022

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GOLAR LNG PARTNERS LP

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Ernst & Young LLP
2005 Market Street
Suite 700
Philadelphia, PA 19103

Tel: +1 215 448 5000
Fax: +1 215 448 5500
ey.com

Report of Independent Auditors

To the Partner of Golar LNG Partners LP

Opinion

We have audited the consolidated financial statements of Golar LNG Partners LP (the Partnership), which comprises the consolidated balance sheets as of December 31, 2023, and 2022, and the related consolidated statements of operations, changes in partners' capital and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 of 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 absolute assurance and therefore

is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

April 29, 2024

GOLAR LNG PARTNERS LP

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(in thousands of $)

	2023	2022
Operating revenues		
Time charter revenues	$ —	$ 172,341
Total operating revenues	**—**	**172,341**
Vessel operating expenses	(1,975)	(28,679)
Voyage and commission expenses	—	(3,138)
Administrative expenses	(1,595)	(7,764)
Depreciation and amortization	(2,085)	(50,479)
Asset impairment expense	(10,958)	—
Gain (loss) on disposal	(29,557)	242,189
Total operating expenses	**(46,170)**	**152,129**
Operating (loss) income	**(46,170)**	**324,470**
Interest expense	—	(11,747)
Gain (loss) on derivative instruments, net	(1,892)	26,896
Loss on extinguishment of debt	—	(5,311)
Other income	3,057	5,895
Goodwill impairment expense	—	(15,938)
(Loss) income before tax, income from equity method investments and non-controlling interests	**(45,005)**	**324,265**
Income taxes	(18)	(10,752)
Income (loss) from equity method investments	9,972	(74,343)
Net (loss) income	**$ (35,051)**	**$ 239,170**
Net comprehensive income	**$ (35,051)**	**$ 239,170**
Net income (loss) attributable to:		
Non-controlling interests	(5,094)	(692)
Golar LNG Partners LP Owners	$ (29,957)	$ 239,862

The accompanying notes are an integral part of these consolidated financial statements.

GOLAR LNG PARTNERS LP

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022

(in thousands of $)

	December 31, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,516	$ 38,468
Restricted cash	—	5,408
Amounts due from related parties	1,598	170
Inventories	—	1,262
Assets held for sale	21,265	—
Other current assets	6,192	9,835
Total Current Assets	**30,571**	**55,143**
Non-current Assets		
Restricted cash	—	2,500
Equity method investments	137,793	392,306
Vessels and equipment, net	—	40,951
Other non-current assets	—	11,650
Total Assets	**$ 168,364**	**$ 502,550**
LIABILITIES AND EQUITY		
Current Liabilities		
Amounts due to related parties	$ 5,138	$ 3,591
Other current liabilities	3,585	5,357
Total Current Liabilities	**8,723**	**8,948**
Total Liabilities	**8,723**	**8,948**
Commitments and contingencies (Note 11)		
Equity		
Partners' capital:		
Common unitholders	10,978	336,245
Preferred unitholders	140,259	140,259
Total Partners' Capital Before Non-Controlling Interests	**151,237**	**476,504**
Non-controlling interests	8,404	17,098
Total Equity	**159,641**	**493,602**
Total Liabilities and Equity	**$ 168,364**	**$ 502,550**

The accompanying notes are an integral part of these consolidated financial statements.

GOLAR LNG PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

(in thousands of $)

	2023	2022
Net (loss) income	$ (35,051)	$ 239,170
Adjustments for:		
Depreciation and amortization	2,085	50,479
(Earnings) loss of equity method investees	(9,972)	74,343
Drydocking expenditure	—	(15,181)
Dividends received from equity method investees	5,830	29,372
Loss on disposal of equity method investment	37,401	—
Goodwill impairment expense	—	15,938
Asset impairment expense	10,958	—
Gain on disposal	(7,844)	(242,189)
Change in market value of derivatives	11,650	(31,412)
Other	(2,286)	5,421
Change in assets and liabilities:		
Inventories	—	(1,569)
Decrease (increase) in other assets	3,643	(3,620)
Amount due to/from related companies	(1,383)	(145,498)
Other current and non-current liabilities	513	4,228
Net cash provided by / (used in) operating activities	**15,544**	**(20,518)**
INVESTING ACTIVITIES		
Net proceeds from Energos Formation Transaction	—	1,074,936
Sale of equity method investment	100,000	—
Proceeds from sale of vessel	15,750	—
Additions to vessels and equipment	—	(1,129)
Net cash provided by investing activities	**115,750**	**1,073,807**
FINANCING ACTIVITIES		
Repayment of debt (including related parties)	—	(529,644)
Proceeds from debt	—	115,000
Cash distributions paid	(176,155)	(700,626)
Financing costs paid	—	(1,150)
Net cash used in financing activities	**$ (176,155)**	**$ (1,116,420)**

