



FINANCIAL REPORT Q4 2020

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EARNINGS RELEASE

FOURTH QUARTER 2020 SUMMARY

HIGHLIGHTS

- Operating revenue was \$8.9 million in Q4 2020, down from \$17.6 million in Q3 2020
- The second wave in the pandemic has led to cancellations or delayed transportation activities which again has had the consequence of a short-term oversupply in the heavy transportation segment. This has negatively affected utilization and price levels
- Loss before tax was \$4.3 million in Q4 2020, compared to profit before tax of \$3.7 million in Q3 2020
- Loss per share was \$0.046 in Q4 2020, compared to earnings per share of \$0.038 in Q3 2020
- Adjusted EBITDA¹ was negative \$0.8 million in Q4 2020, down from \$6.3 million in Q3 2020
- Utilization on the transportation fleet was 71% in Q4 2020. Utilization in Q3 2020 was 83%
- The Group has entered into a \$50 million revolving credit facility agreement
- Dogger Bank Offshore Wind Farms A & B reached final investment decision
- The shipbuilding contract for the first jack-up wind turbine installation vessel, Vind 1, reached contract effectiveness on 30 November 2020

CORPORATE UPDATE

Long-term commitments for offshore wind projects executed in 2020, covered the poor underlying spot market which was heavily affected by the COVID-19 pandemic. This was to a large extent predicted, but when the second wave struck, and the company was back to a full exposure to the spot market it affected the utilisation and earnings of our transportation fleet more severely than anticipated.

We are pleased to note that the transportation market, including pricing, is back to expected levels prior to the second wave hitting and that the positive development is expected to continue throughout the year.

The tendering for installation of foundations and turbines continues at a high pace. The company remains disciplined when it comes to pricing and selection of projects that we tender for. Management is increasingly confident that the timing for entering this market is exactly right, as it will be characterised by tightness on the supply side for several years.

The Group has entered into a \$50 million revolving credit facility agreement (RCF) replacing the previous \$30 million RCF. The new RCF has a three-year term, limit of \$50 million, with a step down to \$30 million in year 3.

SSE and Equinor announced the final investment decision on Dogger Bank Offshore Wind Farms, which lifted the final subject in our installation contract for the monopile foundations on Dogger Bank A & B. The project will be the first foundation installation project for OHT's new custom built vessel Alfa Lift and project start-up is anticipated to Q3 2022. Alfa Lift remains on track for delivery late 2021/early 2022 when factoring in the time for installation of Mission Equipment at the shipyard.

¹ Adjusted earnings before interest, taxation, depreciation and amortization ("Adjusted EBITDA") is a non-IFRS measure and the Group has defined it as the operating profit excluding the impact of the following items:

- Depreciation and amortization expenses in the Statement of Comprehensive Income
- Expenses related to warrants as listed in note 8 in the Notes to the Financial Statements

The shipbuilding contract with China Merchants Industry Holdings Co. Ltd for the first jack-up wind turbine installation vessel “Vind 1”, reached contract effectiveness on 30 November 2020, following i.a. the issuance of a Refund Guarantee by China Merchants Industry Holding’s bank and OHT’s payment of the first yard instalment for the vessel. Delivery is expected mid-2023.

In a board meeting held on 3 December 2020 the Board of Directors resolved, under a proxy granted from the shareholders, to increase the share capital of the Company by issuing 1,389,487 new shares. Following this, the total number of issued shares in the company is 122,237,521.

FINANCIALS

Financial key figures

in \$ thousands	Q4 2020	Q3 2020
Operating revenue	8,917	17,605
Adjusted EBITDA	(842)	6,343
Operating profit (loss)	(4,970)	1,215
Net Financial Income	638	2,483
Profit (loss) before tax	(4,332)	3,698
Vessels and construction contracts	235,454	202,018
Bank deposits and cash equivalents	14,787	71,206
Total Assets	267,703	292,261
Total Equity	233,685	236,106
Debt to credit institutions ²	-	18,958
Total current liabilities	31,431	55,004
Net cashflow from operating activities	(2,659)	14,849
Net cashflow used in investment activities	(35,565)	(15,023)
Net cashflow from financing activities	(18,195)	59,889
Earnings (loss) per share, in \$ per share	(0.046)	0.038

Financial review

The Group’s operating revenue was \$8.9 million in Q4 2020, down from \$17.6 million in Q3 2020. Utilization dropped from 83% in Q3 2020 to 71% in Q4 2020. In addition, prices were under pressure due to hesitation in clients’ willingness to execute their transportation requirements, as a result of travel restrictions and project delays during the second wave of the pandemic.

The Group’s adjusted EBITDA decreased from \$6.3 million in Q3 2020 to negative \$0.8 million in Q4 2020.

Net financial income decreased from \$2.5 million in Q3 2020 to \$0.6 million in Q4 2020. Net financial income in Q3 2020 was affected by a non-recurring positive currency effect in relation to the proceeds from the private placement in Q3 2020.

