

# **GOLAR LNG PARTNERS LP**

**Condensed consolidated financial statements as of and for the three and nine months period ended September 30, 2022**

**Golar LNG Partners LP**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands of \$)	Three Months Ended September 30,		Nine Months Ended September 30,		
	Successor	Successor	Successor	Successor	Predecessor
	2022	2021	2022	April 15, 2021 to September 30, 2021	Jan 1, 2021 to April 14, 2021
<b>Operating revenues</b>					
Time charter revenues	32,661	71,104	172,341	128,556	78,389
<b>Total operating revenues</b>	<b>32,661</b>	<b>71,104</b>	<b>172,341</b>	<b>128,556</b>	78,389
<b>Operating expenses</b>					
Vessel operating expenses	(5,304)	(15,346)	(35,164)	(26,365)	(17,910)
Voyage and commission expenses	(1,408)	(2,157)	(3,138)	(4,169)	(2,035)
Administrative expenses	(1,076)	(463)	(3,385)	(1,345)	(12,910)
Depreciation and amortization	(10,759)	(16,637)	(49,594)	(30,201)	(22,627)
<b>Total operating expenses</b>	<b>(18,547)</b>	<b>(34,603)</b>	<b>(91,281)</b>	<b>(62,080)</b>	<b>(55,482)</b>
<b>Operating income</b>	<b>14,114</b>	<b>36,501</b>	<b>81,060</b>	<b>66,476</b>	<b>22,907</b>
Interest income	280	5	346	10	4,675
Interest expense	(2,658)	(12,642)	(11,748)	(4,344)	(19,085)
Gains/(losses) on derivative instruments, net	9,848	(227)	27,539	119	6,675
Loss on extinguishment of debt	(5,311)	—	(5,311)	—	—
Other income	1,008	885	3,074	2,299	12,164
Gain on disposal	237,089	—	237,089	—	—
<b>Income before tax, income from equity method investments and non-controlling interest</b>	<b>254,370</b>	<b>24,522</b>	<b>332,049</b>	<b>64,560</b>	<b>27,336</b>
Income taxes	(2,931)	(4,460)	(10,750)	(7,823)	(3,535)
Income from equity method investments	12,825	11,808	43,448	22,302	5,377
<b>Net income</b>	<b>264,264</b>	<b>31,870</b>	<b>364,747</b>	<b>79,039</b>	<b>29,178</b>
<b>Net income/(loss) attributable to:</b>					
Golar LNG Partners LP Owners	264,238	42,699	365,198	83,673	28,952
Non-controlling interests	26	(10,829)	(451)	(4,634)	226

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

**Golar LNG Partners LP**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

<b>(in thousands of \$)</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	50,898	85,098
Restricted cash and short-term deposits	5,408	16,531
Current portion of investment in leased vessel, net	—	37,128
Amounts due from related parties	3,304	—
Inventories	1,264	2,613
Other current assets	506	7,515
<b>Total Current Assets</b>	<b>61,380</b>	<b>148,885</b>
<b>Non-current Assets</b>		
Restricted cash	2,500	7,879
Equity method investment	516,274	366,504
Vessels and equipment, net	41,837	994,805
Intangible assets, net	—	79,425
Goodwill	15,938	15,938
Other non-current assets	13,050	4,308
<b>Total Assets</b>	<b>650,979</b>	<b>1,617,744</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	—	61,430
Amounts due to related parties	25,310	181,599
Other current liabilities	6,691	86,842
<b>Total Current Liabilities</b>	<b>32,001</b>	<b>329,871</b>
<b>Non-current Liabilities</b>		
Long-term debt	—	347,561
Other non-current liabilities	—	17,764
<b>Total Liabilities</b>	<b>32,001</b>	<b>695,196</b>
<b>Equity</b>		
Partners' capital:		
Common unitholders	461,380	764,499
Preferred unitholders	140,259	140,259
<b>Total Partners' capital before non-controlling interests</b>	<b>601,639</b>	<b>904,758</b>
Non-controlling interests	17,339	17,790
<b>Total Equity</b>	<b>618,978</b>	<b>922,548</b>
<b>Total Liabilities and Equity</b>	<b>650,979</b>	<b>1,617,744</b>

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

**Golar LNG Partners LP**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands of \$)	Nine Months Ended September 30,		
	Successor	Successor	Predecessor
	2022	April 15, 2021 to September 30, 2021	January 1, 2021 to April 14, 2021
Net income	364,747	79,039	29,178
<i>Adjustments for:</i>			
Depreciation and amortization	49,594	30,201	22,628
Earnings of equity method investees	(43,448)	(22,302)	(5,377)
Deferred tax provision	(3,202)	683	539
Amortization of deferred charges and debt guarantees, net	(2,198)	2,132	915
Drydocking expenditure	(15,493)	—	(1,153)
Foreign exchange losses	—	—	163
Share options expense	—	—	16
Dividends received from equity method investees	23,195	14,259	4,766
Interest element included in obligations under finance leases	—	—	(46)
Loss on extinguishment of debt	5,311	—	—
Gain on settlement of obligation under finance lease	—	—	(12,099)
Sales-type lease payments received in excess of interest income	3,877	—	649
Provision for bad debts	—	—	172
Gain on disposal	(237,089)	—	—
Change in market value of derivatives	(32,055)	(4,848)	(39,226)
Change in assets and liabilities:			
Trade accounts receivable	218	(1,866)	10,283
Inventories	(1,570)	440	(432)
Prepaid expenses, accrued income and other assets	1,854	(1,906)	(3,403)
Amount due to/from related companies	(144,773)	(6,029)	4,381
Trade accounts payable	3,226	(358)	1,250
Accrued expenses and deferred income	(3,996)	(1,417)	(4,022)
Other current and non-current liabilities	4,910	2,772	6,844
<b>Net cash (used in)/provided by operating activities</b>	<b>(26,892)</b>	<b>90,800</b>	<b>16,026</b>
<b>INVESTING ACTIVITIES</b>			
Net proceeds from Vessel Sales Transaction	1,074,935	—	—
Additions to vessels and equipment	(345)	(5,852)	(210)
Dividends received from equity method investees	—	—	2,463
<b>Net cash provided by/(used in) investing activities</b>	<b>1,074,590</b>	<b>(5,852)</b>	<b>2,253</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of debt (including related parties)	(529,643)	(385,348)	(587,943)
Proceeds from debt	115,000	430,000	—
Contribution from NFE in conjunction with the Merger	—	377,451	525,004
Repayments of obligation under finance lease	—	—	(119,474)
Advances from related party for Methane Princess lease security deposit	—	—	217
Cash distributions paid	(682,607)	(497,988)	(4,951)