Net decrease in cash, cash equivalents and restricted cash	**(44,861)**	**(63,131)**
Cash, cash equivalents and restricted cash at beginning of period (1)	**46,377**	**109,508**
Cash, cash equivalents and restricted cash at end of period (1)	**1,516**	**46,377**
Supplemental disclosure of non-cash investing activities:		
NFE Class A shares received in Hilli Exchange	**122,755**	—
NFE Class A shares distributed to NFE	**(122,755)**	—
Fair value of investment in Energos	—	**129,517**
Capital contributed by Parent	—	**32,510**

(1) The following table identifies the balance sheet line-items included in 'cash, cash equivalents and restricted cash' presented in the consolidated statements of cash flows:

(in thousands of $)	**2023**	**2022**
Cash and cash equivalents	$ 1,516	$ 38,468
Restricted cash and short-term deposits	—	5,408
Restricted cash - non-current	—	2,500
	$ 1,516	**$ 46,376**

The accompanying notes are an integral part of these consolidated financial statements.

GOLAR LNG PARTNERS LP
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Partners' capital				
(in thousands of $)	Preferred Units	Common Units [1]	Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
Consolidated balance at December 31, 2021	**$ 140,259**	**$ 764,499**	**$ 904,758**	**$ 17,790**	**$ 922,548**
Net income/(loss)	12,042	227,820	239,862	(692)	239,170
Dividends	(12,042)	(688,584)	(700,626)	—	(700,626)
Capital contributed by Parent	—	32,510	32,510	—	32,510
Consolidated balance at December 31, 2022	**140,259**	**336,245**	**476,504**	**17,098**	**493,602**
Net income/(loss)	12,076	(42,033)	(29,957)	(5,094)	(35,051)
Dividends	(12,076)	(283,234)	(295,310)	(3,600)	(298,910)
Consolidated balance at December 31, 2023	**$ 140,259**	**$ 10,978**	**$ 151,237**	**$ 8,404**	**$ 159,641**

[1] As of December 31, 2023 and 2022 there were 5,520,000 preferred units, 69,301,636 common units and 1,436,391 general partner units outstanding.

The accompanying notes are an integral part of these consolidated financial statements.

GOLAR LNG PARTNERS LP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Golar LNG Partners LP (the "Partnership," "we," "our," or "us") is a Marshall Islands limited partnership formed to own and operate LNG carriers and floating storage and regasification units ("FSRUs") under long-term charters. All of the Partnership's common units are held by New Fortress Energy Inc. ("NFE"), and NFE is the ultimate parent of the Partnership.

On August 15, 2022, the Partnership completed a transaction (the "Energos Formation Transaction") with an affiliate of Apollo Global Management, Inc., pursuant to which the Partnership transferred ownership of eight vessels to Energos Infrastructure ("Energos") in exchange for approximately $1.09 billion in cash and a 20% equity interest in Energos. As a result of the Energos Formation Transaction, the Partnership is no longer the owner of eight vessels, and these vessels have been de-recognized from the financial statements. The Partnership has accounted for the investment in Energos as an equity method investment; see Note 6 for further discussion of this investment.

As of December 31, 2023, as a result of the prior year Energos Formation Transaction and current year sale of the *Spirit*, we have one LNG carrier and an equity interest in Energos.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The accompanying financial statements present the consolidated financial position, results of operations, and cash flows of the Partnership and its subsidiaries, including less-than-wholly-owned subsidiaries in which the Partnership has a controlling financial interest. All significant intercompany accounts and transactions have been eliminated in consolidation.

A variable interest entity ("VIE") is an entity that by design meets any of the following characteristics: (1) lacks sufficient equity to allow the entity to finance its activities without additional subordinated financial support; (2) as a group, equity investors do not have the ability to make significant decisions relating to the entity's operations through voting rights, do not have the obligation to absorb the expected losses or do not have the right to receive residual returns of the entity; or (3) the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights. The primary beneficiary of a VIE is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party that has both (1) the power to direct the economic activities of the VIE that most significantly impact the VIE's economic performance; and (2) through its interest in the VIE, the obligation to absorb the losses or the right to receive the benefits from the VIE that could potentially be significant to the VIE.

Non-controlling interests are classified as a separate component of equity on the consolidated balance sheets and consolidated statement of changes in partners' capital. Additionally, net income / (loss) attributable to non-controlling interests are reflected separately from consolidated net income / (loss) in the consolidated statements of operations and consolidated statement of changes in partners' capital. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. Losses continue to be attributed to the non-controlling interests, even when the non-controlling interests' basis has been reduced to zero.

