GOLAR LNG PARTNERS LP

Financial statements as of and for the three and six months period ended June 30, 2022

Golar LNG Partners LP
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,			Six Months Ended June 30,		
	Successor	Successor	Predecessor	Successor	Successor	Predecessor
(in thousands of $)	2022	April 15, 2021 to June 30, 2021	April 1, 2021 to April 14, 2021	2022	April 15, 2021 to June 30, 2021	Jan 1, 2021 to April 14, 2021
Operating revenues						
Time charter revenues	66,669	57,452	11,860	139,680	57,452	78,389
Total operating revenues	**66,669**	**57,452**	**11,860**	**139,680**	**57,452**	**78,389**
Operating expenses						
Vessel operating expenses	(13,301)	(11,019)	(2,449)	(29,858)	(11,019)	(17,910)
Voyage and commission expenses	(839)	(2,012)	(316)	(1,730)	(2,012)	(2,035)
Administrative expenses	(1,174)	(882)	(6,664)	(2,309)	(882)	(12,910)
Depreciation and amortization	(20,252)	(13,564)	(3,214)	(38,835)	(13,564)	(22,627)
Total operating expenses	**(35,566)**	**(27,477)**	**(12,643)**	**(72,732)**	**(27,477)**	**(55,482)**
Operating income	**31,103**	**29,975**	**(783)**	**66,948**	**29,975**	**22,907**
Interest income	64	5	698	66	5	4,675
Interest expense	(5,090)	8,297	(3,342)	(9,090)	8,297	(19,085)
(Losses)/gain on derivative instruments, net	4,209	346	(3,309)	17,690	346	6,675
Other income	611	1,415	12,065	2,066	1,415	12,164
Income before tax, income from equity method investments and non-controlling interest	**30,897**	**40,038**	**5,329**	**77,680**	**40,038**	**27,336**
Income taxes	(3,540)	(3,363)	(589)	(7,820)	(3,363)	(3,535)
Income from equity method investments	17,069	10,494	611	30,623	10,494	5,377
Net income	**44,426**	**47,169**	**5,351**	**100,483**	**47,169**	**29,178**
Net income/(loss) attributable to:						
Golar LNG Partners LP Owners	44,658	41,004	5,228	100,960	41,004	28,952
Non-controlling interests	(232)	6,165	123	(477)	6,165	226

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

Golar LNG Partners LP
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands of $)	June 30, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	51,019	85,098
Restricted cash and short-term deposits	6,536	16,531
Current portion of investment in leased vessel, net	—	37,128
Inventories	3,990	2,613
Other current assets	10,035	7,515
Total Current Assets	**71,580**	**148,885**
Non-current Assets		
Restricted cash	7,879	7,879
Equity method investment	382,269	366,504
Vessels and equipment, net	1,021,833	994,805
Intangible assets, net	60,314	79,425
Goodwill	15,938	15,938
Other non-current assets	5,970	4,308
Total Assets	**1,565,783**	**1,617,744**
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of long-term debt	61,430	61,430
Amounts due to related parties	183,055	181,599
Other current liabilities	46,108	86,842
Total Current Liabilities	**290,593**	**329,871**
Non-current Liabilities		
Long-term debt	318,044	347,561
Other non-current liabilities	30,119	17,764
Total Liabilities	**638,756**	**695,196**
Equity		
Partners' capital:		
Common unitholders	769,455	764,499
Preferred unitholders	140,259	140,259
Total Partners' capital before non-controlling interests	**909,714**	**904,758**
Non-controlling interests	17,313	17,790
Total Equity	**927,027**	**922,548**
Total Liabilities and Equity	**1,565,783**	**1,617,744**