² Included in total current liabilities

The Group's total assets amounted to \$267.7 million at 31 December 2020, down from \$292.3 million at 30 September 2020. The decrease is mainly due to repayment of debt during the quarter. Vessels and construction contracts, which comprise of sailing vessels and vessels and equipment under construction, increased from \$202.0 million at 30 September 2020 to \$235.5 million at 31 December 2020 due to investments under the construction contracts.

Total equity decreased during the quarter, from \$236.1 million on 30 September 2020 to \$233.7 million on 31 December 2020.

Net cash flow from operating activities was negative \$2.7 million in Q4 2020. Net cash flow from financing activities was negative \$18.2 million related to repayment of debt. \$35.6 million were used in investment activities this quarter, mainly payments under contracts for vessel construction. Net change in cash and cash equivalents from 30 September 2020 to 31 December 2020 was negative \$56.4 million. Cash and cash equivalents at the end of Q4 2020 were \$14.8 million.

Total undrawn amount on the revolving credit facility was \$50.0 million on 31 December 2020.

SUBSEQUENT EVENTS

Enova, the Norwegian Governmental body supporting the transition to a low-emissions society, has confirmed a grant of NOK 13.4 million related to installation of a battery-hybrid solution on Alfa Lift, the company's newbuild foundation installation vessel. Alfa Lift will be the largest battery-hybrid vessel in the world upon delivery.

OPERATIONS AND CONTRACTS

TRANSPORTATION

The Company has continued to avoid major operational disruptions from the Covid-19 pandemic, with delayed and cumbersome crew change procedures and restrictions on travelling being the only negative effects.

The three largest vessels Hawk, Osprey and Albatross have been engaged in transporting jacket foundations for the Moray East Wind farm for DEMA Offshore and EDPR. With the completion of the Hawk's second batch of 10 jacket foundations towards end-November, all three vessels have concluded their transportation contracts. All six shipments were delivered as planned.

Together with the other two vessels Falcon and Eagle, Osprey and Albatross have traded in the spot market in Q4, transporting accommodation barges, PSVs and drydocking a jack-up platform. The spot market has been heavily affected by the second wave of the pandemic through hesitation in clients' willingness to execute their transportation requirements due to travel restrictions and project delays, resulting in a temporary pressure on prices.

Voyages performed in 2020 fall into the following categories:

- 7 within Renewables
- 5 within O&G Exploration and Production
- 6 within Marine & Naval
- 4 within Other Industries

In revenue terms, the Renewables category accounts for 53%. In relation to EBITDA, the ratio is higher.

Cumulative utilization for 2020 stands at 80%.

Ship operating expenses have been recorded at an average of \$9,056 per day year to date, which is in line with the budget.

Following completion of the exhaust gas scrubber installation program in Q1 2020, all five transportation vessels are fitted with scrubbers. Operationally, the scrubbers have performed with minimal technical issues. The savings recorded between actual price paid for High Sulphur Fuel Oil (HSFO) compared with what the cost would have been for the mandatory Low Sulphur Fuel Oil 0.5% (LSFO) if scrubbers had not been installed is \$7.6 million against a total scrubber investment of \$11.4 million. This corresponds to a payback of 67% so far.

INSTALLATION

The Dogger Bank A and B projects are in the detail design phase and showing good progress. The scope of work includes transport and installation of 190 monopiles and transition pieces from Q3 2022 to early 2024. During Q4 2020, we have concluded several methods and solutions including grillage and sea-fastening for the foundation components as well as installation aids. Technical interfacing with the client to ensure a viable and efficient transportation and installation of the foundation units remains a high priority. Procurement activities are ongoing, with expected placement of major subcontracts, including the rental agreement for the piling hammer, shortly. There have been no unwanted incidents on the project to date. The relationship with the client remains good and constructive.

NEWBUILDINGS

Construction of Alfa Lift at CMHI's yard in Jiangsu, China, proceeds as planned, with most blocks now installed including the main crane foundation. The expected float-out from the dock in mid-January 2021 has been postponed until late February due to another vessel in the same drydock being readied for float-out. This has no impact on our schedule. Immediately after float-out, work will primarily focus on completing hot works and installation of piping, mechanical and electrical components in that sequence.

In Rostock, Germany, we continue to see good progress in assembling the various main crane components. Liebherr remains on track to ship the central crane machinery module together with the A-frame to China in late February 2021, followed by the crane boom in late May 2021.

The main components making up Alfa Lift's mission equipment for monopile installation has been placed with MacGregor, in partnership with Kongsberg Maritime. Steel cutting for the main Upending Frame and Motion Compensated Pile Gripper has recently taken place and other elements forming part of the mission equipment are progressing satisfactorily.