The accompanying audited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Going concern

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 205-40, Going Concern, the Partnership has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Partnerships's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

The ability of the Partnership to continue as a going concern is dependent upon the continued financial support from the ultimate parent undertaking, NFE. As of April 29, 2024, the issuance date of these consolidated financial statements, the

Partnerships concluded that it is probable that its continued funding from NFE will be sufficient to fund dividends on the preferred stock, operating expenses, financial commitments, and other cash requirements for at least one year after the issuance date of these financial statements. NFE also provided an irrevocable letter of support whereby NFE has committed to fund such commitments.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of material contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currencies

We and our subsidiaries' functional currency is the U.S. dollar as the majority of the revenues are received in U.S. dollars and a majority of our expenditures are incurred in U.S. dollars. Our reporting currency is U.S. dollars.

Transactions in foreign currencies are translated into U.S. dollars at the rates of exchange in effect at the date of the transaction. Foreign currency monetary assets and liabilities are remeasured using rates of exchange at the balance sheet date. Foreign currency non-monetary assets and liabilities are remeasured using historical rates of exchange. Foreign currency remeasurement gains or losses are included in the statements of operations.

Revenue recognition

Contracts relating to our vessels have taken the form of operating leases, sales-type leases, direct financing leases and operating and services agreements. To determine whether a contract conveys a lease agreement for a period of time in accordance with ASC 842, *Leases*, we assess whether, throughout the period of use, the customer has both of the following:

- the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- the right to direct the use of that identified asset.

If a contract relating to an asset fails to give the customer both of the above rights, we account for the agreement under the revenue recognition guidance in ASC 606, *Revenue from contracts with customers*. A contract relating to an asset will generally be accounted for as a revenue contract if the customer does not contract for substantially all of the capacity of the asset (i.e., another third party could contract for a meaningful amount of the asset capacity).

Where we provide services unrelated to a specified asset, we account for the services as a revenue contract.

Lease accounting

When a contract is designated as a lease, we make an assessment on whether the contract is an operating lease, sales-type lease, or direct financing lease. An agreement will be a sales-type lease if any of the following conditions are met:

- ownership of the asset is transferred at the end of the lease term;
- the contract contains an option to purchase the asset which is reasonably certain to be exercised;
- the lease term is for a major part of the remaining useful life of the contract, although contracts entered into the last 25% of the asset's useful life are not subject to this criterion;
- the discounted value of the fixed payments under the lease represents substantially all of the fair value of the asset; or
- the asset is heavily customized such that it could not be used for another charter at the end of the term.

In making the classification assessment, we estimate the residual value of the underlying asset at the end of the lease term with reference to broker valuations. Agreements with renewal and termination options in the control of the lessee are included together with the non-cancellable contract period in the lease term when reasonably certain to be exercised. The determination of reasonably certain depends on whether the lessee has an economic incentive to exercise the option. Generally, lease accounting commences when the asset is made available to the customer, however, where the contract contains specific customer acceptance testing conditions, lease accounting will not commence until the asset has successfully passed the acceptance test. We assess a lease under the modification guidance when there is change to the terms and conditions of the contract that results in a change in the scope or the consideration of the lease.

Revenues include fixed minimum lease payments and fees for repositioning vessels. Revenues generated from operating leases are recorded over the term of the charter on a straight-line basis as service is provided. Fixed revenue includes fixed payments (including in-substance fixed payments that are unavoidable) and variable payments based on a rate or index. Variable revenue is recognized in the period incurred. For our operating leases, we have elected the practical expedient to combine our service revenue and operating lease income as the timing and pattern of transfer of the components are the same.

Repositioning fees are recognized at the end of the charter when the fee becomes fixed and determinable. However, where there is a fixed amount specified in the charter, which is not dependent upon redelivery location, the fee will be recognized evenly over the term of the charter.

Lessor expense recognition

Costs directly associated with the execution of the lease or costs incurred after lease inception or the execution of the contract but prior to the commencement of the lease that directly relate to preparing the asset for the lease (e.g. bunker costs), are capitalized and amortized to the consolidated statements of operations over the lease term.

Under our time charters, most voyage expenses are paid by our customers. Voyage related expenses, principally fuel, may also be incurred when positioning or repositioning the vessel before or after the period of the time charter and during periods when the vessel is not under charter or is off hire, for example when the vessel is undergoing repairs. These expenses are recognized as incurred.

Vessel operating expenses, which are recognized when incurred, include crewing, repairs and maintenance, insurance, stores, lube oils, communication expenses and third-party management fees.

Equity method investments

Investments in entities over which we have significant influence, but over which we do not exercise control are accounted for under the equity method of accounting. Under the equity method of accounting, we record our investment at cost and, in the case of the Energos Formation Transaction, at fair value. The carrying amount is adjusted for our share of the earnings or losses, and dividends received from the investee reduce the carrying amount of the investment. The excess, if any, of the purchase price over book value, of our investments in equity method investments, or basis difference, is included in the consolidated balance sheets as "Equity method investments." We allocate the basis difference across the assets and liabilities of the entity, with the residual assigned to goodwill. The basis difference will then be amortized through "Income (loss) from equity method investments" in the consolidated statements of operations as part of the equity method of accounting. When our share of losses in an investment equal or exceeds the value of our interest, we do not recognize further losses, unless we have incurred obligations or made payments on behalf of the investee.