Financing costs paid	(1,150)	(6,161)	—
<b>Net cash used in financing activities</b>	<b>(1,098,400)</b>	<b>(82,046)</b>	<b>(187,147)</b>
Effect of exchange rate changes on cash	—	—	975
<b>Net (decrease)/increase in cash, cash equivalents and restricted cash</b>	<b>(50,702)</b>	<b>2,902</b>	<b>(167,893)</b>
<b>Cash, cash equivalents and restricted cash at beginning of period (1)</b>	<b>109,508</b>	<b>66,275</b>	<b>234,168</b>
<b>Cash, cash equivalents and restricted cash at end of period (1)</b>	<b>58,806</b>	<b>69,177</b>	<b>66,275</b>

**Supplemental disclosure of non-cash investing activities:**

Fair value of investment in Energos	129,517	—	—
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(1) The following table identifies the balance sheet line-items included in 'cash, cash equivalents and restricted cash' presented in the unaudited condensed consolidated statements of cash flows:

	Successor			Predecessor	
	September 30, 2022	December 31, 2021	September 30, 2021	April 14, 2021	December 31, 2020
(in thousands of \$)	2022	2021	2021	2021	2020
Cash and cash equivalents	50,898	85,098	44,767	41,459	48,783
Restricted cash and short-term deposits	5,408	16,531	16,531	10,000	55,547
Restricted cash - non-current	2,500	7,879	7,879	14,816	129,838
	<b>58,806</b>	<b>109,508</b>	<b>69,177</b>	<b>66,275</b>	<b>234,168</b>

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

**Golar LNG Partners LP**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL**

(in thousands of \$)	Three Months Ended September 30, 2021					
	Partners' capital			Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
	Preferred units	Common Units <sup>(1)</sup>	General Partner Units and IDRs <sup>(1)</sup>			
<b>Consolidated balance at June 30, 2021</b>	<b>140,259</b>	<b>1,158,598</b>	<b>—</b>	<b>1,298,857</b>	<b>33,111</b>	<b>1,331,968</b>
Net income/(loss)	3,019	39,680	—	42,699	(10,829)	31,870
Fair Value adjustment for Non-controlling interest	—	—	—	—	25,677	25,677
Dividends	(3,019)	(464,950)	—	(467,969)	—	(467,969)
<b>Consolidated balance at September 30, 2021, Successor Company</b>	<b>140,259</b>	<b>733,328</b>	<b>—</b>	<b>873,587</b>	<b>47,959</b>	<b>921,546</b>
(in thousands of \$)	Nine Months Ended September 30, 2021					
	Partners' capital			Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
	Preferred units	Common Units <sup>(1)</sup>	General Partner Units and IDRs <sup>(1)</sup>			
<b>Consolidated balance at January 1, 2021</b>	<b>132,991</b>	<b>361,912</b>	<b>48,306</b>	<b>543,209</b>	<b>82,112</b>	<b>625,321</b>
Net income	3,522	24,922	508	28,952	226	29,178
Dividends	(3,522)	(1,400)	(29)	(4,951)	—	(4,951)
Units options expense	—	16	—	16	—	16
General Partner capital contribution	—	—	8,570	8,570	—	8,570
<b>Balance at April 14, 2021 Predecessor Company</b>	<b>132,991</b>	<b>385,450</b>	<b>57,355</b>	<b>575,796</b>	<b>82,338</b>	<b>658,134</b>
Cancellation of Common Units, General Partner Interest and IDR's in Predecessor Company	—	(385,450)	(57,355)	(442,805)	—	(442,805)
Capital contributed by Parent	—	1,147,140	—	1,147,140	—	1,147,140
Fair value adjustment of Preferred units <sup>(2)</sup>	7,268	—	—	7,268	—	7,268
Fair value adjustment for Non-controlling interest <sup>(2)</sup>	—	—	—	—	(29,745)	(29,745)
Net income/(loss) for the period	5,535	78,138	—	83,673	(4,634)	79,039
Dividends	(5,535)	(491,950)	—	(497,485)	—	(497,485)
<b>Consolidated balance at September 30, 2021, Successor Company</b>	<b>140,259</b>	<b>733,328</b>	<b>—</b>	<b>873,587</b>	<b>47,959</b>	<b>921,546</b>

<sup>(1)</sup> As of December 31, 2020 there were 5,520,000 preferred units, 69,301,636 common units and 1,436,391 general partner units outstanding. The carrying value of the equity attributable to the incentive distribution rights holders was \$32.5 million. As of September 30, 2021 and June 30, 2021 there were 5,520,000 preferred units and 69,301,636 common units outstanding.