The shipbuilding contract for VIND 1, the company's first Wind Turbine Installation Vessel (WTIV), was signed with CMHI (Jiangsu) in the beginning of Q4 2020 and became effective on 30 November 2020. Delivery is scheduled for mid-2023. Basic design is well underway, and we are currently working with the shipyard and designer to conclude on general arrangements and select main equipment. Focus is on maximizing payload by reducing component and material weights as much as possible.

The negotiations for a conditional shipbuilding contract for VIND 2 are awaiting further clarity regarding client commitments.

TRANSPORTATION MARKET

Our fleet has reverted to be operating in the spot market following completion of the Moray East project. We have seen a high number of requests for transportation projects, with 248 received in Q4 2020 versus 245 in Q3 2020 which is sign of a recovery after the second wave in the pandemic. There is a growing share of offshore wind related projects currently being tendered for execution late 2021 to 2025, dominated by transportation of jackets and monopiles from Asia to Europe and monopiles/transition pieces from Europe to the US.

Another interesting market development in connection with the renewables industry is a sudden requirement for lift boats in southern China. Due to a domestic shortage of these kinds of vessels, these lift boats will need to be mobilised from either Northern Europe or the Middle East. This creates attractive opportunities for OHT.

In O&G, the ongoing pandemic with corresponding low oil prices has made E&P companies slash their exploration budgets, resulting in lower drilling activity. The number of rig moves is therefore low. One of the few positive segments within O&G is the decommissioning market, where we see several interesting leads. Other industries such as marine, dredging and heavy construction continue to generate a number of requests.

Another positive O&G segment is the gas production expansion in the Middle East mainly off Qatar and Abu Dhabi. The investments in new field infrastructure create a string of transport requirements for offshore platforms from South East Asian fabrication yards to the region from as early as Q3 2021 until well into 2023. OHT will be well placed to win a fair share of these transportation opportunities, building on similar work successfully completed for NOC's in Qatar in 2019.

Starting from Q2 2021 we foresee a material reduction of available semisubmersible tonnage in the market due to our competitors' backlog, occupying their vessels, which may last up until Q2 2023. At times, the supply of tonnage is expected to drop to levels around 50% of today's available world fleet. This will bring OHT in a good position to secure future work not committed to these other carriers yet.

OFFSHORE WIND MARKET

According to recognized observers and analysts, the offshore wind market continues to grow. Several European countries are increasing their ambitions further following the EU's stated emissions reduction target of 55% (up from 40%) by 2030. As an example, Poland recently published plans for 11GW offshore wind by 2030, about the same capacity as the entire fleet of offshore turbines currently in operation in the UK. In the US, the new Administration is expected to unlock the recent permitting delays to open up for the first industry-scale offshore wind farms to be commissioned from 2023 onwards. South Korea, so far understood to lean more towards deep-water floating wind, has announced 8.2GW of new, bottom-fixed developments during the decade.

Management is increasingly confident that the company's timing for entering this market is exactly right, as it will be characterised by tightness on the supply side for several years ahead.

The Company's tendering for transportation and installation of foundations and turbines continues at a high pace. Some tenders have moved into the clarifications and negotiations phase. No contracts have been awarded thus far and it remains to be seen if developers will manage to keep to their original timelines. All tendering which the Company is involved in is for wind farms in Europe and the US from 2024-28.

For the many projects planning to start offshore construction in 2024, various developers are gradually realizing that there will be more projects than there are vessels that can effectively perform the installation work. This is particularly relevant for foundation installation, as this activity starts early in the construction phase and there is no longer time to bring newbuilt foundation installation vessels to the market unless construction has already started. With a high likelihood of several projects being forced to delay their development plans, the imbalance of demand and supply of vessels will be pushed into 2025 and beyond.

Within turbine installation, there is a similar situation. Of the 16-17 existing WTIVs, maybe as few as two will have the potential to efficiently handle the next generation 14MW+ turbines following large upgrades. These turbines will completely dominate the market from 2025.

OUTLOOK

Within Transportation, we expect decreasing pressure on Lump Sum prices in the spot market due to an ease in the short- and medium-term oversupply of capacity. The near-term spot market will be dominated by Marine & Naval, O&G Decommissioning and Other industries. This will continue until major transportation projects to carry modules for LNG plants and refineries as well as offshore wind components will keep our competitors busy over the following 12-24 months starting from mid-2021. However, the increase in crude oil prices exemplified by Brent Spot, from \$45 per barrel as recent as 20 November 2020 to the current \$62 per barrel, should lead to increased transportation demand also from the O&G segment.

Within Offshore Wind, we expect that the next months will be characterized by more tendering, clarification rounds and negotiation of T&I contracts with clients. The first contract awards in the market may still be expected in Q1 2021, subject to clients following to their own timelines.

The company is in process of preparing for a transfer to the main list of Oslo Stock Exchange (OSE). A standard condition for acceptance to OSE is that the company is fully financed over the next 12 months. As a result, management has initiated an accelerated process to formalise take-out financing for Alfa Lift including mission equipment. In addition to the committed funding package from the shipyard's group, alternative funding structures are being developed to take advantage of ECA financing and achieving more favourable overall terms.