The Partnership periodically assesses if impairment indicators exist at our equity method investments. When an impairment is observed, any excess of the carrying amount over its estimated fair value is recognized as impairment expense when the loss in value is deemed other-than-temporary and included in "Income (loss) from equity method investments" in our consolidated statements of operations.

In relation to our 20% equity interest in Energos, the Partnership elected to recognize its proportional share of the income or loss from the equity method investment on a financial reporting lag of one fiscal quarter. The Partnership has not elected to recognize the results of other equity method investments on a financial reporting lag.

Guarantees

Guarantees issued by us, excluding those that are guaranteeing our own performance, are recognized at fair value at the time that the guarantees are issued, and reported in “Other current liabilities” and "Other non-current liabilities." If it becomes probable that we will have to perform under a guarantee, we will recognize an additional liability if (and when) the amount of the loss can be reasonably estimated. Financial guarantees are assessed for credit losses, and the allowance is assessed at the individual guarantee level, calculated by multiplying the balance exposed upon default by the probability of default and loss given default over the term of the guarantee.

Income taxes

The Partnership accounts for income taxes in accordance with ASC 740, *Accounting for Income Taxes* (“ASC 740”), under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of assets and liabilities by applying the enacted tax rates in effect for the year in which the differences are expected to reverse. Such net tax effects on temporary differences are reflected on the Partnership’s consolidated balance sheets as deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when the Partnership believes that it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

The Partnership recognizes the effect of tax positions only if those positions are more likely than not of being sustained. Recognized tax positions are measured at the largest amount that is greater than 50 percent likely of being realized upon ultimate settlement with the relevant tax authority. To the extent that our assessment of the conclusions reached regarding tax positions changes as a result of the evaluation of new information, such change in estimate will be recorded in the period in which such determination is made. Interest and penalties relating to an underpayment of income taxes, if applicable, are reported as a component of income tax expense.

The Partnership may sell the stock of subsidiaries, in transactions in which the buyer acquires the historical tax bases of the assets and liabilities of such subsidiary, and such tax bases do not affect the Partnership’s tax consequences of such sale. When calculating the gain or loss on sale of assets, the Partnership includes the deferred tax assets, deferred tax liabilities and other tax related amounts of entities sold within the calculation of gain or loss recognized upon sale of such assets.

Cash and cash equivalents

We consider all demand and time deposits and highly liquid investments with original maturities of three months or less to be equivalent to cash.

Restricted cash

Restricted cash consist of bank deposits, which may only be used to settle certain loan or lease obligations, other claims which requires us to restrict cash, performance bonds related to charters and cash collateral required for certain swaps.

Trade accounts receivable

Trade receivables are presented at amortized cost and are presented net of allowances for expected credit losses. At each balance sheet date, all potentially uncollectible accounts are assessed individually for the purposes of determining the appropriate allowance for expected credit loss. The Partnership estimates expected credit losses based on relevant information about the current credit quality of customers, past events, including historical experience, and reasonable and supportable forecasts that affect the collectability of the reported amount.

Our trade receivables have short maturities so we have considered that forecasted changes to economic conditions will have an insignificant effect on the estimate of the allowance, except in extraordinary circumstances.

Allowance for credit losses

Financial assets recorded at amortized cost reflect an allowance for current expected credit losses over the lifetime of the instrument. The allowance for credit losses reflects a deduction to the net amount expected to be collected on the financial asset. Amounts are written off against the allowance when management believes the uncollectability of a balance is confirmed or certain. We estimate expected credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. We have elected to calculate expected credit losses on the combined balance of both the amortized cost and accrued interest from the unpaid principal balance.

Inventories

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

Vessels and equipment

Vessels are stated at cost less accumulated depreciation. The carrying value of vessels less the estimated residual value is depreciated on a straight-line basis over the assets' remaining useful economic lives. Management estimates the residual values of our vessels based on a scrap value cost of steel and aluminum times the weight of the vessel noted in lightweight tons. Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons.

Refurbishment costs incurred during the period are capitalized as part of vessels and depreciated over the vessels' remaining useful economic lives. Refurbishment costs are costs that appreciably increase the capacity, or improve the efficiency or safety of vessels and equipment.

Drydocking expenditures are capitalized when incurred and amortized over the period until the next anticipated drydocking, which is generally every five years. The Partnership utilizes the "built-in overhaul" method of accounting, which is based on the segregation of vessel costs into those that should be depreciated over the useful life of the vessel and those that require drydocking at periodic intervals to reflect the different useful lives of the components of the assets. The estimated cost of the drydocking component is depreciated until the date of the first drydocking following acquisition of the vessel, upon which the cost is capitalized and the process is repeated. If drydocking occurs prior to the expected timing, a cumulative adjustment to recognize the change in expected timing of drydocking is recognized within depreciation and amortization in the consolidated statements of operations.