<sup>(2)</sup> Under the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations*, fair value adjustments related to the Merger are reflected in the books of the Partnership, resulting in preferred units and non-controlling interest being recorded at fair value at April 15, 2021. See Note 2.

Three Months Ended September 30, 2022						
(in thousands of \$)	Partners' capital			Total Before Non- Controlling Interest	Non- Controlling Interest	Total Equity
	Preferred Units	Common Units <sup>(1)</sup>	General Partner Units and IDRs <sup>(1)</sup>			
<b>Consolidated balance at June 30, 2022, Successor Company</b>	<b>140,259</b>	<b>769,455</b>	—	<b>909,714</b>	<b>17,313</b>	<b>927,027</b>
Net income	3,019	261,219	—	264,238	26	264,264
Dividends	(3,019)	(605,639)	—	(608,658)	—	(608,658)
Capital contributed by Parent	—	36,345	—	36,345	—	36,345
<b>Consolidated balance at September 30, 2022, Successor Company</b>	<b>140,259</b>	<b>461,380</b>	—	<b>601,639</b>	<b>17,339</b>	<b>618,978</b>
Nine Months Ended September 30, 2022						
(in thousands of \$)	Partners' capital			Total Before Non- Controlling Interest	Non- Controlling Interest	Total Equity
	Preferred Units	Common Units <sup>(1)</sup>	General Partner Units and IDRs <sup>(1)</sup>			
<b>Consolidated balance at December 31, 2021, Successor Company</b>	<b>140,259</b>	<b>764,499</b>	—	<b>904,758</b>	<b>17,790</b>	<b>922,548</b>
Net income/(loss)	9,023	356,175	—	365,198	(451)	364,747
Dividends	(9,023)	(695,639)	—	(704,662)	—	(704,662)
Capital contributed by Parent	—	36,345	—	36,345	—	36,345
<b>Consolidated balance at September 30, 2022, Successor Company</b>	<b>140,259</b>	<b>461,380</b>	—	<b>601,639</b>	<b>17,339</b>	<b>618,978</b>

<sup>(1)</sup> As of September 30, 2022, June 30, 2022 and December 31, 2021 there were 5,520,000 preferred units and 69,301,636 common units outstanding.

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

**Golar LNG Partners LP**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**1. GENERAL**

Golar LNG Partners LP (the “Partnership,” “we,” “our,” or “us”) was a publicly traded Marshall Islands limited partnership initially formed as a subsidiary of Golar LNG Limited (“Golar”) in September 2007, to own and operate LNG carriers and FSRUs under long-term charters. On July 12, 2018, we acquired an interest in the *Hilli Episeyo* (the “*Hilli*”), a floating liquefied natural gas (“FLNG”) vessel through the acquisition of 50% of the common units (the “Hilli Common Units”) in Golar Hilli LLC (“Hilli LLC”) (the “Hilli Acquisition”). As of September 30, 2022, as a result of the Vessel Sales Transaction (defined below), we have a fleet of one FSRU, one LNG carrier, and an interest in the *Hilli*.

On January 13, 2021, we entered into an agreement and plan of merger (the “Merger Agreement”) with New Fortress Energy Inc. (“NFE”) and the other parties thereto. Under the Merger Agreement, NFE agreed to acquire all of the outstanding common units of the Partnership for \$3.55 per unit in cash, with the Partnership surviving the merger as a wholly-owned subsidiary of NFE (the “Merger”). On April 15, 2021, (the “Merger Date”), the Partnership completed the Merger with NFE. In conjunction with the closing of the Merger, NFE repaid certain outstanding debt facilities of GMLP.

At the Merger Date, the Partnership terminated all offerings of common units with the Securities and Exchange Commission (“SEC”) and delisted all common units from the Nasdaq Stock Market.

On April 23, 2021, the GMLP board of directors approved delisting the Partnership’s 8.75% Series A Cumulative Redeemable Preferred Units (the “Preferred Units”). NASDAQ has informed the Partnership that the Preferred Units no longer meet the listing requirements of NASDAQ. Subsequently, on May 12, 2021, the Partnership voluntarily delisted the Preferred Units and withdrew the registration of our Preferred Units with the SEC. 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.

On August 15, 2022, the Partnership and an affiliate of certain funds or investment vehicles managed by affiliates of Apollo Global Management, Inc., AP Neptune Holdings Ltd. (“Purchaser”), completed a sales transaction resulting in cash proceeds of approximately \$1.09 billion. This transaction comprised (1) the formation of a limited liability company doing business as Energos Infrastructure (“Energos”), (2) the sale for cash of five vessels, along with these vessels’ owning and operating entities to the Purchaser, (3) the contribution of acquired vessel owning entities by the Purchaser to Energos in exchange for equity in Energos, and (4) the Partnership’s contribution of three vessels, along with each vessels’ owning and operating entities, to Energos in exchange for equity in Energos (the “Vessel Sales Transaction”). As a result of the Vessel Sales Transaction, the Partnership owns approximately a 20% equity interest in Energos, with the remaining interest owned by the Purchaser. The Partnership has accounted for the investment in Energos as an equity method investment; see Note 9 for further discussion of this investment.

A portion of cash proceeds were used to terminate the Term Loan Facility (see Note 11); remaining proceeds were distributed to NFE as a dividend. The Partnership has recognized a gain on disposal, see Note 8 for further details.