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

	Six Months Ended June 30,		
	Successor	**Successor**	**Predecessor**
(in thousands of $)	**2022**	**April 15, 2021 to June 30, 2021**	**January 1, 2021 to April 14, 2021**
OPERATING ACTIVITIES			
Net income	100,483	47,169	29,178
Adjustments for:			
Depreciation and amortization	39,572	13,564	22,628
Earnings of equity method investees	(30,623)	(10,494)	(5,377)
Deferred tax provision	225	—	539
Amortization of deferred charges and debt guarantees, net	(3,872)	(9,234)	915
Drydocking expenditure	—	—	(1,153)
Foreign exchange (gain)/losses	—	—	163
Share options expense	—	—	16
Dividends received from equity method investees	14,858	7,386	4,766
Interest element included in obligations under finance leases	—	—	(46)
Gain on settlement of obligation under finance lease	—	—	(12,099)
Sales-type lease payments received in excess of interest income	3,877	—	649
Movement in credit allowance on financial assets	—	—	172
Change in market value of derivatives	(21,675)	(2,487)	(39,226)
Change in assets and liabilities:			
Trade accounts receivable	(1,303)	(5,381)	10,283
Inventories	(1,377)	(72)	(432)
Prepaid expenses, accrued income and other assets	(968)	38	(3,403)
Amount due to/from related companies	1,454	(3,256)	4,381
Trade accounts payable	(239)	300	1,250
Accrued expenses and deferred income	1,561	(3,907)	(4,022)
Other current liabilities	(4,050)	692	6,844
Net cash provided by operating activities	**97,923**	**34,318**	**16,026**
INVESTING ACTIVITIES			
Additions to vessels and equipment	(15,279)	(86)	(210)
Dividends received from equity method investees	—	—	2,463
Net cash (used in)/provided by investing activities	**(15,279)**	**(86)**	**2,253**
FINANCING ACTIVITIES			
Repayment of debt (including related parties)	(30,714)	(381,389)	(587,943)
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	(96,004)	(30,020)	(4,951)
Net cash used in financing activities	**(126,718)**	**(33,958)**	**(187,147)**
Effect of exchange rate changes on cash	—	—	975
Net (decrease)/increase in cash, cash equivalents and restricted cash	(44,074)	274	(167,893)
Cash, cash equivalents and restricted cash at beginning of period [1]	109,508	66,275	234,168
Cash, cash equivalents and restricted cash at end of period [1]	**65,434**	**66,549**	**66,275**

[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	Successor	Successor	Predecessor	Predecessor
	June 30,	December 31,	June 30,	April 14,	December 31,
(in thousands of $)	2022	2021	2021	2021	2020
Cash and cash equivalents	51,019	85,098	41,722	41,459	48,783
Restricted cash and short-term deposits	6,536	16,531	10,000	10,000	55,547
Restricted cash - non-current	7,879	7,879	14,827	14,816	129,838
	65,434	**109,508**	**66,549**	**66,275**	**234,168**

Golar LNG Partners LP

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	Three Months Ended June 30, 2021					
	Partners' capital			Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
(in thousands of $)	Preferred units	Common Units [1]	General Partner Units and IDRs [1]			
Consolidated balance at March 31, 2021	**132,991**	**380,819**	**48,691**	**562,501**	**82,215**	**644,716**
Net income	503	4,631	94	**5,228**	123	5,351
Cash distributions	(503)	—	—	**(503)**	—	(503)
General Partner capital contribution	—	—	8,570	**8,570**	—	8,570
Balance at April 14, 2021, Predecessor Company	**132,991**	**385,450**	**57,355**	**575,796**	**82,338**	**658,134**
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 [2]	7,268	—	—	**7,268**	—	**7,268**
Fair value adjustment for Non-controlling interest [2]	—	—	—	—	(55,422)	**(55,422)**
Net income for the period	2,516		38,458	40,974	6,195	47,169
Cash distributions	(2,516)	—	(27,000)	(29,516)	—	(29,516)
Consolidated balance at June 30, 2021, Successor Company	**140,259**	**—**	**1,158,598**	**1,298,857**	**33,111**	**1,331,968**

[1] As of June 30, 2021 and March 31, 2021 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.

