

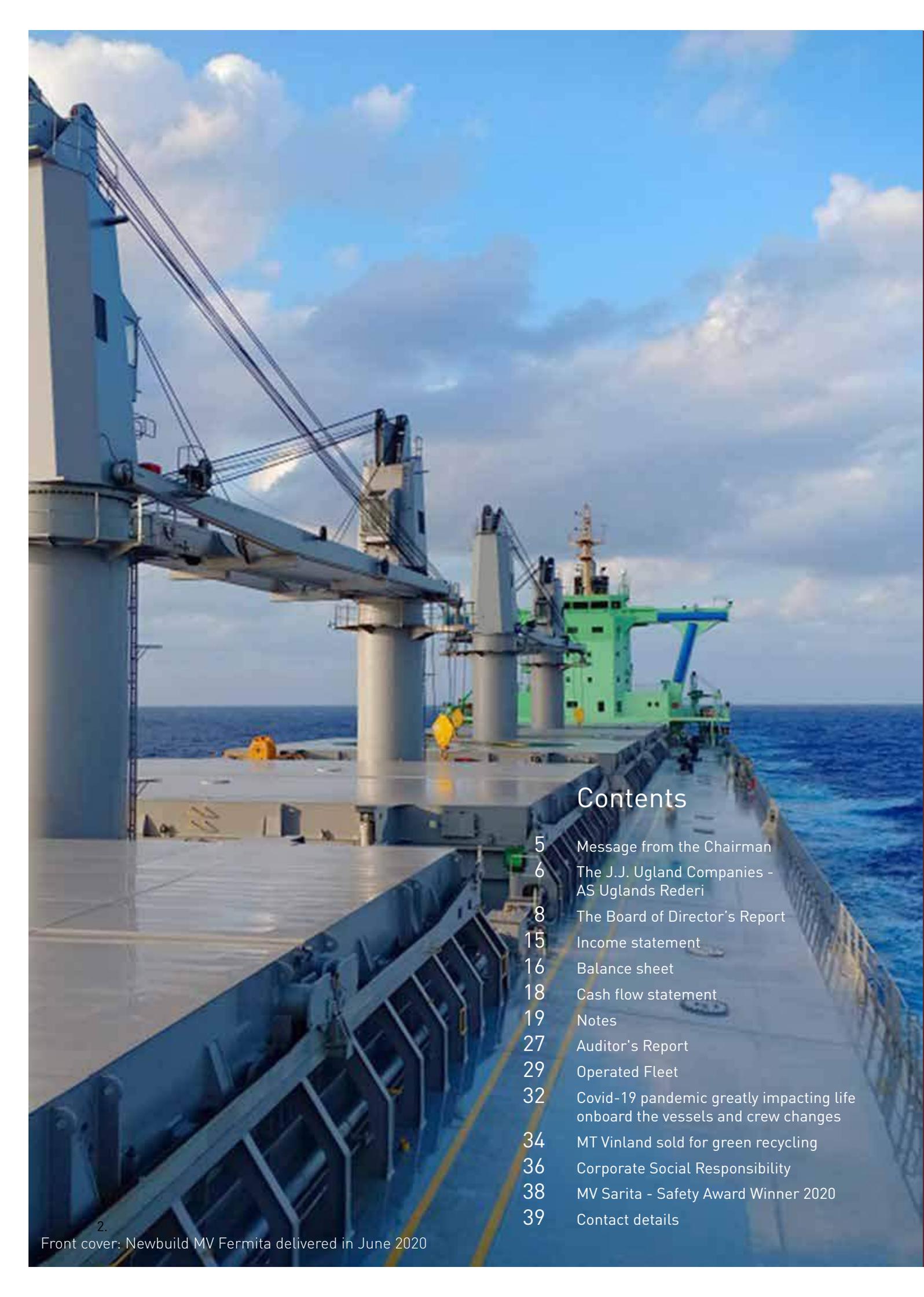
Annual Report



The J.J. Ugland
Companies



AS Uglands Rederi 2020



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THE OBJECTIVE OF THE J.J. UGLAND
COMPANIES IS TO CONDUCT BUSINESS IN
A SUSTAINABLE AND PROFITABLE MANNER
THAT SECURES EMPLOYMENT AND CREATES
CONFIDENCE AND TRUST AMONG PARTNERS,
CUSTOMERS AND FINANCIAL INSTITUTIONS



