



FINANCIAL REPORT Q3 2020

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EARNINGS RELEASE

THIRD QUARTER 2020 SUMMARY

HIGHLIGHTS

- Positive Adjusted EBITDA¹ of \$6.3 million in Q3 2020 (YTD \$21.9 million), compared to \$10.7 million in Q2 2020
- Operating revenue was \$17.6 million in Q3 2020, down from \$22.5 million in Q2 2020
- Net profit was \$3.6 million (\$0.038 per share) in Q3 2020, compared to a net profit of \$6.5 million (\$0.069 per share) in Q2 2020
- Reorganization of Offshore Heavy Transport Group; OHT ASA as new parent company
- Successful private placement with gross proceeds of \$56.8 million
- Shares in OHT ASA listed on Merkur Market
- Solid operational performance on transportation fleet, with 84% utilization YTD
- Acquisition of all shares of VIND Offshore Installation AS with subsidiaries during September
- Signed major EPC contract for Mission Equipment with MacGregor and Kongsberg Maritime
- Signed final contracts for the Dogger Bank A & B foundation installation campaigns

SUBSEQUENT EVENTS

- On 3 October 2020, the Group signed a ship building contract for one wind turbine installation vessel, VIND 1
- The Group's \$30 million revolving credit facility (RCF) elapses end of this year. Therefore, the Group has negotiated a facility to replace the current one. The new RCF has a three-year term, limit of \$50 million, with a step-down to \$30 million in year 3. The facility is expected to be signed during first half of December

CORPORATE

On 17 September 2020, all of the shares in Offshore Heavy Transport AS were contributed to OHT ASA ("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 OHT ASA as the new holding company of the Group. Offshore Heavy Transport AS' historical consolidated financial statements represent the new Group's historical financial information going forward, and as such these financial statements reflect the Group's historical activities.

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

On the same date, the shareholders of OHT ASA resolved to issue 27,086,700 new shares against consideration in cash through a private placement. Total gross proceeds from the private placement was \$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 on warrants, see note 8 to the financial statements.

Following the contribution in kind and the private placement, OHT ASA's share capital consists of 120,848,034 shares, each at a nominal value of \$0.01 (NOK 0.10). All issued shares are fully paid. The shares of the Company are traded on Oslo Stock Exchanges' marketplace Merkur Market.

Also on 17 September, the Company completed the acquisition of 100% of the shares in Vind Offshore Installation AS from 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) shall be paid either in shares of the Company based on a subscription price of NOK 20 per share or paid in cash, to which Turbin Capital AS has undertaken to use the proceeds to acquire shares in the Company. The additional purchase price set out in sub-section (ii) above shall be settled in cash.

FINANCIALS

Financial key figures

in \$ thousands	Q3 2020	Q2 2020
Operating revenue	17,605	22,524
Adjusted EBITDA	6,343	10,690
Operating profit	1,215	6,458
Net Financial Income	2,483	-
Profit before tax	3,698	6,458
Vessels and construction contracts	202,018	190,966
Bank deposits and cash equivalents	71,206	11,491
Total Assets	292,261	228,376
Total Equity	236,106	176,456
Debt to credit institutions	18,958	13,915
Net cashflow from operating activities	14,849	5,627
Net cashflow used in investment activities	(15,023)	(4,895)
Net cashflow from financing activities	59,889	-
Earnings per share, in \$ per share	0.038	0.069

Financial review

The Group's operating revenue was \$17.6 million in Q3 2020, compared to \$22.5 million in Q2 2020.

The Group's adjusted EBITDA decreased from \$10.7 million in Q2 2020 to \$6.3 million in Q3 2020.

Net financial income increased by \$2.5 million in Q3 2020, from \$0 million in Q2 2020. The rise relates mainly to the currency effect in relation to the proceeds from the private placement. The actual gross amount received was NOK 541.7 million, and \$ amounts are calculated using the exchange rate on the date of receipt of funds. Most of the funds were exchanged to \$ in forward transactions at more favorable rates which explains the positive net financial income in Q3 2020.

