

SFL Corporation Ltd.

Subsidiaries Accounted For as 'Investment in associates'

First Quarter 2021 Unaudited Preliminary Accounts

SFL Hercules Ltd.

River Box Holding Inc.

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FIRST QUARTER 2021 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Mar 31, 2021	Dec 31, 2020
Total operating revenue	4,177	3,421
Net operating income	4,177	3,421
Interest expense, related party	(900)	(900)
Interest expense, other	(1,334)	(1,402)
Depreciation	(916)	-
Other items	185	(289)
Net income	1,212	830

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FIRST QUARTER 2021 (UNAUDITED)

SFL Hercules Ltd. (West Hercules)

BALANCE SHEET <i>(in thousands of \$)</i>	Mar 31, 2021	Dec 31, 2020
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	7,926	4,343
Due from related parties	-	1,429
Other current assets	1	16,516
<i>Long term</i>		
Vessel and equipment	267,714	-
Investment in direct financing lease	-	255,053
Total assets	275,641	277,341
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	181,731	185,769
Other current liabilities	1,391	917
<i>Long term</i>		
Amounts due to related parties - long term	79,562	78,910
Stockholders' equity	12,957	11,745
Total liabilities and stockholders' equity	275,641	277,341

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FIRST QUARTER 2021 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Mar 31, 2021	Dec 31, 2020
OPERATING ACTIVITIES		
Net income	1,212	830
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss provision	(171)	254
Depreciation and amortization	916	-
Other items	652	576
Change in operating assets and liabilities	1,917	322
Repayment of investment in direct financing lease	3,095	4,153
Net cash provided by (used in) operating activities	7,621	6,135
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Repayments of long and short term debt	(4,038)	(4,039)
Net cash used in financing activities	(4,038)	(4,039)
Net increase (decrease) in cash and cash equivalents	3,583	2,096
Cash and cash equivalents at beginning of period	4,343	2,247
Cash and cash equivalents at period end	7,926	4,343

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FIRST QUARTER 2021 (UNAUDITED)

River Box Holding Inc. (MSC Reef, MSC Erica, MSC Viviana & MSC Anna)

River Box Holding Inc. was deconsolidated on December 31, 2020. SFL Corp Ltd. owns the 49.9% of River Box Holding Inc.

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended Mar 31, 2021		Three months ended Dec 31, 2020	
	100%	49.9%	100%	49.9%
Total operating revenue	10,090	5,035	-	-
Net operating income	10,090	5,035	-	-
Interest expense, related party	(1,125)	(561)	-	-
Interest expense, finance lease	(7,514)	(3,749)	-	-
Other items	224	111	-	-
Net income	1,675	836	-	-

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FIRST QUARTER 2021 (UNAUDITED)

River Box Holding Inc. (MSC Reef, MSC Erica, MSC Viviana & MSC Anna)

River Box Holding Inc. was deconsolidated on December 31, 2020. SFL Corp Ltd. owns the 49.9% of River Box Holding Inc.

BALANCE SHEET <i>(in thousands of \$)</i>	Three months ended Mar 31, 2021		Three months ended Dec 31, 2020	
	100%	49.9%	100%	49.9%
ASSETS				
<i>Short term</i>				
Cash and cash equivalents	4,304	2,148	2,859	1,427
Other current assets	22,547	11,250	22,141	11,048
<i>Long term</i>				
Investment in direct financing lease	513,288	256,131	518,767	258,865
Total assets	540,139	269,529	543,767	271,340
LIABILITIES AND STOCKHOLDERS' EQUITY				
<i>Short term</i>				
Finance lease liability - current	22,689	11,322	22,329	11,142
Amounts due to related parties - current	3	1	-	-
Other current liabilities	2,860	1,427	2,860	1,427
<i>Long term</i>				
Amounts due to related parties - long term	45,000	22,455	45,000	22,455
Finance lease liability - long term	436,746	217,936	442,412	220,764
Stockholders' equity	32,841	16,388	31,166	15,552
Total liabilities and stockholders' equity	540,139	269,529	543,767	271,340

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

FIRST QUARTER 2021 (UNAUDITED)

River Box Holding Inc. (MSC Reef, MSC Erica, MSC Viviana & MSC Anna)

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STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended Mar 31, 2021		Three months ended Dec 31, 2020	
	100%	49.9%	100%	49.9%
OPERATING ACTIVITIES				
Net income	1,675	836	-	-
Adjustments to reconcile net income to net cash provided by operating activities:				
Credit loss provision	(237)	(118)	-	-
Other items	3	1	2,859	1,427
Change in operating assets and liabilities	-	-	-	-
Repayment of investment in direct financing lease	5,310	2,650	-	-
Net cash provided by (used in) operating activities	6,751	3,369	2,859	1,427
INVESTING ACTIVITIES				
Net cash provided by investing activities	-	-	-	-
FINANCING ACTIVITIES				
Payments made towards lease liability	(5,306)	(2,648)	-	-
Net cash used in financing activities	(5,306)	(2,648)	-	-
Net increase (decrease) in cash and cash equivalents	1,445	721	2,859	1,427
Cash and cash equivalents at beginning of period	2,859	1,427	-	-
Cash and cash equivalents at period end	4,304	2,148	2,859	1,427