Message from the Chairman

Following several challenging years in the dry bulk market, the fundamentals were encouraging in 2019 with low order books and steady growth in global economy. The rates finally went up during the second half of 2019 and the outlook for 2020 and onwards was bright. But a Black Swan changed the picture; the Covid-19 virus discovered in China in December 2019 and spreading to the rest of the world in 2020 caused a severe setback for global economy and international trade, followed by reduced demand for bulk carriers. 2020 joined the ranks of years of weak dry bulk markets, but we avoided the apocalyptic scenario some had feared for the shipping industry. Fueled by big financial stimulus packages and fast development of new vaccines, global economy is now gradually turning back to normal. In 2021 the dry bulk rates have improved significantly. The positive business cycle which started in 2019, may just have been interrupted by one year.



By implementing consistent preventive procedures, we have avoided any serious infection cases among our employees. Strict immigration control in many ports have made crew changes challenging during the pandemic. But our loyal seafarers have stayed onboard for longer periods when necessary and we have been able to operate our vessels without any major interruptions during this period.

During 2020 we completed our current fleet renewal program. We sold our last two 52 000 dwt bulk carriers and took delivery of a new 60 000 dwt bulk carrier. We now have a fleet of 14 modern 58 000 – 64 000 dwt bulk carriers, of which 10 are wholly owned and 4 are owned in a 50/50 joint venture with Mitsubishi Corporation, all well positioned to meet the improved market conditions.

The offshore markets were also negatively affected by the pandemic and many projects were postponed. The spot market for supply vessels is still challenging, but after Evita II was delivered on a new contract in the autumn of 2020, both our two PSVs are on term contracts. Our crane vessel has conducted lifting operations around the coast of Norway. We sold one barge in 2020 and one in April this year. Our remaining fleet of 12 oceangoing barges continue to service the oil and gas and offshore wind markets, but the overall activity in 2020 was low. Our last owned shuttle tanker was recycled in Turkey in 2020, after 20 years of good service. In Newfoundland, Canship Uglund continue as manager of two Knutsen NYK shuttle tankers and other Canadian ships. In 2021 there has been signs of improvements also in the offshore markets.

The weak shipping markets in 2020 are reflected in our financial results which ended with a small deficit. This year we have already fixed some of our bulk carriers on time charters at acceptable rates, and we expect better financial results for 2021 and onwards. With a solid balance sheet, experienced management, dedicated employees and a modern fleet we are well positioned for the future.

Jørgen Lund
Chairman

The J.J. Ugland Companies - AS Uglands Rederi

The J.J. Ugland Companies presently incorporate:

- 37 owned or operated units totalling about 1.3 million deadweight tonnes.

The operated fleet includes 14 bulk carriers, 1 icebreaking special bulk carrier, 2 shuttle tankers, 2 oil/chemical tankers, 2 PSVs, 12 barges, 2 tugs, 1 crane vessel and 1 cargo and passenger ferry.

- A commercial pool for their fleet of supramax/ultramax bulk carriers based on charter agreements for the transportation of iron ore, coal/coke, cement/clinker, grain, alumina, steel, scrap, salt and other commodities.

- A technical and commercial operation complying with the ISM-code, ISPS-code, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

- A strong customer base in the offshore industry for their barge fleet and the self-propelled heavy lift crane vessel Uglen.

- AS Nymo with a proven track record in engineering, procurement and construction (EPC) of modules and equipment for the offshore industry.

- A fully integrated and professionally managed organisation in Norway and in St. John's, Canada.