RISK FACTORS

The main risk factors which could materially adversely impact the Group's operations and/or financial performance and position are noted on page 4 of Offshore Heavy Transport AS' 2019 Annual Report. Since then, it has become apparent that the impact of Covid-19 has been prolonged leading to lower prices on oil products which consequently have reduced the activity in the heavy transportation segment.

During the year, management has been mitigating the impacts of the Covid-19 pandemic by monitoring health procedures and adhering to the guidance of the World Health Organization and local authorities. The Group has implemented revised working procedures to reduce the risks associated with Covid-19, including remote working, travel bans, strict crew change procedures, social distancing wherever possible and the use of additional personal protective equipment. There have been no known outbreaks at any of the company's premises or onboard the vessels.

STATEMENTS FROM THE BOARD AND CEO

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January 2020 to 31 December 2020 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group’s assets, liabilities, financial position and profit as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the fourth quarter of the financial year and their impact on the set of financial statements, and a description of the main risks and uncertainties going forward.

Oslo, 25 February 2021

The Board of Directors of OHT ASA

Rune Magnus Lundetræ
Chairman

Marianne Heien Blystad
Director

Fredrik Platou
Director

Torgeir Egeland Ramstad
CEO

Forward-looking statements presented in this report are based on various assumptions. The assumptions were reasonable when made, but are subject to uncertainties and contingencies that are difficult or impossible to predict. OHT ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

CONDENSED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

in \$ thousands	Note	Q4 2020 (Unaudited)	Q4 2019 (Unaudited)	YTD Q4 2020 (Unaudited)	YTD Q4 2019 (Audited)
Operating revenue		8,917	12,110	65,629	61,128
Total revenue		8,917	12,110	65,629	61,128
Voyage expenses		3,572	5,096	20,718	28,449
Ship operating expenses		3,801	4,277	16,575	16,452
Depreciation and amortization expenses	6	4,128	3,860	16,166	14,262
General and administrative expenses	8	2,385	2,034	8,431	8,000
Total operating expenses		13,887	15,267	61,890	67,163
Operating profit (loss)		(4,970)	(3,157)	3,739	(6,034)
Financial income		350	68	53	344
Financial expenses		(44)	(561)	(140)	(2,115)
Foreign currency exchange gain (loss)		332	(27)	2,947	(57)
Net financial income (expenses)		638	(520)	2,860	(1,825)
Profit (loss) before tax		(4,332)	(3,677)	6,600	(7,860)
Income tax expense (benefit)		1,203	(231)	1,278	(231)
Net profit (loss)		(5,535)	(3,446)	5,322	(7,629)
Total comprehensive income (loss)		(5,535)	(3,446)	5,322	(7,629)
Basic and diluted earnings (loss) - \$ per share	5	(0.046)	(0.037)	0.053	(0.081)

STATEMENT OF FINANCIAL POSITION

in \$ thousands	Note	31 December 2020 (Unaudited)	31 December 2019 (Audited)
Deferred tax assets		-	1,242
Right-of-use assets		3,264	1,920
Vessels and construction contracts	6	235,454	190,556
Office equipment		691	325
Other non-current assets		-	53
Total non-current assets		239,409	194,096
Bunkers inventory		3,781	2,421
Costs to fulfil contracts		3,635	1,417
Trade receivables		1,433	6,813
Other receivables		4,657	5,344
Bank deposits and cash equivalents		14,787	9,456
Total Current Assets		28,294	25,451
Total Assets		267,703	219,547
Share capital	7	1,329	36
Other paid in capital		58,489	1,779
Other reserves		790	(344)
Retained earnings		173,077	167,755
Total equity		233,685	169,226
Non-current lease liabilities	9	2,587	1,426
Total non-current liabilities		2,587	1,426
Current lease liabilities	9	860	554
Debt to credit institutions	9	-	24,831
Trade payables		3,272	5,184
Current tax liabilities		73	62
Other current liabilities		27,226	18,264
Total current liabilities		31,431	48,896
Total equity and liabilities		267,703	219,547

STATEMENT OF CHANGES IN EQUITY

in \$ thousands	Share capital (Unaudited)	Other paid in capital (Unaudited)	Other reserves (Unaudited)	Retained earnings (Unaudited)	Total equity (Unaudited)
Equity 31 December 2018	36	1,779	(344)	175,383	176,854
Net loss YTD Q4 2019	-	-	-	(7,629)	(7,629)
Equity 31 December 2019	36	1,779	(344)	167,755	169,226
Effect of capital reorganization	993	(993)	-	-	-
Non-cash share issuance	12	2,297	-	-	2,309
Share issuance settled in cash	288	57,290	-	-	57,578
Share issuance costs	-	(1,884)	-	-	(1,884)
Warrants issued to employees	-	-	1,134	-	1,134
Net profit YTD Q4 2020	-	-	-	5,322	5,322
Equity 31 December 2020	1,329	58,489	790	173,077	233,685