References to Golar in these consolidated financial statements refer, depending on the context, to Golar LNG Limited and to one or any more of its direct or indirect subsidiaries and references to NFE in these consolidated financial statements refer, depending on the context, to NFE and to one or any more of its direct or indirect subsidiaries.

**Merger and presentation of financial statements**

The accompanying Unaudited Condensed Consolidated Financial Statements are presented for two periods: predecessor and successor, which relate to the periods preceding and succeeding the Merger, respectively. The Merger results in a new basis of accounting beginning on April 15, 2021 and the financial reporting periods are presented as follows:

- The successor period of the Partnership, reflecting the Merger, for all periods presented subsequent to April 15, 2021 (the “Successor Period”).
- The predecessor period of the Partnership for all periods presented prior to April 14, 2021 (the “Predecessor Period”).

See Note 2, Accounting Policies, for a description of pushdown accounting applied as a result of the Merger. Certain Predecessor Period balances have been reclassified to conform with current year presentation.



NFE, the Partnership's parent company, and Golar Management Limited ("Golar Management") entered into transition service agreements whereby Golar Management provides certain administrative and consulting services to facilitate the integration of GMLP after the Merger (the "Transition Services Agreement"). The Transition Services Agreement commenced on the Merger Date, and will terminate on April 30, 2023 unless terminated earlier by either party. NFE pays Golar Management an aggregate annual fee of \$3.0 million and will reimburse Golar Management for all reasonable and documented out-of-pocket expenses or remittances of funds paid to a third party in connection with the provision of the transition services. These costs have not been reflected in the accompanying unaudited condensed consolidated financial statements.

## **2. ACCOUNTING POLICIES**

### **Basis of presentation**

The accompanying unaudited condensed financial statements present the unaudited condensed 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.

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In the opinion of management, all adjustments considered necessary to present fairly the financial position as of September 30, 2022 and the results of operations and cash flows for the interim periods ended September 30, 2022 and 2021 have been included. Certain information and footnote disclosures normally included in financial statements presented in accordance with U.S. GAAP, but which are not required for interim reporting purposes, have been omitted. These unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2021.

### **Pushdown accounting**

NFE applied the acquisition method of accounting with respect to the assets and liabilities of the Partnership. The acquisition method of accounting requires, among other things, that identifiable assets acquired and liabilities assumed be recognized on the balance sheet at the fair values as of the acquisition date. In connection with the Merger, the Partnership elected to apply pushdown accounting and reflect the fair value of the assets acquired and liabilities assumed in the Successor condensed consolidated financial statements.

The total fair value of consideration transferred for the Merger was \$1,147 million, which has been recognized as a capital contribution in the Successor Unaudited Condensed Consolidated Statement of Changes in Partners' Capital. Total consideration was comprised of the acquisition of all of the outstanding common units, representing all voting interests, of the Partnership in exchange for \$3.55 in cash per common unit and for each of the outstanding membership interest of the Partnership's general partner. In conjunction with the closing of the Merger, NFE simultaneously extinguished a portion of the Partnership's debt.

The table below presents the fair values that were allocated to the Partnership's assets and liabilities based upon fair values as determined by NFE.

(in thousands of \$)	As of
	April 15, 2021
<b>Assets Acquired</b>	
Cash and cash equivalents	\$ 41,461
Restricted cash	24,816
Accounts receivable	3,195
Inventory	2,151
Other current assets	2,789
Equity method investment	355,500
Property, plant and equipment, net	1,015,215
Investment in finance lease, net	48,000
Intangible assets, net	106,500
Deferred tax assets, net	963
Other non-current assets	4,400
Total assets acquired:	<b>\$ 1,604,990</b>
<b>Liabilities Assumed</b>	
Current portion of long-term debt	\$ 158,073
Accounts payable	3,019
Accrued liabilities	17,226
Other current liabilities	73,774
Deferred tax liabilities, net	14,907
Other non-current liabilities	10,630
Total liabilities assumed:	277,629
Non-controlling interest	196,156
Net assets to be acquired:	<b>1,131,205</b>
Goodwill	<b>\$ 15,938</b>

### 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. Significant estimates, include our estimate of total consideration and fair value of identifiable net assets to apply pushdown accounting.

### Intangible assets

The value of favorable vessel charter contracts held by the Partnership were recognized as intangible assets as of the date of the Merger. These intangible assets were amortized over the estimated useful life of the asset under the straight-line method and the amortization expense is included in the unaudited condensed statement of operations in the Depreciation and amortization line item. Impairment testing is performed when events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. All intangible assets were recorded in entities sold or contributed to Energos as part of the Vessel Sales Transaction, and the Partnership has no intangible assets as of September 30, 2022.

### Goodwill

We use estimates, assumptions and judgments when assessing the recoverability of goodwill. We test for impairment on an annual basis, or more frequently if a significant event of circumstance indicates the carrying amount may not be recoverable. The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit to which the goodwill is assigned is less than the carrying value. If so, a quantitative assessment is performed to determine if an impairment has occurred and to measure the impairment charge.

