

GOLAR LNG PARTNERS LP

Financial statements as of and for the three and six months period ended June 30, 2023

GOLAR LNG PARTNERS LP
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands of \$)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenues				
Time charter revenues	\$ —	\$ 66,669	\$ —	\$ 139,680
Total operating revenues	—	66,669	—	139,680
Vessel operating expenses	(456)	(13,301)	(939)	(29,858)
Voyage and commission expenses	—	(839)	—	(1,730)
Administrative expenses	(204)	(1,174)	(581)	(2,309)
Depreciation and amortization	(803)	(20,252)	(1,688)	(38,835)
Total operating expenses	(1,463)	(35,566)	(3,208)	(72,732)
Operating (loss) income	(1,463)	31,103	(3,208)	66,948
Interest expense	—	(5,090)	—	(9,090)
Gain on derivative instruments, net	—	4,209	608	17,690
Other income	131	675	2,523	2,132
(Loss) on disposal	—	—	(37,401)	—
(Loss) income before tax, income from equity method investments and non-controlling interests	(1,332)	30,897	(37,478)	77,680
Income taxes	—	(3,540)	—	(7,820)
Income from equity method investments	2,269	17,069	12,249	30,623
Net income (loss)	\$ 937	\$ 44,426	\$ (25,229)	\$ 100,483
Net comprehensive income (loss)	\$ 937	\$ 44,426	\$ (25,229)	\$ 100,483
Net income (loss) attributable to:				
Non-controlling interests	(323)	(232)	(425)	(477)
Golar LNG Partners LP Owners	1,260	44,658	(24,804)	100,960

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

GOLAR LNG PARTNERS LP
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of \$)

	June 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,158	\$ 38,468
Restricted cash	—	5,408
Inventories	1,262	1,262
Other current assets	6,533	10,005
Total Current Assets	14,953	55,143
Non-current Assets		
Restricted cash	—	2,500
Equity method investments	138,569	392,306
Vessels and equipment, net	39,263	40,951
Other non-current assets	—	11,650
Total Assets	\$ 192,785	\$ 502,550
LIABILITIES AND EQUITY		
Current Liabilities		
Amounts due to related parties	\$ 3,570	\$ 3,591
Other current liabilities	223	5,357
Total Current Liabilities	3,793	8,948
Total Liabilities	3,793	8,948
Equity		
Partners' capital:		
Common unitholders	35,660	336,245
Preferred unitholders	140,259	140,259
Total Partners' Capital Before Non-Controlling Interests	175,919	476,504
Non-controlling interests	13,073	17,098
Total Equity	188,992	493,602
Total Liabilities and Equity	\$ 192,785	\$ 502,550

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

GOLAR LNG PARTNERS LP
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of \$)	Six Months Ended June 30,	
	2023	2022
Net income	\$ (25,229)	\$ 100,483
<i>Adjustments for:</i>		
Depreciation and amortization	1,688	39,572
Earnings of equity method investees	(12,249)	(30,623)
Deferred tax provision	—	225
Amortization of deferred charges and debt guarantees, net	(2,286)	(3,872)
Dividends received from equity method investees	5,830	14,858
Sales-type lease payments received in excess of interest income	—	3,877
Loss on the disposal of equity method investment	37,401	—
Change in market value of derivatives	11,650	(21,675)
<i>Change in assets and liabilities:</i>		
Trade accounts receivable	—	(1,303)
Inventories	—	(1,377)
Prepaid expenses, accrued income and other assets	3,472	(968)
Amount due to/from related companies	(21)	1,454
Trade accounts payable	—	(239)
Accrued expenses and deferred income	—	1,561
Other current and non-current liabilities	(2,848)	(4,050)
Net cash (used in)/provided by operating activities	17,408	97,923
INVESTING ACTIVITIES		
Sale of equity method investment	100,000	—
Additions to vessels and equipment	—	(15,279)
Net cash provided by/(used in) investing activities	100,000	(15,279)
FINANCING ACTIVITIES		
Repayment of debt (including related parties)	—	(30,714)
Cash distributions paid	(156,626)	(96,004)
Net cash used in financing activities	(156,626)	(126,718)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(39,218)	(44,074)
Cash, cash equivalents and restricted cash at beginning of period (1)	46,376	109,508
Cash, cash equivalents and restricted cash at end of period (1)	\$ 7,158	\$ 65,434

Supplemental disclosure of non-cash investing and financing activities:

NFE Class A shares received in Hilli Exchange	122,754	—
NFE Class A shares distributed to NFE	(122,754)	—