Useful lives applied in depreciation are as follows:

Vessels	5-16 years

The Partnership reviews the remaining useful life of its assets on a regular basis to determine whether changes have taken place that would suggest that a change to depreciation policies is warranted. When a vessel is disposed, any unamortized drydocking expenditure is recognized as part of the gain or loss on disposal in the period of disposal.

Impairment of long-lived assets

The Partnership performs a recoverability assessment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indicators may include, but are not limited to, adverse changes in the regulatory environment in a jurisdiction where the Partnership operates, unfavorable events impacting the supply chain for LNG to the Partnership's operations, a decision to discontinue the development of a long-lived asset, early termination of a significant customer contract or the introduction of newer technology.

When performing a recoverability assessment, the Partnership measures whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its carrying value. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge.

Management develops the assumptions used in the recoverability assessment based on active contracts, current and future expectations of the global demand for LNG and natural gas, as well as information received from third party industry sources.

Long-term debt and debt issuance costs

Costs associated with long-term financing, including debt arrangement fees, are deferred and amortized over the term of the relevant loan under the effective interest method. Amortization of debt issuance cost is included in "Interest expense." These costs are presented as a deduction from the corresponding liability, consistent with debt discounts.

Contingent liabilities

In the ordinary course of business, we are subject to various claims, suits and complaints. Management, in consultation with internal and external advisers, will provide for a contingent loss in the financial statements if the contingency was present at the date of the financial statements and the likelihood of loss was probable and the amount can be reasonably estimated. If we have determined that the reasonable estimate of the loss is a range and there is no best estimate within the range, we will provide the lower amount within the range.

Derivatives

We have used derivatives to reduce market risks associated with our operations, including interest rate swaps for the management of interest risk exposure. The interest rate swaps effectively converted a portion of our debt from a floating to a fixed rate over the life of the transactions without an exchange of underlying principal. All derivative instruments are initially recorded at fair value as either assets or liabilities on the consolidated balance sheets and subsequently remeasured to fair value, regardless of the purpose or intent for holding the derivative.

Where the fair value of a derivative instrument is a net liability, the derivative instrument is classified in “Other current liabilities” on the consolidated balance sheets. Where the fair value of a derivative instrument is a net asset, the derivative instrument is classified in “Other current assets” or “Other non-current assets” on the consolidated balance sheets depending on its maturity. For derivative instruments that are not designated as a hedge for accounting purposes, the changes in fair value of the derivative instruments are recognized in earnings and recorded each period in current earnings in “Gain on derivative instruments.”

Fair value measurements

We account for fair value measurements in accordance with ASC 820, *Fair Value Measurements*, using fair value to measure assets and liabilities. The guidance provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are under common control with, or subject to significant influence by, another party. Amounts owed from or to related parties are presented net of allowances for credit losses.

3. ADOPTION OF NEW AND REVISED STANDARDS

New standards, amendments and interpretations issued but not effective for the year beginning January 1, 2023:

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, requiring companies to annually disclose specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires disclosure of income taxes paid (net of refunds received) disaggregated by federal (national), state and foreign taxes and to disaggregate the information by jurisdiction based on a quantitative threshold. The amendments in this ASU are effective for annual periods beginning after December 15, 2024, and early adoption is permitted. The amendments should be applied on a prospective basis, but retrospective application is permitted. The Partnership is currently reviewing the impact that the adoption of ASU 2023-09 may have on the Partnership's consolidated financial statements and disclosures.

The Partnership has reviewed all other recently issued accounting pronouncements and concluded that such pronouncements are either not applicable to the Partnership or no material impact is expected in the condensed consolidated financial statements as a result of future adoption.

4. REVENUE RECOGNITION

Revenue from external customers

During 2023, the Partnership earned no vessel charter revenue. During 2022, our FSRUs and LNG carriers operated under medium to long-term time charters with ten charterers, including, among others, Petrobras, PT Nusantara Regas (“PTNR”), the Hashemite Kingdom of Jordan (“Jordan”), Kuwait National Petroleum Company (“KNPC”) and Royal Dutch Shell (“Shell”).

For the years ended December 31, 2023 and 2022, revenues from each of the following customers accounted for over 10% of our total consolidated operating revenues:

(in thousands of $)	Jurisdiction	2023		2022	
PTNR	Indonesia	—	— %	41,715	24 %
Petrobras	Brazil	—	— %	41,707	24 %
Jordan	Jordan	—	— %	33,454	19 %
KNPC	Kuwait	—	— %	14,204	8 %
Shell	Various	—	— %	16,875	10 %

Operating lease income

Operating lease income for the periods ended December 31, 2023 and 2022 was $0 and $171.7 million, respectively. Subsequent to the Energos Formation Transaction, the Partnership is no longer party to any operating leases, and as such, there are no future cash receipts from operating leases.