### 3. RECENTLY ISSUED ACCOUNTING STANDARDS

#### Adoption of new accounting standards

The following table provides a brief description of other recent accounting standards that were adopted from January 1, 2022:

Standard	Description	Date of Adoption	Effect on our Consolidated Financial Statements or Other Significant Matters
ASU 2020-04 <i>Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting</i> and ASU 2021-01 <i>Reference Rate Reform (Topic 848)</i> .	The amendments provide temporary optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The applicable expedients for us are in relation to modifications of contracts within the scope of Topics 310, Receivables, 470, Debt, and 842, Leases. This optional guidance may be applied prospectively from any date beginning March 12, 2020 and cannot be applied to modifications that occur after December 31, 2021.	January 1, 2022	No material impact on the condensed consolidated financial statements as a result of the adoption of this ASU.
ASU 2020-06 <i>Debt – Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Topic 815)</i> .	The amendments simplify the issuer’s accounting for convertible instruments and its application of the equity classification guidance. The new guidance eliminates some of the existing models for assessing convertible instruments, which results in more instruments being recognized as a single unit of account on the balance sheet and expands disclosure requirements. The new guidance simplifies the assessment of contracts in an entity’s own equity and existing EPS guidance in ASC 260.	January 1, 2022	Not applicable
ASU 2021-04 <i>Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40)</i> .	The amendments clarify issuer’s recognition and measurement considerations resulting from exchanges or modifications of freestanding instruments (written call options) classified in equity. Such exchanges or modifications are treated as adjustments to the cost to raise debt, to the cost to raise equity or as share-based payments (ASC 718) when issued to compensate for goods or services. If not treated as costs of debt funding, equity funding or share-based payment, it results in an adjustment to EPS/net income/(loss). Holder’s accounting is not affected by these amendments.	January 1, 2022	Not applicable

#### 4. VARIABLE INTEREST ENTITIES (“VIEs”)

##### *Eskimo SPV*

In November 2015, we sold the *Golar Eskimo* to Sea 23 Leasing Co. Limited (“Eskimo SPV”) of China Merchants Bank Leasing (“CMBL”) and subsequently leased back the vessel under a bareboat charter for a term of 10 years. From the third-year anniversary of the commencement of the bareboat charter, we had an annual option to repurchase the vessel at fixed pre-determined amounts.

In November 2021, the Partnership exercised its option to repurchase the *Golar Eskimo* for a total payment of \$190.5 million (the “Repurchase Option”). After exercising the Repurchase Option, the Partnership no longer had a controlling financial interest in the Eskimo SPV, and therefore, upon closing of the Repurchase Option, the Partnerships deconsolidated the Eskimo SPV from its financial results. Consequently, the deconsolidation of the lessor VIE was reflected against non-controlling interest on our consolidated balance sheet. As of December 31, 2021, the *Golar Eskimo* was reported under “Vessels and equipment, net” in our unaudited condensed consolidated balance sheet. On August 15, 2022, the *Golar Eskimo* was sold as part of the Vessel Sales Transaction as explained in note 1.

The most significant impact of consolidation of Eskimo SPV’s on our operations and cash flows is as follows:

(in \$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,		Predecessor Jan 1, 2021 to April 14, 2021
	Successor	Successor	Successor	Successor	
	2022	2021	2022	April 15, 2021 to September 30, 2021	
<b>Condensed statement of operations:</b>					
Interest expense <sup>(1)</sup>	—	(12.2)	—	(3.8)	(1.4)
<b>Condensed statement of cash flows:</b>					
Net cash used in financing activities	—	5.1	—	9.0	6.3

<sup>(1)</sup> During the Successor Period, from April 15, 2021 to September 30, 2021, the interest expense includes interest on contractual rates for the three and nine months ended September 30, 2021 amounting to \$1.1 million and \$2.0 million, respectively, and amortization of fair value adjustments to assumed debt obligations upon acquisition for the three and nine months ended September 30, 2021 amounting to \$11.1 million and \$1.8million, net, respectively.

##### *Hilli LLC*

On July 12, 2018, we acquired an interest in the *Hilli* through the acquisition of 50% of the Hilli Common Units. Concurrent with the closing of the Hilli Acquisition, we have determined that (i) Hilli LLC is a VIE, (ii) Golar is the primary beneficiary and retains sole control over the most significant activities and the greatest exposure to variability in residual returns and expected losses from the *Hilli* and (iii) we are not the primary beneficiary. Thus, Hilli LLC was not consolidated into our financial statements and has been accounted for as an equity method investment.

As of September 30, 2022, our maximum exposure as a result of our ownership in the Hilli LLC is the carrying value of our equity method investment of \$386.8 million and 50% of the outstanding portion of the Hilli facility which have been guaranteed by the Partnership (see note 14).

##### *PT Golar Indonesia*

We consolidated PT Golar Indonesia (“PTGI”), which owns the *NR Satu*, in our consolidated financial statements effective September 28, 2011. PTGI became a VIE and we became its primary beneficiary upon our agreement to acquire all of Golar’s interests in certain subsidiaries that own and operate the *NR Satu* on July 19, 2012. On August 15, 2022, PTGI was sold as part of the Vessel Sales Transaction as explained in note 1.

## 5. GAINS/LOSSES ON DERIVATIVE INSTRUMENTS, NET

(in thousands of \$)	Three Months Ended September 30,		Nine Months Ended September 30,		
	Successor	Successor	Successor	Successor	Predecessor
	2022	2021	2022	April 15, 2021 to September 30, 2021	Jan 1, 2021 to April 14, 2021
Mark-to-market gains for interest rate swaps	10,381	2,361	32,055	4,848	11,972
Net interest expense on interest rate swaps	(533)	(2,588)	(4,516)	(4,729)	(5,297)
<b>Gains/(losses) on derivative instruments, net</b>	<b>9,848</b>	<b>(227)</b>	<b>27,539</b>	<b>119</b>	<b>6,675</b>

## 6. INCOME TAXES

### Provision for income taxes

Income tax expense for the three and nine months ended September 30, 2022 and 2021 included current tax expense in respect of our operations in the United Kingdom, Brazil, Indonesia and Jordan.