(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 \$)	June 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 7,158	\$ 38,468
Restricted cash and short-term deposits	—	5,408
Restricted cash - non-current	—	2,500
	<u>\$ 7,158</u>	<u>\$ 46,376</u>

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

GOLAR LNG PARTNERS LP
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

Three Months Ended June 30, 2022						
Partners' capital						
(in thousands of \$)	Preferred Units ⁽¹⁾	Common Units ⁽¹⁾	Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity	
Balance at March 31, 2022	\$ 140,259	\$ 772,816	\$ 913,075	\$ 17,545	\$ 930,620	
Net income	3,019	41,639	44,658	(232)	44,426	
Cash distributions	(3,019)	(45,000)	(48,019)	—	(48,019)	
Balance at June 30, 2022	\$ 140,259	\$ 769,455	\$ 909,714	\$ 17,313	\$ 927,027	

⁽¹⁾ As of June 30, 2022 and March 31, 2022 there were 5,520,000 preferred units, 69,301,636 common units and 1,436,391 general partner units outstanding.

Six Months Ended June 30, 2022						
Partners' capital						
(in thousands of \$)	Preferred Units ⁽¹⁾	Common Units ⁽¹⁾	Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity	
Balance at December 31, 2021	\$ 140,259	\$ 764,499	\$ 904,758	\$ 17,790	\$ 922,548	
Net income	6,004	94,956	100,960	(477)	100,483	
Cash distributions	(6,004)	(90,000)	(96,004)	—	(96,004)	
Balance at June 30, 2022	\$ 140,259	\$ 769,455	\$ 909,714	\$ 17,313	\$ 927,027	

⁽¹⁾ As of June 30, 2022 and December 31, 2021 there were 5,520,000 preferred units, 69,301,636 common units and 1,436,391 general partner units outstanding.

Three Months Ended June 30, 2023

(in thousands of \$)	Partners' capital		Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
	Preferred Units ⁽¹⁾	Common Units ⁽¹⁾			
Balance at March 31, 2023	\$ 140,259	\$ 42,819	\$ 183,078	\$ 16,996	\$ 200,074
Net income	3,019	(1,759)	1,260	(323)	937
Dividends	(3,019)	(5,400)	(8,419)	(3,600)	(12,019)
Balance at June 30, 2023	\$ 140,259	\$ 35,660	\$ 175,919	\$ 13,073	\$ 188,992

⁽¹⁾ As of June 30, 2023 and March 31, 2023 there were 5,520,000 preferred units, 69,301,636 common units and 1,436,391 general partner units outstanding.

Six Months Ended June 30, 2023

(in thousands of \$)	Partners' capital		Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
	Preferred Units ⁽¹⁾	Common Units ⁽¹⁾			
Balance at December 31, 2022	\$ 140,259	\$ 336,245	\$ 476,504	\$ 17,098	\$ 493,602
Net income	6,038	(30,842)	(24,804)	(425)	(25,229)
Dividends	(6,038)	(269,743)	(275,781)	(3,600)	(279,381)
Balance at June 30, 2023	\$ 140,259	\$ 35,660	\$ 175,919	\$ 13,073	\$ 188,992

⁽¹⁾ As of June 30, 2023 and December 31, 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 condensed consolidated financial statements.

GOLAR LNG PARTNERS LP
NOTES TO THE CONDENSED 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 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 “Energos Formation Transaction”). As a result of the Energos Formation Transaction, the Partnership owns approximately a 20% equity interest in Energos, with the remaining interest owned by the Purchaser, 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 5 for further discussion of this investment.

As of June 30, 2023, as a result of the Energos Formation Transaction, we have a fleet of one FSRU, one LNG carrier, and an equity interest in Energos.

2. BASIS OF PREPARATION

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.

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 June 30, 2023 and the results of operations and cash flows for the interim periods ended June 30, 2023 and 2022 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, 2022.

3. ADOPTION OF NEW AND REVISED STANDARDS

The Partnership has reviewed 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. OTHER CURRENT ASSETS

The components of other current assets are as follows:

(in thousands of \$)	June 30, 2023	December 31, 2022
Prepaid expenses	\$ 1,466	\$ 1,465
Other receivables	5,067	8,540
Total Other current assets	\$ 6,533	\$ 10,005

As of June 30, 2023 and December 31, 2022, there was no allowance for doubtful accounts against receivables.