(in thousands of $)	Six Months Ended June 30, 2021					
	Partners' capital			Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
	Preferred units	Common Units (1)	General Partner Units and IDRs (1)			
Consolidated balance at January 1, 2021	**132,991**	**361,912**	**48,306**	**543,209**	**82,112**	**625,321**
Net income	3,522	24,922	508	**28,952**	226	**29,178**
Cash distributions	(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**
Balance at April 14, 2021 Predecessor Company	**132,991**	**385,450**	**57,355**	**575,796**	**82,338**	**658,134**
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 (2)	7,268	—	—	**7,268**	—	**7,268**
Fair value adjustment for Non-controlling interest (2)	—	—	—	**—**	(55,422)	**(55,422)**
Net income for the period	2,516	38,458	—	**40,974**	6,195	**47,169**
Cash distributions	(2,516)	(27,000)	—	**(29,516)**	—	**(29,516)**
Consolidated balance at June 30, 2021, Successor Company	**140,259**	**1,158,598**	**—**	**1,298,857**	**33,111**	**1,331,968**

(1) As of June 30, 2021 and December 31, 2020 there were 5,520,000 preferred units, 69,301,636 common units and 1,436,391 general partner units outstanding.

(2) 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.

(in thousands of $)	Three Months Ended June 30, 2022 Partners' capital Preferred Units	Common Units [1]	General Partner Units and IDRs [1]	Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
Consolidated balance at March 31, 2022, Successor Company	**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)
Consolidated balance at June 30, 2022, Successor Company	**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.

(in thousands of $)	Six Months Ended June 30, 2022 Partners' capital Preferred Units	Common Units [1]	General Partner Units and IDRs [1]	Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
Consolidated balance at December 31, 2021, Successor Company	**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)
Consolidated balance at June 30, 2022, Successor Company	**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.

The accompanying notes are an integral part of these 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 June 30, 2022, we have a fleet of six FSRUs, four LNG carriers, 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 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.

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 New Fortress Energy Inc. and to one or any more of its direct or indirect subsidiaries.

Merger and presentation of financial statements

The Partnership completed the Merger with NFE on April 15, 2021 (the "Merger Date"). The accompanying 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 April 15, 2021, 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 consolidated financial statements.

2. ACCOUNTING POLICIES

Basis of presentation

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, 2022 and the results of operations and cash flows for the interim periods ended June 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 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 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
Assets Acquired	
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:	**$ 1,604,990**
Liabilities Assumed	
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:	**1,131,205**
Goodwill	**$ 15,938**

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 are recognized as intangible assets as of the date of the Merger. These intangible assets are amortized over the estimated useful life of the asset under the straight-line method and the amortization expense is included in the 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.

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 *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting and ASU 2021-01 Reference Rate Reform (Topic 848).*	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 *Debt – Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging – Contracts in Entity's Own Equity (Topic 815).*	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 *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).*	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. After exercising the repurchase option, the Partnership no longer has a controlling financial interest in the Eskimo SPV, and therefore, upon closing of the repurchase option, the Partnerships's 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 June 30, 2022, the *Golar Eskimo* is reported under "Vessels and equipment, net" in our unaudited condensed consolidated balance sheet.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	Successor	Successor	Predecessor	Successor	Successor	Predecessor
(in $ millions)	2022	April 15, 2021 to June 30, 2021	April 1, 2021 to April 14, 2021	2022	April 15, 2021 to June 30, 2021	Jan 1, 2021 to April 14, 2021
Condensed statement of operations:						
Interest expense[1]	—	8.4	(0.2)	—	8.4	(1.4)
Condensed statement of cash flows:						
Net cash used in financing activities	—	3.9	1.2	—	3.9	6.3

[1] During the Successor Period from April 15, 2021 to June 30, 2021, the interest on contractual rates amounted to $0.9 million which has been offset by amortization of fair value adjustments to assumed debt obligations upon acquisition which amounted to $9.3 million

Hilli LLC

On July 12, 2018, we acquired an interest in the *Hilli* through the acquisition of 50% of the Hilli Common Units. Concurrently 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 June 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 $382.3 million and 50% of the outstanding portion of the Hilli facility which have been guaranteed by the Partnership (see note 13).