## 7. OPERATING LEASES

Variable lease income is excluded from lease payments that comprise the minimum contractual future revenues from non-cancellable leases. There was \$nil variable lease income for the three and nine months ended September 30, 2022 and 2021.

The components of operating lease income were as follows:

(in \$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,		
	Successor	Successor	Successor	Successor	Predecessor
	2022	2021	2022	April 15, 2021 to September 30, 2021	January 1, 2021 to April 14, 2021
Operating lease income	32.7	68.3	169.7	123.3	76.1

## 8. GAIN ON DISPOSAL

On August 15, 2022, the Partnership completed the Vessel Sales Transaction as explained in note 1.

The Gain on disposal comprised of (a) proceeds received of \$1.09 billion of which \$502.3 million was used to terminate the Term Loan Facility; (b) fair value of the investment in Energos of \$129.5 million, (c) partially offset by the carrying values of the assets and liabilities disposed of \$978.3 million.

<b>(in thousands of \$)</b>	<b>As of August 15, 2021</b>
Total proceeds (a)	1,085,860
Fair value of investment in Energos (b)	129,517
Carrying value of assets and liabilities disposed (c)	(978,288)
<b>Gain on disposal</b>	<b>\$ 237,089</b>

The eight vessels sold or contributed to Energos comprised the FSRUs: *Winter, Freeze, NR Satu, Eskimo* and *Igloo*, and LNG carriers: *Grand, Maria* and *Methane Princess*.

## 9. EQUITY METHOD INVESTMENT

The Partnership has a 50% ownership interest in the Hilli recognized as an equity method investment.

As part of the Vessel Sales 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 \$)	Successor	Predecessor
	2022	2021
Equity method investment at January 1	366,504	185,562
Dividends	(23,195)	(7,229)
Earnings from equity method investment	43,448	5,377
Acquisition of equity interest in Energos	129,517	
<b>Consolidated balance at September 30, 2022, and April 14, 2021</b>	<b>516,274</b>	<b>183,710</b>
Fair value adjustment upon acquisition (note 2)	—	171,790
Dividend (note 14)	—	(14,259)
Equity in net earnings of affiliate	—	22,302
<b>Consolidated balance at September 30, Successor</b>	<b>516,274</b>	<b>363,543</b>

The carrying amount of equity method investments as of September 30, 2022 is as follows:

(in thousands of \$)	September 30, 2022
Hilli LLC	386,757
Energos	129,517
<b>Total</b>	<b>516,274</b>

As of September 30, 2022, the carrying value of our equity method investment in Hilli LLC was less than its proportionate share of the underlying net assets of the investees by \$113.4 million. The difference as of the date of the Merger was allocated to tangible assets, identifiable intangible assets, liabilities and goodwill, and the basis difference attributable to amortizable net assets is amortized to Income from equity method investment over the remaining estimated useful lives of the underlying assets.

### *Energos*

The Partnership acquired a 20% equity interest in Energos as part of the Vessel Sales Transaction in the third quarter of 2022. The Partnership's equity investment provides certain rights, including a board seat, that give 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. Due to the timing and availability of financial information of Energos, the Partnership recognizes its proportional share of the income or loss from the equity method investment on a financial reporting lag of one fiscal quarter. Accordingly, no income or loss has been presented in the financial statements for the three months ended September 30, 2022.

## 10. OTHER CURRENT ASSETS

The components of other current assets are as follows:

<i>(in thousands of \$)</i>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Prepaid expenses	286	1,062
Other receivables	220	3,325
Trade receivables	—	3,128
	<u>506</u>	<u>7,515</u>

As of September 30, 2022 and December 31, 2021, there was no allowance for doubtful accounts against trade receivables.

## 11. DEBT

As of September 30, 2022, and December 31, 2021, we had total debt outstanding of \$Nil and \$408.9 million, respectively, net of deferred debt financing costs of \$Nil and \$5.7 million, respectively.

### Term Loan Facility

On September 20, 2021, Golar Partners Operating LLC (the “Borrower”), a consolidated subsidiary of the Partnership, entered into a senior secured amortizing term loan facility with a syndicate of three lenders (“Term Loan Facility Agreement”). The Term Loan Facility Agreement provided for an amortizing term loan drawn up to an initial amount of \$430.0 million and may be increased to an aggregate principal amount of up to \$725.0 million. All borrowings under the Term Loan Facility Agreement bore interest at an annual rate of LIBOR plus a margin of 3.0%, subject to a LIBOR floor of 0%. The Term Loan Facility Agreement was repayable in quarterly installments of \$15.4 million, with a balloon payment due at maturity. The Term Loan Facility Agreement matured on September 20, 2024.

Obligations under the Term Loan Facility Agreement were guaranteed by the Partnership and certain of our subsidiaries. Lenders have been granted a security interest covering three floating storage and regasification vessels and four liquified natural gas carriers, and the issued and outstanding shares of capital stock of certain subsidiaries have been pledged as security.

Financial covenants included requirements that Partnership and the Borrower maintain a certain amount of Free Liquid Assets, that the EBITDA to Consolidated Debt Service and the Net Debt to EBITDA ratios was not less than 1.15:1 and no greater than 6.50:1, respectively, and that Consolidated Net Worth is greater than \$250 million, each as defined in the Term Loan Facility Agreement.

In connection with the closing the Term Loan Facility, the Partnership incurred \$6.3 million in origination, structuring and other fees, which was deferred as a reduction of the principal balance of the Term Loan Facility on the consolidated balance sheets.