5. INCOME TAXES

Provision for income taxes

Income tax expense for the periods ended December 31, 2023 and December 31, 2022 included current tax expense in respect of our operations in the United Kingdom, Brazil, Indonesia and Jordan.

Income tax expense is comprised of the following for the periods ended December 31, 2023 and December 31, 2022:

(in thousands of $)	2023	2022
Current tax expense	$ 18	$ 12,780
Deferred tax expense	—	(2,028)
Total income tax expense	$ 18	$ 10,752

The income taxes for the periods ended December 31, 2023 and December 31, 2022 differed from the amounts computed by applying the Marshall Islands statutory income tax rate of 0% for all years as follows:

(in thousands of $)	2023	2022
Foreign rate differential	—	2.4
Withholding taxes	—	1.5
Other	0.1	0.4
Effective Tax Rate	0.1	4.3

The Partnership has certain operations in jurisdictions that are not subject to income taxes. The effect of these earnings taxed at zero percent, as well as the impact of preferential tax rates are included in the foreign rate differential.

Uncertain Taxes

The Partnership recognized certain uncertain taxes, and the following table summarizes the changes in the Partnership's unrecognized tax benefits.

(in thousands of $)	2023	2022
Balance at the beginning of the period	$ —	$ 12,474
Recognized in the income tax provision	—	285
Decrease related to Energos Formation Transaction	—	(12,759)
Balance at the end of the period	$ —	$ —

Income Tax Examinations

The Partnership and its subsidiaries file income tax returns in various foreign jurisdictions. As of December 31, 2023 the primary jurisdiction in which the Partnership operates, the Marshall Islands, does not assess an income tax.

Undistributed Earnings

The Partnership has not recorded a deferred tax liability for undistributed earnings as of December 31, 2023. The Partnership has unremitted earnings in certain jurisdictions where distributions can be made at no net tax cost. From time to time, the Partnership may remit these earnings. The Partnership has the ability and intent to indefinitely reinvest any earnings that cannot be remitted at no net tax cost. It is not practicable to estimate the amount of any additional taxes which may be payable on these undistributed earnings.

6. EQUITY METHOD INVESTMENTS

The Partnership had a 50% ownership interest in the Hilli recognized as an equity method investment. As part of the Energos Formation Transaction, the Partnership contributed certain vessels to Energos in exchange for an equity interest accounted for under the equity method. The Partnership has a 20% ownership interest in Energos.

The components of our equity method investment are as follows:

(in thousands of $)	2023	2022
Equity method investment at January 1, 2023 and 2022	$ 392,306	$ 366,504
Capital contributions	1,501	—
Dividends	(5,830)	(29,372)
Earnings from equity method investment	15,249	44,214
Other-than-temporary impairment	(5,277)	(118,557)
Sale of equity method investments	(260,156)	—
Acquisition of equity interest in Energos	—	129,517
Consolidated balance at December 31, 2023 and 2022	$ 137,793	$ 392,306

The carrying amount of equity method investments as of December 31, 2023 and 2022 are as follows:

(in thousands of $)	December 31, 2023	December 31, 2022
Hilli LLC	$ —	$ 260,000
Energos	137,793	132,306
Total	$ 137,793	$ 392,306

As of December 31, 2023, the carrying value of the Partnership's equity method investments was less than its proportionate share of the underlying net assets of its investee by $5.3 million. As of December 31, 2022, the carrying value of the Partnership's equity method investments exceeded its proportionate share of the underlying net assets of the investees by $17.5 million.

Hilli

On March 15, 2023, the Partnership completed a transaction with Golar LNG Limited for the sale of the Partnership's investment in the common units of Hilli LLC in exchange for approximately 4.1 million NFE shares valued at $122.8 million and $100.0 million in cash (the "Hilli Exchange"). In the fourth quarter of 2022, the Partnership recognized an other-than-temporary impairment ("OTTI") on the investment in Hilli LLC of $118.6 million; this impairment was recognized in Income (loss) from equity method investments in the consolidated statements of operations. Upon completion of the Hilli Exchange, a

loss on disposal of $37.4 million was recognized in the consolidated statements of operations. As a result of the Hilli Exchange, the Partnership no longer has an ownership interest in the *Hilli*.

The Partnership had guaranteed 50% of the outstanding principal and interest amounts payable by Hilli Corp., a direct subsidiary of Hilli LLC. The Partnership had also guaranteed letters of credit issued by a financial institution in the event of Hilli Corp.'s underperformance or non-performance under the liquefaction tolling agreement with its customer. In conjunction with the Hilli Exchange, the Partnership is no longer a guarantor under these arrangements, and the remaining guarantee liability of $2.3 million was derecognized as a reduction to Other income in the consolidated statements of operations.