STATEMENT OF CASH FLOWS

in \$ thousands	YTD Q4 2020 (Unaudited)	YTD Q4 2019 (Audited)
Profit (loss) before taxes	6,600	(7,860)
Paid taxes	(62)	(123)
Depreciation	16,166	14,262
Change in bunkers inventory	(1,360)	2,219
Change in trade receivables	5,380	(815)
Change in trade payables	(1,912)	1,026
Change in prepayments and other receivables	1,244	(2,909)
Change in costs to fulfil contracts	(2,218)	897
Change in prepaid revenues	13,656	3,467
Change in accruals and other current liabilities	(5,463)	3,712
Employee benefit expenses in connection with issuance of warrants	1,134	-
Net change in other current items	(168)	(1,524)
Net cash flow from operating activities	32,997	12,352
Investments on vessels and periodic maintenance	(1,991)	(15,817)
Investments on vessels under construction	(55,837)	(23,019)
Other investments	(532)	(151)
Net cash flow used in investment activities	(58,360)	(38,987)
Proceeds from share issuance	57,578	-
Share issuance costs	(1,884)	-
Proceeds from drawdown of debt	10,000	25,000
Repayment of debt	(35,000)	-
Net cash flow from financing activities	30,694	25,000
Net change in cash and cash equivalents	5,331	(1,635)
Cash and bank deposits at beginning of period	9,456	11,092
Cash and bank deposits at end of period	14,787	9,456

NOTES TO FINANCIAL STATEMENTS

Note 1 General

OHT ASA (“the Company”), organization number 924 695 792, is a Norwegian public limited liability company. The Company and its subsidiaries (“the Group” or “OHT”), is a specialized heavy transportation and installation (T&I) contractor. OHT is the owner and operator of five open deck semi-submersible heavy transportation vessels and has currently under construction a heavy lift semi-submersible installation vessel for installation of foundations for the offshore wind market and a jack-up wind turbine installation vessel. OHT has its head office in Oslo, Norway. The shares of the Company are traded on Oslo Stock Exchanges’ marketplace Euronext Growth (Merkur Market).

Note 2 Reorganization

On 17 September 2020 all of the shares in Offshore Heavy Transport AS were contributed to the Company, against an issue of 93,761,334 shares in the Company to the shareholders of Offshore Heavy Transport AS, immediately following a write down of the existing share capital of the Company to zero (the “Reorganization”). The assets and liabilities of the new group and the original group are the same immediately before and after the reorganization. This reorganization established the very same shareholder structure of the Company as had been in Offshore Heavy Transport AS immediately prior to the reorganization. The purpose of the reorganization was to establish the Company as the new holding company of the Group.

The transaction represents a capital reorganization, and not a business combination. The carrying values of assets and liabilities in Offshore Heavy Transport AS were recognized in the Group (with OHT ASA as the new parent company) with the same carrying values as in Offshore Heavy Transport AS in line with predecessor accounting (i.e. to continuity) and with no fair value adjustments. Furthermore, as the reorganization is considered to be a capital reorganization from an accounting perspective, Offshore Heavy Transport AS’ historical consolidated financial statements represent the Group’s historical financial information going forward, and as such these financial statements reflect the Group’s historical activities.

Note 3 Accounting policies

These interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial reporting should be read in conjunction with the annual financial statements for Offshore Heavy Transport AS for the year ended 31 December 2019, which have been prepared in accordance with IFRS, as adopted by the EU.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The effect of a change in an accounting estimate is recognized in profit or loss in the period where the estimate is revised or in the period of the revision and future periods if the change affects both. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Additional accounting policies since annual financial statements

Asset acquisition

Acquisition of companies which do not meet the definition of a business combination in accordance with IFRS 3 is accounted for as an asset acquisition. Tangible and intangible assets are recognized based on relative fair values. When the asset acquisition is related to a vessel newbuilding project, any additional purchase price related to instalment payments will be accounted for when the instalment payments are due for payment.

Share-based payments

Share-based payment transactions through issuance of warrants to employees and to Chairman of the Board of Directors are measured at fair value of the warrants at the issuance date as value of services received cannot be measured reliably. Share-based payments are recognized as an employee expense at the time of issuance since there are no service vesting conditions present, with a corresponding increase of equity.

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the relevant financial period

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 4 Segment information

The Group's operating revenue and operating expenses come from operations within the transportation segment only.

The Group is currently working on a project in the offshore wind installation segment under an effective contract with a customer. It is expected that services related to wind installation will be reported as a separate segment when revenue is first recognized. Expenses in relation to the contract are capitalized as costs to fulfil contract. Revenue will be recognized from the start of the installation phase of the project.