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. We consolidate PTGI as we hold all of the voting stock and control all of the economic interests in PTGI.

5. GAINS/LOSSES ON DERIVATIVE INSTRUMENTS, NET

	Three Months Ended June 30,			Six Months Ended June 30,		
	Successor	Successor	Predecessor	Successor	Successor	Predecessor
(in thousands of $)	2022	April 15, 2021 to June 30, 2021	April 1, 2021 to April 14, 2021	2022	April 15, 2021 to June 30, 2021	Jan 1, 2021 to April 14, 2021
Mark-to-market gains/(losses) for interest rate swaps	5,842	2,487	(4,458)	21,675	2,487	11,972
Net interest expense on interest rate swaps	(1,633)	(2,141)	1,149	(3,985)	(2,141)	(5,297)
(Losses)/gains on derivative instruments, net	**4,209**	**346**	**(3,309)**	**17,690**	**346**	**6,675**

6. INCOME TAXES

As of June 30, 2022, we recognized a net deferred tax liability of $14.4 million (December 31, 2021: $14.1 million) resulting from the excess of the carrying value of the *Golar Eskimo*, operated under time charter in the Hashemite Kingdom of Jordan ("Jordan"), exceeding the tax basis, arising from excess of tax depreciation over accounting depreciation.

Provision for income taxes

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

Uncertain tax positions

As of June 30, 2022, we recognized a provision of $12.4 million (December 31, 2021: $12.5. million) for certain tax risks in various jurisdictions. In addition to the liabilities for uncertain tax positions assumed in the Merger, the Partnership has liabilities related to potential employment tax obligations that are accounted for under ASC 450.

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 six months ended June 30, 2022 and 2021.
The components of operating lease income were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	Successor	Successor	Predecessor	Successor	Successor	Predecessor
(in $ millions)	2022	April 15, 2021 to June 30, 2021	April 1, 2021 to April 14, 2021	2022	April 15, 2021 to June 30, 2021	January 1, 2021 to April 14, 2021
Operating lease income	62.4	55.0	11.5	132.7	55.0	76.1

8. EQUITY METHOD INVESTMENT

The components of our equity method investment in Hilli LLC are as follows:

	Successor	Predecessor
(in thousands of $)	**2022**	**2021**
Equity method investment at January 1	366,504	185,562
Dividends	(14,858)	(7,229)
Earnings from equity method investment	30,623	5,377
Consolidated balance at June 30, 2022, and April 14, 2021	382,269	183,710
Fair value adjustment upon acquisition (note 2)	—	172,289
Dividend (note 13)	—	(7,386)
Equity in net earnings of affiliate	—	10,494
Consolidated balance at June 30, Successor	—	359,107

As of June 30, 2022, the carrying value of our equity method investment was less than its proportionate share of the underlying net assets of the investee by $120.8 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.

9. OTHER CURRENT ASSETS

The components of other current assets are as follows:

(in thousands of $)	June 30, 2022	December 31, 2021
Trade receivables	4,430	3,128
Other receivables	3,855	3,325
Prepaid expenses	1,750	1,062
	10,035	7,515

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

10. DEBT

As of June 30, 2022, and December 31, 2021, we had total debt outstanding of $379.5 million and $408.9 million, respectively, net of deferred debt financing costs of $4.5 million 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 provides 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 bear 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 is repayable in quarterly installments of $15.4 million, with a balloon payment due at maturity. The Term Loan Facility Agreement matures on September 20, 2024.

Obligations under the Term Loan Facility Agreement are 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. As of June 30, 2022, the aggregate net book value of the three floating storage and regasification vessels and four liquified natural gas carriers pledged as security was approximately $660.8 million.