The Board:



Jørgen Lund
(Chairman)



Peter D. Knudsen



Knut N. T. Ugland



Øyvind R. Boye



Bjørn Boddning

FROM THEIR HEADQUARTERS LOCATED AT VIKKILEN
IN GRIMSTAD, NORWAY, THE FAMILY OWNED
AS UGLANDS REDERI, FOUNDED IN 1930, AND
ITS SUBSIDIARIES PROVIDE WORLDWIDE SHIPPING
SERVICES

The Board of Director's Report

Introduction

From its headquarters in Grimstad, Norway, the family-owned AS Uglands Rederi and its subsidiaries provide worldwide shipping services. At the end of 2020, the company's fleet comprised 38 owned or operated units with an aggregate tonnage of 1.3 million deadweight tonnes – and consisted of 14 supramax and ultramax bulk carriers, one icebreaking special bulk carrier, two advanced tankers equipped for offshore bow loading, two oil/chemical tankers, two platform service vessels (PSVs), 13 sea-going barges, two tugboats, one heavy lift, self-propelled crane vessel and one cargo and passenger ferry. A breakdown of the fleet owned by the Group is provided in note 2.

The companies' main objective is to conduct their operations in a sustainable and profitable manner that secures employment and builds confidence and trust with partners, customers and financial institutions from a long-term perspective. This involves a focus on stable income streams, safety, the environment and quality-assurance of operations.

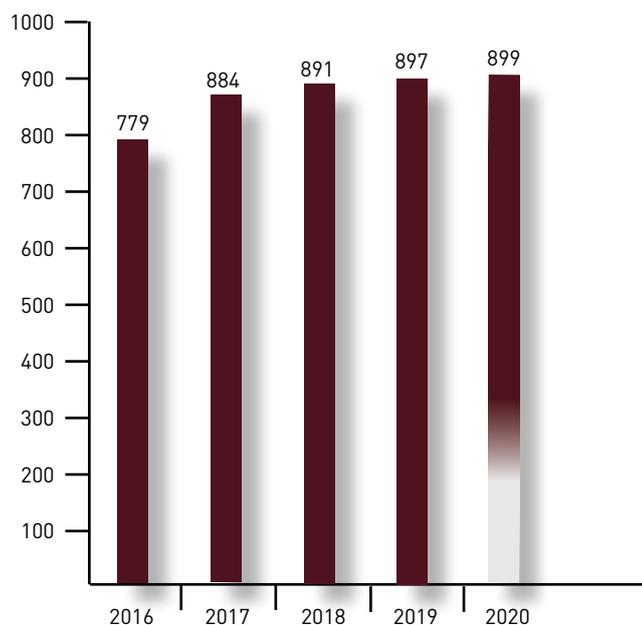
Earnings, Finance and Risk

The 2020 financial statements have been prepared based on the going concern assumption.

The figures stated below include both the parent company and its subsidiaries. The 2019 figures are indicated in parenthesis.

In 2020, the company posted operating income of NOK 899 million (897), which includes gain/loss on sale of one tank vessel, two bulk carriers and one barge. Operating expenses totalled NOK 932 million (826). The operating result before depreciation and impairment (EBITDA) came in at NOK 85 million (196), while the operating result (EBIT) closed on NOK -33 million (71). Total depreciation and amortisation recognised in the financial statements amounted to NOK 118 million (131). In light of developments in the company's markets, the Board and management have evaluated the need to recognise impairment losses or reverse previous impairment losses on vessels and other property, plant and equipment. It is considered that there are no material deviations between the market value and book value of the vessels and barges owned by the Group. Net financial expenses amounted to NOK 3 million (5). The company's share of the results of

Operating income (NOK million)



the companies UM Bulk AS and Ugland Supplier AS (50 per cent shareholdings), which have investments in respectively bulk carriers and PSVs, are recognised under net financial expenses. The result for the year before tax and minority interests came in at NOK -36 million (65). After reversed tax expenses of NOK 1 million and minority interests, the consolidated result for the year closed on NOK -35 million.