Additional information related to revenue recognition, prepaid revenues and capitalization of borrowing costs

Revenue in OHT relates to voyage charter revenues for transportation services in accordance with IFRS 15. In a voyage charter contract, the charterer engages the vessel to transport a specific agreed-upon cargo for a single voyage. The consideration for such a contract is determined on a lump sum basis. The Company generally has standard payment terms of approximately 10% freight paid on signing of contract, 40% on loading and 50% on discharge.

Voyage charter contracts consist of a single performance obligation of transporting cargo within a specified period. Therefore, the performance obligation is met evenly as the voyage progresses. Voyage charter revenues are recognized using the percentage of completion method on a load-to-discharge basis. Cost related to fulfilment of the contract incurred prior to loading is capitalized as mobilization costs and amortized over the associated period of which revenue is recognized. Voyage expenses incurred as repositioning for non-committed freight contracts are expensed as incurred.

The voyage charters generally have variable consideration in the form of demurrage, which is recognized over the period in which the performance obligations are met under the contract. Demurrage is estimated at contract inception using either the expected value or most likely amount approaches. Such estimate is reviewed and updated over the term of the voyage charter contract.

Prepaid revenues not yet earned are reported as deferred revenue and classified as other current liabilities. When the prepaid revenue is for a period more than 12 months out in time such payments include a significant financing component and a calculated interest is recognized as an expense with a corresponding amount recognized as an increase of deferred revenue. The interest expense will be capitalized as borrowing costs and included in the cost of the vessel under construction.

Note 5 Earnings per share

	Q4 2020	Q4 2019	YTD Q4 2020	YTD Q4 2019
Net profit attributable to ordinary equity holders - \$ thousands	(5,535)	(3,446)	5,322	(7,629)
Basic and diluted weighted average number of ordinary shares outstanding	121,150,096	93,761,334	100,867,963	93,761,334
Basic and diluted earnings per share - \$ per share	(0.046)	(0.037)	0.053	(0.081)

As described in note 8 the Company has issued warrants that might have dilutive effects in future periods. The warrants are not considered dilutive in the current period because the market vesting conditions are not met at the end of the period.

Note 6 Vessels and construction contracts

in \$ thousands	Vessels	Periodic maintenance	Vessels under construction	Total
Closing balance 31 December 2019	136,122	8,428	46,005	190,556
Additions*	1,881	110	56,394	58,385
Capitalized borrowing costs*	-	-	1,962	1,962
Depreciation**	(12,835)	(2,614)	-	(15,449)
Closing balance 31 December 2020	125,168	5,924	104,361	235,454

* The difference between the sum of additions and capitalized borrowing costs on vessels under construction in the table above and investments on vessels under construction in the statement of cash flows relate to government grants (Skattefunn) in the amount of -\$557 thousand, non-cash portion of the capitalized borrowing costs of \$768 thousand and additional purchase price for the shares in Vind Offshore Installation AS of \$2,309 thousand which were paid by issuance of shares (as described in note 7).

**The difference between depreciation in the table above, and depreciation and amortization in the statement of financial income is depreciation of right-of-use assets and office equipment.

As of 31 December 2020, the Company is the owner of five semi-submersible heavy transport vessels. One heavy lift semi-submersible installation vessel for installation of foundations for the offshore wind market and one jack-up vessel for wind turbine installation are under construction in China. Expected delivery is late 2021 and medio 2023 respectively.

Based on Management's assessment there are no impairment indicators for any vessel.

Note 7 Share capital and shareholders

OHT ASA's share capital consists of 122,237,521 shares, each with a nominal value of \$0.01 (NOK 0.10). All issued shares are fully paid.

The Company was incorporated as a private limited liability company on 21 February 2020 with a share capital of NOK 30,000. On 11 September 2020 the Company was converted to a public limited liability company and the share capital increased to NOK 1,020,000.

In an extraordinary general meeting in OHT ASA held on 17 September 2020, the share capital of the Company was written down to zero, immediately followed by an issue of 93,761,334 new shares to the shareholders of Offshore Heavy Transport AS against a contribution in kind of all shares in Offshore Heavy Transport AS. It was also resolved to issue 27,086,700 new shares against consideration in cash through a private placement. Total gross proceeds from the private placement were \$56.8 million (the subscription price was fixed at NOK 20 per share). The shareholders also resolved to issue 1,018,935 warrants. For further information of warrants, see note 8.