During the first quarter of 2023, the Partnership sold its interest in Hilli and as a result, recognized a loss on disposal of $37.4 million during the year ended December 31, 2023.

Energos

In August 2022, the Partnership completed the Energos Formation Transaction pursuant to which the Partnership transferred ownership of eight vessels to Energos in exchange for cash and a 20% equity interest in Energos. The Partnership's equity investment provides certain rights, including representation on the board of directors, which gives the Partnership significant influence over the operations of Energos, and as such, the investment has been accounted for under the equity method. Energos is also an affiliate, and all transactions with Energos are transactions with an affiliate.

Subsequent to December 31, 2023, the Partnership entered into a Unit Purchase Agreement to sell substantially all of its stake in Energos. As a result of the transaction, we recognized an OTTI of the investment in Energos totaling $5.3 million for the year ended December 31, 2023, and this loss was recognized in Income (loss) from equity method investments in the consolidated statements of operations. Nonrecurring, Level 2 inputs were used to estimate the fair value of the investment for the purpose of recognizing the OTTI. The sale was completed on February 14, 2024. Following the disposition of substantially all of the stake in Energos, we no longer have significant influence over Energos, and the value of any remaining investment will not be accounted for under the equity method.

Due to the timing and availability of financial information of Energos, the Partnership recognized its proportional share of the income or loss from the equity method investment on a financial reporting lag of one fiscal quarter. For the years ended December 31, 2023 and 2022, the Partnership has recognized earnings from Energos of $9.3 million and $2.8 million, respectively.

7. OTHER CURRENT ASSETS

The components of other current assets are as follows:

(in thousands of $)	2023	2022
Prepaid expenses	$ 1,912	$ 1,465
Other receivables	4,280	8,370
Total	$ 6,192	$ 9,835

8. VESSELS AND EQUIPMENT, NET

As of December 31, 2023 and 2022, the Partnership's vessels and equipment, net consisted of the following:

(in thousands of $)	2023	2022
Vessels[1]	$ —	$ 47,000
Less: Accumulated depreciation	—	(6,049)
Total Vessel and equipment, net	$ —	$ 40,951

[1] Vessels includes the cost of dry-docking expenditure.

Depreciation expense during the period ended December 31, 2023 and 2022 amounted to $2.1 million and $29.0 million, respectively.

In July 2023, we sold the vessel *Spirit* for a total consideration of $15.8 million resulting in a gain of $7.8 million. The gain on sale is included in Gain (loss) on disposal in the Consolidated Statements of Operations. In December 2023, we entered into an agreement to sell the vessel *Mazo*, for $22.4 million; the sale closed in the first quarter of 2024, and as such, the vessel has been classified as held for sale as of December 31, 2023. In conjunction with the classification as held for sale, the Partnership recognized an impairment of $10.9 million within Asset impairment expense in the Consolidated Statements of Operations. Nonrecurring, Level 2 inputs were used to estimate the fair value of the investment for the purpose of recognizing the OTTI.

9. FINANCIAL INSTRUMENTS

Interest rate risk management

In certain situations, we may enter into financial instruments to reduce the risk associated with fluctuations in interest rates. We have entered into swaps that convert floating rate interest obligations to fixed rates, which, from an economic perspective, hedge our interest rate exposure. During the first quarter of 2023, the Partnership terminated the interest rate swap in connection with the Hilli Exchange and received $12.3 million in proceeds.

We do not hold or issue instruments for speculative or trading purposes. The counterparties to such contracts are major banking and financial institutions. Credit risk exists to the extent that the counterparties are unable to perform under the contracts; however, we do not anticipate non-performance by any of our counterparties

Fair values

We recognize our fair value estimates using a fair value hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on reliability of inputs used to determine fair value as follows:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The carrying value and estimated fair value of our financial instruments as of December 31, 2023 and December 31, 2022 are as follows:

		2023		2022	
(in thousands of $)	**Fair value Hierarchy**	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Non-Derivatives:					
Cash and cash equivalents	Level 1	$ 1,516	$ 1,516	$ 38,468	$ 38,468
Restricted cash	Level 1	—	—	7,908	7,908
Derivatives:					
Interest rate swap [1] [2]	Level 2	$ —	$ —	$ 11,650	$ 11,650

(1) As of December 31, 2022, the interest rate swap was presented within Other non-current assets on the consolidated balance sheet.

(2) The fair value of certain derivative instruments is the estimated amount that we would receive or pay to terminate the agreements at the reporting date, taking into account current interest rates, closing quoted market prices and our creditworthiness and that of our counterparties.

The following table shows gain on our interest rate swap for the years ended December 31, 2023 and 2022.