On August 3, 2022, the Partnership exercised the accordion feature under the Term Loan Facility, drawing \$115 million, increasing the total principal outstanding to \$498.9 million. Net proceeds of \$113.9 million were received, and origination and other fees of \$1.1 million were deferred as a reduction to the balance of the Term Loan Facility. As part of the Vessel Sales Transaction, all amounts outstanding under the Term Loan Facility, including this additional principal draw, were repaid and the Partnership recognized a loss on extinguishment of debt of \$5.6 million, which included the write-off of all unamortized deferred financing costs.

## 12. INVESTMENT IN LEASED VESSEL, NET

On May 15, 2019, we executed a modification to the Golar Freeze Charter with NFE which triggered a change in the lease classification to a sales-type lease. This classification change resulted in the de-recognition of the vessel asset carrying value, the recognition of net investment in leased vessel (consisting of present value of the future lease receivables and unguaranteed residual value), and a gain on disposal. Post modification to sales-type lease, all charter hire revenue from the Golar Freeze sales-type lease has been recognized as interest income. We recognized \$4.0 million as interest income gross of expected credit loss allowance for the predecessor period from January 1, 2021 to March 31, 2021. Interest income of \$0.6 million and \$2.1



million has been recognized in the successor periods from January 1, 2022 to September 30, 2022 and April 15, 2021 to December 31, 2021, respectively and has been presented in Time charter revenues to align with NFE's accounting policies. As NFE is the lessee of the Freeze, revenue and receivables related to the Freeze are related party transactions (note 14).

As a result of applying pushdown accounting, we recognized the fair value of the net investment in the leased vessel of \$48 million on the acquisition date. The lease term for the finance lease of the Freeze ended in March 2022, and upon conclusion of the lease term, the vessel was reclassified from Investment in leased vessel, net to Vessels and equipment, net. The Freeze was included in the Vessel Sales Transaction and was de-recognized at August 15, 2022.

### 13. 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. 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.

We manage our debt and lease portfolio with interest rate swap agreements in U.S. dollars to achieve an overall desired position of fixed and floating interest rates.

#### 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 September 30, 2022 and December 31, 2021 are as follows:

(in thousands of \$)	Fair value Hierarchy	September 30, 2022		December 31, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Non-Derivatives:					
Cash and cash equivalents	Level 1	50,898	50,898	85,098	85,098
Restricted cash and short-term deposits	Level 1	7,908	7,908	24,410	24,410
Long-term debt — floating <sup>(1)</sup>	Level 2	—	—	414,643	414,643
Derivatives:					
Interest rate swaps asset <sup>(2)(3)</sup>	Level 2	12,294	12,294	—	—
Interest rate swaps liability <sup>(2)(3)</sup>	Level 2	—	—	19,762	19,762

(1) Our short-term and long-term debt are recorded at amortized cost in our unaudited condensed consolidated balance sheet. The long-term debt, in the table above, is presented gross of deferred financing cost of \$Nil as of September 30, 2022 (December 31, 2021: \$5.7 million).

(2) Derivative liabilities are presented within Other current liabilities on our unaudited condensed consolidated balance sheets. Derivative assets are presented within Other non-current assets on the unaudited condensed consolidated balance sheet.

(3) 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, foreign exchange rates, closing quoted market prices and our creditworthiness and that of our counterparties.

### Interest Rate Swaps

The following table summarizes the terms of interest rate swap as of September 30, 2022:

Instrument (in thousands of \$)	Notional amount	Maturity Dates	Fixed Interest Rates
Interest rate swap:			
Receiving floating, pay fixed	331,500	2026	2.86%

Under our interest rate swap we have a credit arrangement that requires us to provide cash collateral up to \$12.5 million when the market value of the instrument falls below a specified threshold. As at September 30, 2022, cash collateral amounting to \$2.5 million (December 31, 2021: \$12.5 million) has been provided.

## 14. RELATED PARTY TRANSACTIONS

### Transactions with related parties:

(in thousands of \$)	Three Months Ended September 30,		Nine Months Ended September 30,		Predecessor 2021
	Successor 2022	Successor 2021	Successor 2022	Successor 2021	
	Transactions with Golar and affiliates:				
Management and administrative services fees (a)	—	—	—	—	(2,760)
Ship management fees (b)	—	—	—	—	(2,252)
Interest expense on short-term loans (c)	—	—	—	—	(18)
Distributions with Golar, net (d) (including Hilli)	8,337	6,873	23,195	14,259	6,769
Transactions with NFE and affiliates:					
Distributions to NFE (e)	605,639	—	695,639	—	—
Time and voyage charter revenue (f)	3,413	2,866	14,921	5,298	—
Payments under investment in leased vessel	—	—	3,877	—	—

### Receivables/(payables) with related parties:

As of September 30, 2022 and December 31, 2021, balances with related parties consisted of the following:

(in thousands of \$)	September 30, 2022	December 31, 2021
Balance due from Energos and affiliates (f)	3,304	—
Balance due to NFE and affiliates (g)	25,310	181,599

Following the completion of the Merger on April 15, 2021, Golar ceased to be a related party and subsequent transactions with Golar and its subsidiaries were treated as a third party and settled under normal payment terms. Furthermore, the management and administrative services agreement and ship management fee agreement were terminated and replaced with the Transition Services Agreement, Bermuda Services Agreement and Ship Management Agreement. Transactions with Golar and affiliates prior to completion of the Merger included the following:

(a) *Management and administrative services fees* - We were party to a management and administrative services agreement with Golar Management, a wholly-owned subsidiary of Golar, pursuant to which Golar Management provided to us with certain management and administrative services. The services provided by Golar Management were charged at cost plus a management

fee equal to 5% of Golar Management's costs and expenses incurred in connection with providing these services. Where external service provider costs were incurred by Golar Management on our behalf, these expenses were recharged to us at cost.