The Group's total assets amounted to \$292.3 million at 30 September 2020, up from \$228.4 million at 30 June 2020. The increase is mainly due to receipt of proceeds from the private placement which was completed in September. Vessels and construction contracts, which comprise of sailing vessels and paid deposits on vessels and equipment under construction, increased from \$191 million at 30 June 2020 to \$202 million at 30 September 2020.

Total equity increased during the quarter, from \$176.5 million in Q2 2020 to \$236.1 million in Q3 2020. The increase was due to the private placement and a positive net profit in Q3 2020.

Net cash flow from operating activities was \$14.8 million in Q3 2020. Net cash flow from financing activities was \$59.9 million, which were the net proceeds from the private placement and a \$5 million drawdown from the revolving credit facility. \$15 million were used in investment activities this quarter, hereunder payments under contracts for vessel construction. Net change in cash and cash equivalents from 30 June 2020 to 30 September 2020 was \$59.7 million. Cash and cash equivalents at the end of Q3 2020 were \$71.2 million.

OPERATIONS AND CONTRACTS

TRANSPORTATION

The Company has so far avoided major 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 Windfarm for DEMA Offshore and EDPR. Osprey and Albatross completed their second batch whilst Hawk is expected to complete the project following arrival to Nigg, Scotland with offloading of 10 jacket foundations from mid-November. All six voyages have been delivered as planned.

The other two vessels Falcon and Eagle have traded in the spot market.

Voyages performed so far in 2020 fall into the following categories:

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

In revenue terms, the Renewables category accounts for 52% YTD. In relation to EBITDA, the ratio is expected to be higher.

Cumulative utilization for 2020 stands at 84%.

Ship operating expenses have been recorded at an average of \$8,960 per day year to date, which is in line with budget.

Following completion of the exhaust gas scrubber installation program in Q1 2020, all five vessels are fitted with scrubbers. Operationally, the scrubbers have performed with minimal technical issues. The savings recorded between actual price paid for High Sulfur Fuel Oil (HSFO) compared with what the cost would have been for the mandatory Low Sulfur Fuel Oil 0.5% (LSFO) if scrubbers had not been installed is \$7.5 million against a total scrubber investment of \$11.4 million. This corresponds to a payback of 66% so far.

INSTALLATION

The full and final contracts for Dogger Bank A and B were signed during the quarter. The scope of work includes transport and installation of 190 monopiles and transition pieces from Q3 2022 to early 2024. The project is currently in the early design and planning phase. We have in the quarter seen good progress within design activities with emphasis on risk identification efforts and interfacing with customer's foundation designer to ensure a viable and efficient transportation and installation of the foundation units. Procurement activities are ongoing, with expected placement of major subcontracts shortly. There have been no unwanted incidents on the project to date. The relationship with the customer remains good and constructive.

NEWBUILDINGS

Construction of Alfa Lift at CMHI's yard in Jiangsu, China proceeds satisfactorily, with most blocks in the forecabin area now installed and major components making up the main crane foundation being assembled. The plan is to install the crane foundation onto the vessel prior to floating the vessel out of dock in mid-January 2021. Thereafter follows work primarily within the mechanical, piping and electrical disciplines as well as fitting out the accommodation areas.

In Rostock, Germany, we 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, followed by the crane boom in late May.

A major EPC contract for the main components making up Alfa Lift's mission equipment was placed with MacGregor, in partnership with Kongsberg Maritime, in the period. Design activities proceed to plan and steel cutting for the main Upending Frame and Motion Compensated Pile Gripper is expected to take place in Q4.

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. The contract will become effective once the refund guarantee has been received from the shipyard. Delivery time has been set to 30 months. We are currently in the final stages of negotiating a conditional shipbuilding contract for VIND 2.

TRANSPORTATION MARKET

Our fleet is reverting to exposure to the spot market following completion of the Moray East project. In spite of Covid-19 we have seen a high number of requests for transportation projects, with 245 received in Q3 versus 230 in Q2. There is a growing share of offshore wind related projects currently being tendered for execution late 2021-23, dominated by transportation of jackets and monopiles from Asia to Europe and monopiles/transition pieces from Europe to the US.

In Oil & Gas, 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 Oil & Gas is the decommissioning market, where we see a number of interesting leads. Other industries such as marine, dredging and heavy construction continue to generate a healthy number of requests.