The Partnership may prepay outstanding indebtedness without penalty, and certain events, such as (i) total loss; (ii) minimum security value; (iii) the sale or transfer of certain vessels; or (iv) the termination of the charter over the Hilli, will require a mandatory prepayment. The Term Loan Facility Agreement contains customary representations and warranties and customary affirmative and negative covenants, including financial covenants, chartering restrictions, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions.

Financial covenants include 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 are no 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. The Partnership was in compliance with these covenants as of June 30, 2022.

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. As of June 30, 2022, total remaining unamortized deferred financing costs for the Term Loan Facility was $4.5 million.

11. 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 June 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 13).

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 residual value at the end of the lease term in March 2022 was estimated to be $33.3 million and was subsequently reclassified to vessel and equipment at March 31,2022.

12. 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 June 30, 2022 and December 31, 2021 are as follows:

		June 30, 2022		December 31, 2021	
(in thousands of $)	**Fair value Hierarchy**	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Non-Derivatives:					
Cash and cash equivalents	Level 1	51,019	51,019	85,098	85,098
Restricted cash and short-term deposits	Level 1	14,415	14,415	24,410	24,410
Long-term debt — floating (1)	Level 2	383,929	383,929	414,643	414,643
Derivatives:					
Interest rate swaps asset (2) (3)	Level 2	1,912	1,912	—	—
Interest rate swaps liability (2) (3)	Level 2	—	—	19,762	19,762

(1) Our short-term and long-term debt are recorded at amortized cost in our condensed consolidated balance sheet. The long-term debt, in the table above, is presented gross of deferred financing cost of $4.5 million as of June 30, 2022 (December 31, 2021: $5.7 million).

(2) Derivative liabilities are presented within other current liabilities on the condensed consolidated balance sheets. Derivative assets are presented within non-current assets on the condensed 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 June 30, 2022:

Instrument (in thousands of $)	Notional amount	Maturity Dates	Fixed Interest Rates
Interest rate swap:			
Receiving floating, pay fixed	339,750	2026	2.86%

Under one of 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 June 30, 2022, cash collateral amounting to $2.5 million (December 31, 2021: $12.5 million) has been provided.

13. RELATED PARTY TRANSACTIONS

Transactions with related parties:

(in thousands of $)	Three Months Ended June 30,			Six Months Ended June 30,		
		Successor	Predecessor		Successor	Predecessor
	2022	2021	2021	2022	2021	2021
Transactions with Golar and affiliates:						
Management and administrative services fees (a)	—	—	(1,376)	—	—	(2,760)
Ship management fees (b)	—	—	(322)	—	—	(2,252)
Interest expense on short-term loans	—	—	—	—	—	(18)
Distributions with Golar, net (c) (including Hilli)	7,249	7,386	—	14,858	7,386	6,769
Transactions with NFE and affiliates:						
Distributions to NFE (d)	45,000			90,000		
Time and voyage charter revenue (e)	5,385	2,432	—	9,973	2,432	—
Payments under investment in leased vessel	—	—	—	3,877	—	—

Receivables/(payables) with related parties:

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

(in thousands of $)	June 30, 2022	December 31, 2021
Balance due to NFE and affiliates (e)	183,055	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 was terminated and replaced with the Transition Services Agreement, Bermuda Services Agreement and Ship Management Agreements. 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 provides to us 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) *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 by it.

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 by us.

During the successor period ended June 30, 2022, Hilli LLC declared and paid distributions to us totaling $14.9 million.

(d) *Distributions to NFE* - During successor period ended June 30, 2022, we paid total distributions to NFE of $90.0 million in respect of the common units owed by it.

(e) *Balance due from NFE and affiliates* – Time and voyage charter revenue includes interest income earned by *Golar Freeze* (Note 11) 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 and primarily consists of amounts received from NFE to exercise option to repurchase Golar Eskimo from Eskimo SPV for a total payment of $190.5 million. 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 both of the six months ended June 30, 2022 and 2021, PT Pesona received an agency fee of $0.1 million and $0.1 million, respectively.