5. EQUITY METHOD INVESTMENTS

The components of our equity method investments are as follows:

<u>(in thousands of \$)</u>	<u>June 30, 2023</u>
Equity method investments at December 31, 2022	392,306
Dividends	(5,830)
Equity in earnings of investees	12,249
Sale of equity method investment	(260,156)
Equity method investments at June 30, 2023	138,569

The carrying amount of equity method investments as of June 30, 2023 is as follows:

<u>(in thousands of \$)</u>	<u>June 30, 2023</u>
Energos	138,569
Total	138,569

As of June 30, 2023, the carrying value of the Partnerships's equity method investments was less than its proportionate share of the underlying net assets of its investees by \$1.5 million.

Hilli LLC

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 and \$100.0 million in cash (the "Hilli Exchange"). In the fourth quarter of 2022, the Partnership recognized an other-than-temporary impairment on the investment in Hilli LLC of \$118.6 million; this impairment was recognized in 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 condensed 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 condensed consolidated statements of operations in the first quarter of 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.

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. For the three and six months ended June 30, 2023, the Partnership has recognized earnings from Energos of \$2.3 million and \$6.3 million, respectively.

6. VESSELS AND EQUIPMENT, NET

As of June 30, 2023 and December 31, 2022, the Partnership's vessels and equipment, net consisted of the following:

(in thousands of \$)	June 30, 2023	December 31, 2022
Vessels	\$ 47,000	\$ 47,000
Less: Accumulated depreciation	(7,737)	(6,049)
Total Vessel and equipment, net	\$ 39,263	\$ 40,951

Depreciation expense during the three months ended June 30, 2023 and 2022 amounted to \$0.8 million and \$20.3 million, respectively. Depreciation expense during the six months ended June 30, 2023 and 2022 amounted to \$1.7 million and \$38.8 million, respectively.

7. 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 June 30, 2023 and December 31, 2022 are as follows:

(in thousands of \$)	Fair value Hierarchy	June 30, 2023		December 31, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Non-Derivatives:					
Cash and cash equivalents	Level 1	7,158	7,158	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 three and six months ended June 30, 2023 and 2022.

(in thousands of \$)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Mark-to-market gains/(losses) for interest rate swaps	—	5,842	(11,650)	21,675
Proceeds upon termination of interest rate swap	—	—	12,258	—
Net interest expense on interest rate swaps	—	(1,633)	—	(3,985)
Gain on derivative instruments, net	—	4,209	608	17,690

8. INCOME TAXES

Income tax expense for the three and six months ended June 30, 2022 included current tax expense in respect of our operations in the United Kingdom, Brazil, Indonesia and Jordan. Subsequent to the Energos Formation Transaction, we no longer have vessels or operations in these jurisdictions. The Partnership is not subject to any other domestic or foreign income taxes, and as such, no income tax provision was recorded for the three and six months ended June 30, 2023.

9. RELATED PARTY TRANSACTIONS

Transactions with related parties:

(in thousands of \$)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Transactions with Hilli LLC:				
Distributions from Hilli LLC (a)	—	7,249	5,830	14,858
Transactions with NFE and affiliates:				
Distributions to NFE (b)	5,400	45,000	269,743	90,000
Time and voyage charter revenue	—	5,385	—	9,973
Payments under investment in leased vessel	—	—	—	3,877

Payables with related parties:

As of June 30, 2023 and December 31, 2022, balances with related parties consisted of the following:

(in thousands of \$)	June 30, 2023	December 31, 2022
Balance due to NFE and affiliates (c)	3,570	3,591
	<u>3,570</u>	<u>3,591</u>

Transactions with affiliates included the following:

(a) *Distributions Hilli* - During the three months ended June 30, 2022, Hilli LLC declared and paid quarterly distributions totaling \$7.2 million. During the six months ended June 30, 2023 and 2022, Hilli LLC declared and paid quarterly distributions totaling \$5.8 million and \$14.9 million, respectively.

(b) *Distributions to NFE* - During the three months ended June 30, 2023, we paid total distributions to NFE of \$5.4 million. During the six months ended June 30, 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 \$46.9 million. During the three and six months ended June 30, 2022, we paid total distributions to NFE of \$45.0 million and \$90.0 million, respectively.

(c) *Balance due to NFE and affiliates* - The balance as of June 30, 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

10. 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.

11. SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through the date of issuance of these financial statements, September 5, 2023.

Sale of Golar Spirit

In July 2023, we entered into an agreement to sell the vessel *Golar Spirit* for \$15.8 million. The sale is anticipated to be closed during the third quarter of 2023.

Cash Distributions

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