OFFSHORE WIND MARKET

According to recognized analysts 4C Offshore, global targets have been increased from the previous quarter by 15 GW, to 233 GW. This includes projects with high, medium and low confidence. Both the UK and Germany have raised their targets, to 40 GW+ and 20 GW by 2030, respectively. In the US, permitting delays continue to be a factor, although this is now expected to ease once the first project has come through the bottleneck and created precedence. Generally, there are few signs of Covid-19 affecting offshore wind renewable plans.

We have YTD submitted 6 tenders for foundations, covering 635 units. Since our launch of our WTIV initiative we have submitted 7 tenders covering 805 turbine installations. Total value of this portfolio is approaching \$1,700 million. In addition, tenders worth at least \$230 million for other windfarm work have been submitted during the period. Tendering processes are generally time-consuming and lengthy, but the first awards should be expected from Q1 2021. All of the above are for windfarms in Europe and the US from 2024-28.

Analysts point at an expected increase in number of bottom-fixed units to be installed from 615 to 1,390 from 2020 to 2024, representing a growth of 126%. The current number of relevant WTIV's stands at 16 with seven newbuilds likely to be delivered before 2024, which is a 44% growth. However, few of the 16 are relevant for the next generation turbines seen on all future windfarms being tendered, and even if converted, far from all are realistic candidates for the significant upgrades required. As a consequence, there is a general expectation that this situation may put pressure on day rates going forward.

In the foundations segment, there is a similar situation with an existing fleet of seven vessels, many of which are old or designed for oil & gas activities and therefore costly to operate and less efficient. Five newbuilds are underway, leading to a total fleet of 12 of which three seem to be dedicated to Taiwan. This leaves limited suitable capacity for the large markets in Europe and the US.

OUTLOOK

Within Transportation, we expect increasing pressure on Lump Sum prices in the spot market due to short term oversupply of capacity. The 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 the world fleet busy over the following 12-24 months starting from Q2 2021.

Within Offshore Wind, we expect that the next months will be characterized by more tendering, clarification rounds with customers and negotiations. We are well underway towards setting up a highly experienced and capable team around our WTIVs, with 6-8 people expected to be on-boarded in the near term to add to those already in place. The first contract awards in the market should be expected in Q1 2021.

The Company has initiated a dialogue with Oslo Stock Exchange and The Financial Supervisory Authority of Norway (Finanstilsynet) regarding a process of listing the Company's shares on Oslo Stock Exchange's main marketplace Oslo Børs.

RISK FACTORS

The main risk factors which could materially adversely impact the Group's operations and/or financial performance and position is 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-lift segment.

During the first three quarters of the year, management have been mitigating the impacts of the Covid-19 pandemic by monitoring health procedures and adhering to the guidance of the world health organizations and local authorities. The Group has implemented revised working procedures to reduce the risks associated with Covid-19, including remote working, social distancing wherever possible and the use of additional personal protective equipment.

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 to 30 September 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 third 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, 12 November 2020

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	Q3 2020 (Unaudited)	Q3 2019 (Unaudited)	YTD Q3 2020 (Unaudited)	YTD Q3 2019 (Unaudited)
Operating revenue		17,605	15,676	56,712	49,019
Total revenue		17,605	15,676	56,712	49,019
Voyage expenses		5,068	7,328	17,145	23,353
Ship operating expenses		4,254	4,158	12,774	12,175
Depreciation and amortization expenses	6	3,994	3,451	12,038	10,403
General and administrative expenses	8	3,074	2,172	6,046	5,966
Total operating expenses		16,390	17,108	48,003	51,896
Operating profit		1,215	(1,432)	8,709	(2,877)
Financial income		4	100	44	276
Financial expenses		(152)	(375)	(435)	(1,554)
Foreign currency exchange gain (loss)		2,631	(10)	2,614	(27)
Net financial income (expenses)		2,483	(285)	2,223	(1,305)
Profit (loss) before tax		3,698	(1,718)	10,932	(4,182)
Income taxes		75	-	75	-
Net profit (loss)		3,623	(1,718)	10,857	(4,182)
Total comprehensive income (loss)		3,623	(1,718)	10,857	(4,182)
Basic and diluted earnings - \$ per share	5	0.038	(0.018)	0.115	(0.045)