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 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 June 30, 2022, the amount we have guaranteed under the Partnership Guarantee and the LOC Guarantee is $339.8 million, and the fair value of debt guarantee, presented under "Other current liabilities" and "Other non-current liabilities" of our condensed consolidated balance sheet, amounting to $4.8 million and $nil, respectively. As of June 30, 2022, we are in compliance with the covenants for both Hilli guarantees.

14. 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.

In November and December 2015, the Indonesian tax authorities issued letters to our subsidiary, PTGI, to, among other things, revoke a previously granted VAT importation waiver in the approximate amount of $24.0 million for the *NR Satu*. In April 2016, PTGI initiated an action in the Indonesian tax court to dispute the waiver cancellation. The final hearing took place in June 2016 and we received the verdict of the Tax Court in November 2017, which rejected PTGI’s claim. In February 2018, PTGI filed a Judicial Review with the Supreme Court of Indonesia, but in December 2018, the Supreme Court of Indonesia ruled against PTGI with regards the validity of waiver cancellation. However, we do not believe it probable that a liability exists as a result of this ruling, as no Tax Underpayment Assessment Notice has been received within the statute of limitations period. Should we receive such notice from the tax authorities, we intend to challenge the legality of the assessment. In any event, we believe PTGI will be indemnified by PTNR for any VAT liability as well as related interest and penalties under our time charter party agreement entered into with them.

In December 2019, the Indonesian tax authorities issued tax assessments for land and buildings tax to our subsidiary, PTGI for the years 2015 to 2019 inclusive in relation to the *NR Satu*, for the amount of $3.2 million (IDR48,378.3 million). We paid the assessed tax in January 2020 to avoid further penalties. This is presented in "Other non-current assets" of our consolidated balance sheets. We intend to appeal against the assessments for the land and buildings tax as the tax authorities have not accepted our initial objection letter. We believe we have reasonable grounds for success on the basis of no precedent set from past case law and the new legislation effective prospectively from January 1, 2020, that now specifically lists FSRUs as being an object liable to land and buildings tax, when it previously did not.

In February 2021, we received a tax notice from the Jordan tax authorities following the conclusion of their tax audit into our Jordan branch for the years 2015 through 2017 assessing our Jordan branch for additional tax of $6.9 million (JOD 4.9 million). We have submitted an appeal to the tax notice. A loss has not been recognized for this as we do not believe that the tax inspector has followed the correct tax audit process and the claim by the tax authorities to not allow tax depreciation is contrary to Jordan's tax legislation.

15. SUBSEQUENT EVENTS

Cash Distributions

On August 15, 2022, we paid a cash distribution of $0.546875 per Series A Preferred Unit in respect of the period from May 16, 2022 through August 14, 2022 to unitholders of record as of August 8, 2022, amounting to $3.0 million.

Vessel Sale Transaction

On August 15, 2022, NFE completed a sales and financing transaction with AP Neptune Holdings Ltd. ("Purchaser") which is affiliated with certain funds or investment vehicles managed by affiliates of Apollo Global Management, Inc. The transaction included (1) the formation of a joint venture named Energos Infrastructure ("Energos") by the Partnership and the Purchaser, (2) the sale for cash of certain vessel owning entities that collectively own [eight] vessels to the Purchaser, (3) the contribution of acquired vessel owning entities to Energos by the Purchaser and (4) the Partnership's contribution of vessel owning entities that collectively own three vessels to Energos in exchange for equity in Energos (the "Vessel Sale Transaction"). As a result of the Vessel Sale Transaction, Energos is owned approximately 80% by the Purchaser and approximately 20% by the Partnership. The Partnership will account for the investment Energos as an equity method investment.

Prior to closing the Vessel Sale Transaction, the Partnership exercised the accordion feature under the Vessel Term Loan Facility, drawing $115 million. The Vessel Term Loan, including this additional principal draw, was repaid in full and extinguished utilizing proceeds from the Vessel Sale Transaction.