In a board meeting held on 3 December 2020 the Board of Directors resolved, under a proxy granted from the shareholders, to increase the share capital of the Company by issuing 1,389,487 new shares. 1,042,115 shares were subscribed for and issued to Turbin Capital AS as settlement for the additional purchase price of \$2.3 million payable for the acquisition of the shares in Vind Offshore Installation AS. This additional purchase price was payable upon the effective date of the shipbuilding contract with China Merchants Industry Holding for the first jack-up wind turbine installation vessel. Turbin Capital AS is indirectly owned 33,33% by chairman of OHT Rune Magnus Lundetræ, who is also the chairman of Turbin Capital AS. 347,372 shares were subscribed for and issued to CEO of OHT Torgeir E. Ramstad against a consideration of \$0.8 million paid in cash. These shares were issued under a bonus agreement between OHT and Torgeir E. Ramstad where the CEO is entitled to a bonus payment 12 months after the subscription if he is still employed by the Company at that time.

Note 8 Warrants

On 17 September 2020, the Group's CEO, CFO and Chairman of the Board was issued with a total of 1,018,935 warrants. Each warrant gives the holders the right, but no obligation, to subscribe for one share at a price of NOK 0.10 per share, equal to the nominal value of the shares in the Company.

Warrants are accounted for as employee benefit expenses with a corresponding increase in equity. Total recognized amount in 2020 was \$1.1 million.

Granted warrants as at 31 December 2020:

Date issued/valuation date	Tranche 1		Tranche 2		Tranche 3	
	No of warrants	Value per warrant (\$)	No of warrants	Value per warrant (\$)	No of warrants	Value per warrant (\$)
17 September 2020	339,645	1.45	339,645	1.07	339,645	0.82

Conditions for exercise are such that tranche 1 vests at a share price of NOK 24 per share, tranche 2 vests at a share price of NOK 28 per share and tranche 3 vests at share price NOK 32 per share. The share price mentioned above is measured from the 10 trading day's weighted average as quoted on the marketplace on which the shares are listed. All warrants are valid from 17 September 2020 until 17 September 2025.

Warrants are valued by use of Monte Carlo Simulation. The Monte Carlo model project future share prices for the Company based on a risk-neutral framework (similar to the financial modelling used for other models such as Black-Scholes model or a binominal model). By using identical assumptions and sufficient number of simulations, a Monte Carlo simulation without special conditions would yield somewhat identical results to a Black-Scholes or binominal model. However, a Monte Carlo simulation allows for greater flexibility and customization of the assumptions and plan design parameters, which is necessary to value such a plan dependent on uncertainty with respect to vesting dates and quantity becoming exercisable. The following inputs to the Monte Carlo model are applied:

Interest rate: 0.33%

Volatility: 35%

Note 9 Interest-bearing debt

Revolving credit facility

In December 2020 the Group entered into an agreement for a \$50 million revolving credit facility (RCF) replacing the previous \$30 million RCF. The new RCF has a three-year term, limit of \$50 million, with a step down to \$30 million in year 3. Offshore Heavy Transport AS, OHT Eagle AS, OHT Falcon AS, OHT Hawk AS, OHT Osprey AS, OHT Albatross AS and OHT Management AS are jointly and severally liable for the loan and the 5 vessels owned by these companies are pledged under the agreement. No amounts were drawn on the facility as at 31 December 2020. The loan has floating interest of LIBOR + 3.75% - 4.50%, depending on time remaining to maturity and outstanding loan amount.

in \$ thousands	31 December 2020	31 December 2019
Outstanding loan amount	-	25,000
Debt issuance cost	-	(169)
Debt to credit institutions at amortized cost	-	24,831

The following financial covenants exist under the loan agreement:

- Minimum consolidated liquidity shall at all times be the higher of (i) \$5,000,000 and (ii) 7.5% of total interest-bearing debt.
- Market value of the collateral vessels shall at all times be at least equal to 200% of the outstanding amount under the facility
- Consolidated working capital shall at all times be greater than zero
- Equity ratio shall at all times be at least 40%

The Group is not in breach with any of the financial covenants.

Financial lease liabilities

in \$ thousands	31 December 2020	31 December 2019
Current lease liabilities	860	554
Non-current lease liabilities	2,587	1,426
Total lease liabilities	3,447	1,980

The leases do not have significant residual value guarantees. The leases do not contain restrictions on the Group's financing or dividend policy.

Prepaid revenues

Prepaid revenues not yet earned is reported as deferred revenue and classified as other current liabilities. When the prepaid revenue is for a period more than 12 months out in time such payments include a significant financing component and a calculated interest is recognized.

in \$ thousands	31 December 2020	31 December 2019
Prepaid revenues that include a significant financing component	22,620	-
Accumulated interest	768	-
Total recognized amount	23,388	-

Note 10 Related party transactions

The Group has purchased administrative, IT, office and accounting services from Arne Blystad AS in 2020 under a corporate service agreement. Arne Blystad AS is wholly owned and controlled by Songa Corp, which is the majority shareholder of OHT. Total consideration paid under the agreement in 2020 was \$0.7 million.

The Group rents office premises from Haakon VII's gate 1 ANS under a lease agreement. Haakon VII's gate 1 ANS is wholly owned and controlled by Songa Corp, which is the majority shareholder of OHT. Total consideration paid under the agreement in 2020 was \$0.3 million.