The subsidiary Ugland Shipping AS owns 6 supramax bulk carriers and 4 ultramax bulk carriers. The earnings of the bulk vessels are affected by market fluctuations. At the beginning of 2020, the market weakened and remained weak until the autumn, this related to reduced activity in the world economy as a result of the Covid-19 pandemic. During the autumn, the market strengthened, and by the end of 2020, bulk vessel rates were higher than they were at the beginning of the year. Measured in USD, the values of the bulk vessels were relatively stable for 2020 as a whole.

The USD strengthened significantly against NOK in the first half of the year and weakened again in the last half of the year, leaving the exchange rate

slightly below the exchange rate at the beginning of the year.

In July 2020 the tanker Vinland was sold for recycling to an EU approved shipyard in Turkey. As a consequence among other things of lower scrap steel prices, the sale resulted in a loss of NOK 14 million.

In August 2020 the bulk carriers Rosita and Favorita were sold and delivered to their new owner. The sales resulted in a total gain of NOK 12 million.

Additionally, in August 2020, the barge UR 3 was sold and delivered to its new owner. The sale resulted in a gain of NOK 14 million.

As of 31 December 2020, Ugland Shipping AS owned a barge fleet comprising 13 units and one heavy lift crane vessel. The utilisation of the heavy lift crane vessel weakened somewhat compared to the previous year. For both the heavy lift crane vessel and the barges, the utilisation was lower than budgeted.

Amortisation of loans and investments in vessels totalling NOK 233 million were made during 2020.

The Management:



Øystein Beisland
President

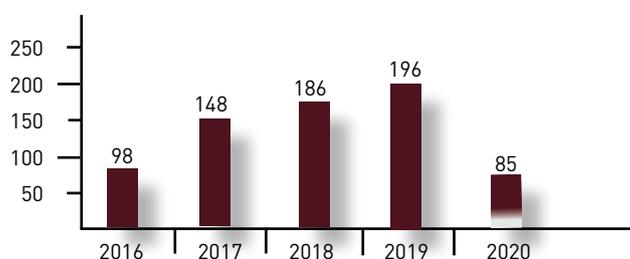


Arnt Olaf Knutsen
Exec. Vice President
Technical & HRM



Halvor Ribe
Exec. Vice President
Finance, Insurance & ICT

EBITDA - Operating results before depreciation (NOK million)



Ugland Supplier AS, which is jointly and equally owned by Ugland Offshore AS and a Norwegian co-investor, owns two platform service vessels (PSVs). The owners of Ugland Supplier AS injected a total of NOK 20 million as increased capital during 2020. UM Bulk AS is jointly and equally owned by AS Uglands Rederi and a foreign co-investor. UM Bulk AS owns two supramax bulk carriers and two ultramax bulk carriers. Results from the two associates are recognised under other financial items in AS Uglands Rederi's financial statements.

AS Uglands Rederi and its subsidiaries have satisfactory liquidity, well adapted to the company's activities. The ratio of current assets to current liabilities as at 31.12.2020 was 1.3. Non-current interest-bearing liabilities comprised NOK 532 million of a total consolidated group balance of NOK 2 596 million.

At NOK 1 698 million, recognised equity constitutes 65 per cent of total assets. The parent company AS Uglands Rederi posted a profit for the year of NOK 141 365 221.

In 2020, a Group contribution of NOK 160 000 000 to J.J. Ugland Holding AS was recorded.

Bulk Carriers

All the bulk carriers owned by Ugland Shipping AS are commercially operated by Ugland Bulk Transport AS (a flow through company owned by J.J. Ugland Holding AS, with the trading name UBULK Pool), while Ugland Marine Services AS is responsible for the technical management of the vessels. A breakdown of the fleet is provided in note 2. At the reporting date, the pool operated 10 pool vessels with an average age of about 6.5 years. In 2020, pool revenues totalled NOK 314 million. In addition, Ugland Marine Services AS is responsible for technical and commercial management of the bulk carriers Belita, Olita, Ellenita and Lunita, which are owned by UM Bulk AS.