STATEMENT OF FINANCIAL POSITION

in \$ thousands	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Deferred tax assets		1,242	1,242
Right-of-use assets		1,515	1,920
Vessels and construction contracts	6	202,018	190,556
Office equipment		404	325
Other non-current assets	11	191	53
Total non-current assets		205,370	194,096
Bunkers inventory		3,649	2,421
Costs to fulfill contracts		1,986	1,417
Trade receivables		5,364	6,813
Other receivables		4,686	5,344
Bank deposits and cash equivalents		71,206	9,456
Total Current Assets		86,891	25,451
Total Assets		292,261	219,547
Share capital	7	1,313	36
Other paid in capital		55,391	1,779
Other reserves		790	(344)
Retained earnings		178,612	167,755
Total equity		236,106	169,226
Non-current lease liabilities	9	1,151	1,426
Total non-current liabilities		1,151	1,426
Current lease liabilities	9	534	554
Debt to credit institutions	9	18,958	24,831
Trade payables		4,035	5,184
Current tax liabilities		-	62
Other current liabilities		31,477	18,264
Total current liabilities		55,004	48,896
Total equity and liabilities		292,261	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 Q3 2019	-	-	-	(4 182)	(4,182)
Equity 30 September 2019	36	1,779	(344)	171,201	172,672
Equity 31 December 2019	36	1,779	(344)	167,755	169,226
Effect of capital reorganization	993	-993	-	-	-
Share issuance by private placement	284	56,489	-	-	56,773
Share issuance costs	-	(1,884)	-	-	(1,884)
Warrants issued to employees	-	-	1,134	-	1,134
Net profit YTD Q3 2020	-	-	-	10,857	10,857
Equity 30 September 2020	1,313	55,391	790	178,612	236,106

STATEMENT OF CASH FLOWS

in \$ thousands	YTD Q3 2020 (Unaudited)	YTD Q3 2019 (Unaudited)
Profit (loss) before taxes	10,932	(4,182)
Depreciation	12,038	10,403
Change in bunkers inventory	(1,228)	1,016
Change in trade receivables	1,449	4,643
Change in trade payables	(1,149)	(882)
Change in prepayments and other receivables	658	(2,719)
Change in costs to fulfil contracts	(569)	521
Change in prepaid revenues	17,287	3,041
Change in accruals and other current liabilities	(4,645)	(2,477)
Employee benefit expenses in connection with issuance of warrants	1,134	-
Net change in other current items	(251)	540
Net cash flow from operating activities	35,656	9,904
Investments on vessels	(1,964)	(7,071)
Investments on vessels under construction*	(20,442)	(11,055)
Other investments	(389)	-
Net cash flow used in investment activities	(22,795)	(18,126)
Proceeds from share issuance	56,773	-
Share issuance costs	(1,884)	-
Proceeds from drawdown of debt	10,000	15,000
Repayment of debt	(16,000)	-
Net cash flow from financing activities	48,889	15,000
Net change in cash and cash equivalents	61,750	6,778
Cash and bank deposits at beginning of period	9,456	11,092
Cash and bank deposits at end of period	71,206	17,870

*the difference between investments on vessels under construction in the statement of cash flows, and the sum of additions and capitalized borrowing costs on vessels under construction in note 6 to the financial statements, is capitalized borrowing costs calculated on prepaid revenues considered to be a financial arrangement.

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. In addition, the Group has entered into a ship building contract for the construction of a wind turbine installation vessel. OHT has its head office in Oslo, Norway. The shares of the Company are traded on Oslo Stock Exchanges’ marketplace 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 installment payments will be accounted for when the installments 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 financial year

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 is capitalized as costs to fulfill 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 is reported as deferred revenue and classified as other current liabilities. When the prepaid revenue is for a period more than 12 months 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

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019
Net profit attributable to ordinary equity holders - \$ thousands	3,623	(1,718)	10,857	(4,182)
Basic and diluted weighted average number of ordinary shares outstanding	94,644,596	93,761,334	94,057,904	93,761,334
Basic and diluted earnings per share - \$ per share	0.038	(0.018)	0.115	(0.045)

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	Vessel under construction	Total
Closing balance 31 December 2019	136,122	8,428	46,005	190,556
Additions	1,876	87	19,820	21,783
Capitalized borrowing costs	-	-	1,193	1,193
Depreciation*	(9,462)	(2,052)	-	(11,514)
Closing balance 30 September 2020	128,537	6,463	67,018	202,018

*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 30 September 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 is under construction in China. Expected delivery is late 2021.