The Group has purchased technical management services for its vessels from Songa Shipmanagement Ltd under a technical management agreement. Songa Shipmanagement Ltd is indirectly wholly owned and controlled by Songa Corp, which is the majority shareholder of OHT. Total consideration paid under the agreements in 2020 was \$1.0 million.

The Group has purchased crew management services for its vessels from Songa Crewmanagement Ltd under a crew management agreement. Songa Crewmanagement Ltd is indirectly wholly owned and controlled by Songa Corp, which is the majority shareholder of OHT. Total consideration paid under the agreements in 2020 was \$0.1 million.

The Group has purchased consultancy services from Primato AS in 2020 under a consultancy agreement. Primato AS is indirectly owned 50% by chairman of OHT Rune Magnus Lundetræ who is also a board member of Primato AS. Total consideration under the agreement in 2020 was \$0.1 million.

See also note 7 and 11 for description of the purchase of all shares in Vind Offshore Installation AS from Turbin Capital AS. Turbin Capital AS is indirectly owned 33,33% by chairman of OHT Rune Magnus Lundetræ, who is also the chairman of Turbin Capital AS.

Note 11 Asset acquisition

On 13 September 2020, the Company entered into a share purchase agreement for the acquisition of 100% of the Shares in Vind Offshore Installation AS from Turbin Capital AS. Turbin Capital is indirectly owned 33.33% by chairman of OHT Rune Magnus Lundetræ, who is also the chairman of Turbin Capital AS. Vind Offshore Installation AS had on the date of acquisition entered into a heads of agreement with China Merchant Industry Holdings for the building of two jack-up wind turbine installation vessels with options for two additional vessels. Consideration for the shares was NOK 30,000, however Turbin Capital AS is entitled to an additional purchase price of (i) \$2.3 million which falls due upon the effective date of the first shipbuilding contract and (ii) \$1.1 million which falls due upon the effective date of the second shipbuilding contract. The additional purchase price set out in sub-section (i) was paid by 1,042,115 shares of the Company in December 2020 based on a subscription price of NOK 20 per share. The additional purchase price set out in sub-section (ii) above shall be settled in cash.

The acquisition was completed on 17 September 2020. The transaction is accounted for as an asset acquisition. The additional purchase price paid in shares is considered to be part of the cost of the vessel under construction. The contingent consideration is considered to be part of the cost of the eventual future vessel to be constructed and will be recognized as a liability when there is an unconditional obligation to settle, i.e. when the shipbuilding contract for the second vessel becomes effective. Whether or not the contract becomes effective is under the control of the Company.

Note 12 Commitments and contingencies

At 31 December 2020, the Group has significant contractual commitments of in total \$400 million. Of these commitments, \$192 million are related to the construction of a heavy lift semi-submersible installation vessel for installation of foundations to the offshore wind market. Of this, the fourth yard instalment of \$19 million falls due in February 2021 and the rest at delivery which is anticipated in Q4 2021. Furthermore, \$208 million of the total commitments are related to the construction of a jack-up vessel for wind turbine installation. Of this, \$23.1 million falls due in 2021, \$46.2 million in 2022 and the rest in 2023.

Note 13 Subsequent events

Enova, the Norwegian Governmental body supporting the transition to a low-emissions society, has confirmed a grant of NOK 13.4 million related to installation of a battery-hybrid solution on Alfa Lift, the company's newbuild foundation installation vessel. Alfa Lift will be the largest battery-hybrid vessel in the world upon delivery.

APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

This section describes the non-GAAP financial alternative performance measures (APM) that are used in the quarterly report. The following measures are not defined nor specified in the applicable financial reporting framework of IFRS.

Management considers EBITDA and Adjusted EBITDA to be useful to investors because such performance measures provide information regarding the profitability of core operations and enhance comparability of operating performance across companies in the industry. Additionally, management uses EBITDA and Adjusted EBITDA as measures when reviewing the Group's operating performance.

EBITDA is used as an additional measure of the Group's operational profitability, excluding the impact from financial items, taxes, depreciation and amortization. EBITDA is calculated as the operating profit excluding depreciation and amortization expenses. Operating profit is defined as total revenue less total operating expenses.

Adjusted EBITDA is defined as EBITDA excluding items in the result affecting comparability. Items affecting comparability are typically items that do not occur on a regular basis. Such items include for example expenses related to warrants issued in connection to the listing process, expenses related to planned listing of shares and gain/loss on sale of vessels.

In \$ thousands	Q4 2020	Q4 2019	YTD Q4 2020	YTD Q4 2019
Operating profit	(4,970)	(3,157)	3,739	(6,034)
Depreciation and amortization expenses	4,128	3,860	16,166	14,262
EBITDA	(842)	703	19,905	8,228
Warrant expenses	-	-	1,134	-
Adjusted EBITDA	(842)	703	21,039	8,228