(in thousands of $)	Years Ended December 31, 2023	2022
Mark-to-market gains/(losses) for interest rate swaps	$ (11,651)	$ 31,412
Realized derivative	9,759	—
Net interest expense on interest rate swaps	—	(4,516)
Gain (loss) on derivative instruments, net	**$ (1,892)**	**$ 26,896**

10. RELATED PARTY TRANSACTIONS

Transactions with related parties:

(in thousands of $)	2023	2022
Transactions with Hilli LLC:		
Distributions from Hilli LLC (a)	$ 5,830	$ 29,372
Transactions with NFE and affiliates:		
Distributions to NFE (b)	283,234	688,584
Time and voyage charter revenue	—	14,921
Payments under investment in leased vessel	$ —	$ 3,877

Payables with related parties:

As of December 31, 2023 and 2022, balances with related parties consisted of the following:

(in thousands of $)	2023	2022
Balance due to NFE and affiliates (c)	$ 5,138	$ 3,591
	5,138	3,591

Transactions with affiliates included the following:

(a) *Distributions from Hilli* - During the years ended December 31, 2023 and 2022, Hilli LLC declared and paid quarterly distributions totaling $5.8 million and $29.4 million, respectively.

(b) *Distributions to NFE* - During the year ended December 31, 2023, we declared distributions to NFE of $222.8 million related to the sale of the Hilli, including $100.0 million of cash distributions and $122.8 million of shares received. We also declared distributions to NFE of $62.9 million. During the year ended December 31, 2022, we paid total distributions on common units to NFE of $688.6 million.

(c) *Balance due to NFE and affiliates* – The balance as of December 31, 2023 and December 31, 2022 primarily consists of amounts due under charter and operating service agreements between the Partnership and NFE in the ordinary course of business.

11. OTHER COMMITMENTS AND CONTINGENCIES

We may, from time to time, be involved in legal proceedings and claims that arise in the ordinary course of business. A loss will be recognized in the financial statements only where we believe that a liability will be probable and for which the amounts are reasonably estimable, based upon the facts known prior to the issuance of the financial statements.

12. EQUITY

Preferred Units

On October 31, 2017 we sold in a registered public offering 5,520,000 of our Preferred Units, liquidation preference $25.00 per unit. We raised proceeds, net of the underwriters discounts and offering fees, of $133.0 million.

The Preferred Units rank:

- senior to our common units and to each other class or series of limited partner interests or other equity securities established after the original issue date of the Preferred Units that is not expressly made senior to or on parity with the Preferred Units as to the payment of distributions and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary;

- pari passu with any class or series of limited partner interests or other equity securities established after the original issue date of the Preferred Units with terms expressly providing that such class or series ranks on a parity with the Preferred Units as to the payment of distributions and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (“Parity Securities”);

- junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us; and

- junior to each other class or series of limited partner interests or other equity securities expressly made senior to the Preferred Units as to the payment of distributions and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (“Senior Securities”). The Preferred Units have no conversion or exchange rights and are not subject to any pre-emptive rights.

Distributions on the Preferred Units are payable out of amounts legally available therefor at a rate equal to 8.75% per annum of the stated liquidation preference. Distributions are payable quarterly in arrears on the 15th day of February, May, August and November of each year, when, as and if declared by our Board.

The Preferred Units generally have no voting rights. However, if and whenever distributions payable on the Preferred Units are in arrears for six or more quarterly periods, whether or not consecutive, holders of Preferred Units, voting as a class together with the holders of any Parity Securities upon which like voting rights have been conferred and are exercisable, will have the right to replace one of the members of our Board appointed by our General Partner with a person nominated by such holders The right of such holders of Preferred Units to elect a member of our Board will continue until such time as all accumulated and unpaid distributions on the Preferred Units have been paid in full. In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Preferred Units, voting as a single class, our Board may not adopt any amendment to our partnership agreement that would have a material adverse effect on the existing terms of the Preferred Units. In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Preferred Units, voting as a class together with holders of any other Parity Securities upon which like voting rights have been conferred and are exercisable, we may not (i) issue any Parity Securities if the cumulative distributions on Preferred Units are in arrears or (ii) create or issue any Senior Securities.

In the event of a liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, holders of Preferred Units will have the right to receive a liquidation preference of $25.00 per unit plus an amount equal to all accumulated and unpaid distributions thereon to the date of payment, whether declared or not. These payments will be paid before any payments are paid to our common unitholders.

At any time on or after October 31, 2022, we may redeem, in whole or in part, the Preferred Units at a redemption price of $25.00 per unit plus an amount equal to all accumulated and unpaid distributions thereon on the date of redemption, whether declared or not.

13. SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through the date of issuance of these financial statements, April 29, 2024.

Cash Distributions

On February 15, 2024, we paid a cash distribution of $0.546875 per Series A Preferred Unit in respect of the period from November 15, 2023 through February 14, 2024 to unitholders of record as of February 8, 2024, amounting to $3.0 million.

On April 24, 2024, we declared a cash distribution of $0.546875 per Series A Preferred Unit in respect of the period from February 15, 2024 through May 14, 2024 to unitholders of record as of May 8, 2024.