Management has assessed impairment indicators. During the year 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-lift segment. However, the conclusion of the management is that there are no impairment indicators for any vessel.

Note 7 Share capital and shareholders

OHT ASA's share capital consists of 120,848,034 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 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 was \$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 the same general meeting, the shareholders granted a proxy to the Board of Directors to issue shares in accordance with a bonus agreement for the Group's CEO. When certain criteria's in the bonus agreement are fulfilled, the CEO will be allotted 347,372 shares in the Company without consideration. As at 30 September 2020 these criteria are not fulfilled.

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 Q3 2020 was \$1.1 million.

Granted warrants as at 30 September 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 market place 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 is applied:

Interest rate: 0.33%

Volatility: 35%

Note 9 Interest-bearing debt

Revolving credit facility

Maturity date on the \$30 million revolving credit facility with Skandinaviska Enskilda Banken (SEB) is 31 December 2020. Offshore Heavy Transport AS, OHT Eagle AS, OHT Falcon AS, OHT Hawk AS, OHT Albatross AS, OHT Alfa Lift AS and OHT Management AS are jointly and severally liable for the loan. Outstanding loan amount as at 30 September 2020 was \$19 million. The loan has floating interest of LIBOR + 3.75%.

in \$ thousands	30 September 2020	31 December 2019
Outstanding loan amount	19,000	25,000
Debt issuance cost	(42)	(169)
Debt to credit institutions at amortized cost	18,958	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) \$1,000,000 per collateral vessel
- 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	30 September 2020	31 December 2019
Current lease liabilities	534	554
Non-current lease liabilities	1,151	1,426
Total lease liabilities	1,685	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 such payments include a significant financing component and a calculated interest is recognized.

in \$ thousands	30 September 2020	31 December 2019
Prepaid revenues that include a significant financing component	21,466	-
Accumulated interest	571	-
Total recognized amount	22,037	-

Note 10 Related party transactions

The Group has purchased administrative, IT, office and accounting services from Arne Blystad AS under a corporate service agreement. Arne Blystad AS is wholly owned and controlled by Songa Corp, which is the majority shareholder of OHT.

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.

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.

See also note 11.

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) shall be paid either in shares of the Company based on a subscription price of NOK 20 per share or paid in cash, to which Turbin Capital AS has undertaken to use the proceeds to acquire shares in the Company. 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 contingent considerations are considered to be part of the cost of the eventual future vessels to be constructed and will be recognized as a liability when there is an unconditional obligation to settle, i.e. when the shipbuilding contract becomes effective. Whether or not the contracts become effective is under the control of the Company. Following the transaction, \$191 thousand has been recognized as other non-current asset.

Note 12 Commitments and contingencies

At 30 September 2020, the Group has significant contractual commitments of in total \$201 million. These commitments are related to the construction of a heavy lift semi-submersible installation vessel for installation of foundations to the offshore wind market. Of this, \$9 million falls due in November 2020, the fourth yard installment of \$19 million falls due in January 2021 and the rest in Q4 2021.

Note 13 Subsequent events

On 3 October 2020, the Group signed a ship building contract for one wind turbine installation vessel, VIND 1.

The Group's \$30 million revolving credit facility (RCF) elapses end of this year. Therefore, the Group has negotiated a facility to replace the current one. The new RCF has a three-year term, limit of \$50 million, with a step-down to \$30 million in year 3. The facility is expected to be signed during first half of December.

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	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019
Operating profit	1,215	(1,432)	8,709	(2,877)
Depreciation and amortization expenses	3,994	3,451	12,038	10,403
EBITDA	5,209	2,019	20,747	7,526
Warrant expenses	1,134	-	1,134	-
Adjusted EBITDA	6,343	2,019	21,881	7,526