(b) *Ship management fees* - Golar and certain of its subsidiaries charged ship management fees to us for the provision of technical and commercial management of the vessels. Each of our vessels was subject to management agreements pursuant to which certain commercial and technical management services were provided by certain subsidiaries of Golar, including Golar Management.

(c) *Interest expense on short-term loan, balances due (to)/from Golar and its affiliates* - In February 2020, we borrowed \$25.0 million with interest at a rate of LIBOR plus a margin of 5.0% from Golar, which was subsequently repaid in full, including interest. For the predecessor period, from January 1, 2021 to April 14, 2021 we paid \$18 thousand of interest and \$Nil for the successor period.

(d) *Distributions with Golar, net (including Hilli)* - During the predecessor period from January 1, 2021 to April 14, 2021 we paid total distributions to Golar of \$0.5 million, in respect of the Common Units and General Partner units owned.

During the predecessor period from January 1, 2021 to April 14, 2021, Hilli LLC declared and paid quarterly distributions totaling \$7.2 million, in respect of the Hilli Common Units owned.

During the successor period ended September 30, 2022, Hilli LLC declared and paid distributions to us totaling \$23.2 million.

(e) *Distributions to NFE* - During the Successor Period ended September 30, 2022, we declared total distributions to NFE of \$695.6 million, of which \$673.6 million was paid, in respect of the common units owned by it.

(f) *Balance due from Energos and affiliates* - This balance relates to a post-transaction payment made on behalf of Energos and is expected to be settled in due course.

(g) *Balance due to NFE and affiliates* - Time and voyage charter revenue includes interest income earned by *Golar Freeze* (Note 12) and charter hire for *Golar Grand* which was utilized by NFE within its terminal and logistics operations since September 2021. Balance due to NFE is payable on demand. The balance as of December 31, 2021 primarily consisted of amounts received from NFE to exercise the option to repurchase Golar Eskimo from Eskimo SPV for a total payment of \$190.5 million. This was partially repaid in the third quarter of 2022 prior to the completion of the Vessel Sales Transaction. This was partially offset by amounts due under charter and operating service agreements between the Partnership and NFE in the ordinary course of business.

#### ***Other transactions***

*Agency agreement with PT Pesona Sentra Utama (or PT Pesona)* - PT Pesona, an Indonesian company, owns 51% of the issued share capital in our subsidiary, PTGI, the owner and operator of *NR Satu*, and provides agency and local representation services for us with respect to *NR Satu*. During each of the nine months ended September 30, 2022 and 2021, PT Pesona received an agency fee of \$0.2 million respectively. Following the completion of the Vessel Sales Transaction, PT Pesona is no longer a related party.

#### ***Hilli guarantees (in connection with the Hilli Acquisition)***

##### ***(i) Debt***

Hilli Corporation ("Hilli Corp"), the disponent owner of the *Hilli* and a wholly owned subsidiary of Hilli LLC, is a party to a Memorandum of Agreement, dated September 9, 2015, with Fortune Lianjiang Shipping S.A., a subsidiary of China State Shipbuilding Corporation ("Fortune"), pursuant to which Hilli Corp has sold to and leased back from Fortune the *Hilli* under a 10-year bareboat charter agreement (the "Hilli Facility"). The Hilli Facility provided for post-construction financing for the *Hilli* in the amount of \$960 million. Under the Hilli Facility, Hilli Corp will pay to Fortune forty consecutive equal quarterly repayments of 1.375% of the construction cost, plus interest based on LIBOR plus a margin of 3.95%. In connection with the closing of the Hilli Acquisition, we agreed to provide a several guarantee (the "Partnership Guarantee") of 50% of the outstanding principal, interest, expenses and other amounts payable by Hilli Corp under the Hilli Facility pursuant to a Deed of Amendment, Restatement and Accession relating to a guarantee between Golar, Fortune and us dated July 12, 2018. We also entered into a \$480.0 million interest rate swap in relation to our proportionate share of the obligation under the Hilli Facility.

##### ***(ii) Letter of credit***

On November 28, 2018, we entered into an agreement to guarantee (the "LOC Guarantee") the letter of credit issued by a financial institution in the event of Hilli Corp's underperformance or non-performance under the liquefaction tolling agreement for the Hilli. Under the LOC Guarantee, we are severally liable for any outstanding amounts that are payable, based on the percentage ownership that Golar holds in us, multiplied by our percentage ownership in Hilli Common Units.

Pursuant to the Partnership Guarantee and the LOC Guarantee, we are required to comply with the following covenants:

- free liquid assets of at least \$30 million throughout the term of the Hilli Facility;
- maximum net debt to EBITDA ratio for the previous 12 months of 6.5:1; and
- consolidated tangible net worth of \$123.95 million.

As of September 30, 2022, the amount we have guaranteed under the Partnership Guarantee and the LOC Guarantee is \$331.5 million, and the fair value of debt guarantee, presented under "Other current liabilities" is \$3.5 million. As of September 30, 2022, we are in compliance with the covenants for both Hilli guarantees.

## **15. 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.

## **16. SUBSEQUENT EVENTS**

### ***Cash Distributions***

On November 15, 2022, we paid a cash distribution of \$0.546875 per Series A Preferred Unit in respect of the period from August 15, 2022 through November 14, 2022 to unitholders of record as of November 7, 2022, amounting to \$3.0 million.