Historically the bulk fleet has been fixed on long-term charter parties. The weak bulk market over the past few years has made it difficult to source acceptable long-term charter parties for the vessels. Consequently, most of the vessels are being fixed on short-term charter parties (TCs), pending a recovery in the market. After a very weak start of 2020 due to the outbreak of Covid-19, the market has gradually improved, and period rates have strengthened through the

second half of 2020. We have therefore fixed two vessels on long-term TCs until autumn 2021. Further, the UM Bulk vessel Ellenita has been fixed on a 5 year TC until spring 2025. The company's long-term objective of achieving a mix of short-term and longer-term charter parties remains unchanged. Two vessels are also deployed on indexed rates.

In June 2020, Ugland Shipping AS took delivery of the bulk carrier newbuild Fermita of 60 500 deadweight tonnes from Sanoyas Shipbuilding Corporation in Japan. The vessel is commercially operated in the UBULK Pool and is fixed on a TC until spring 2021.

The bulk carriers Rosita and Favorita, built in 2004 and 2005 respectively, were sold and delivered to new owner in August 2020. The sales are part of our fleet renewal plan.

The Group has no newbuilds on order as per 31 December 2020.

Tankers/PSV

The shuttle tanker Vinland operated on a TC to Equinor in the North Sea until June 2020. In July 2020, following 20 years of good and profitable operations in Canada, Brazil and the North Sea, Vinland was sold for recycling to an EU approved shipyard in Turkey.

Canship Ugland Ltd., in St. John's, Newfoundland, has management agreements for one special icebreaking bulk carrier, one cargo and passenger ferry, two oil/chemical tankers and two tugs operating in Canada, and also two shuttle tankers operating internationally.

The PSV Juanita is on time charter to Equinor until June 2021, with options until June 2024. In connection with the Equinor time charter, a battery/hybrid system has been installed onboard Juanita, making the vessel more energy-efficient and environmentally friendly.

The PSV Evita II was fixed on a time charter contract to ConocoPhillips Skandinavia AS until May 2020. After a period in the spot market, the vessel was delivered on a time charter to PSE Kinsale Energy Limited for operation in the Irish Sea from October 2020. The contract is for a minimum period of 5 months, with options. An agreement has been signed with Vestland Management AS, Austevoll, for commercial and technical management of the vessel.

Ugland Offshore AS and Ugland Marine Services AS are responsible for the commercial and technical management of Juanita on behalf of Ugland Supplier AS.

Barges & Crane Vessel

The barges and the heavy lift crane vessel Uglen are operated in the Ugland Construction AS pool.

The 2020 sales for the heavy lift crane vessel Uglen was significantly reduced compared to the previous year. This is partly due to the Covid-19 pandemic as several projects were postponed. As a consequence, part of Uglen's crew was laid off for a period of time.

In 2020, the crane vessel Uglen performed assignments along the Norwegian Coast. In spring 2014 Uglen was refurbished and its lifting capacity upgraded from 600 to 800 tonnes. The upgraded lifting capacity has increased the vessel's market opportunities. The most important deployment for Uglen in 2020 was lifting of modules/sections for bridge projects.

The barges traded in the North Sea, the Baltic Sea, the Irish Sea, The Gulf of Mexico and in the Far East. The most important market area has been the offshore market, but the utilization of the barge fleet has been low. In 2020 there has been low activity in the market for transport of offshore wind turbine components in European waters. We expect increased activity in this market in the coming years, and several contracts within this segment have been entered into for 2021.

Insurance

In 2020, the hull and machinery, hull/

freight interest and loss of hire insurances were renewed until 30 November 2021. The P&I insurance expires on 20 February 2022. War risk insurance is covered by Den Norske Krigsforsikring for Skib.

The total insurance coverage for the Group's fleet is NOK 3.5 billion.

Organisation, Health & The Environment

Ugland Marine Services AS is the commercial and technical manager of the bulk carriers, one PSV vessel, 13 barges and the heavy lift crane vessel Uglen.

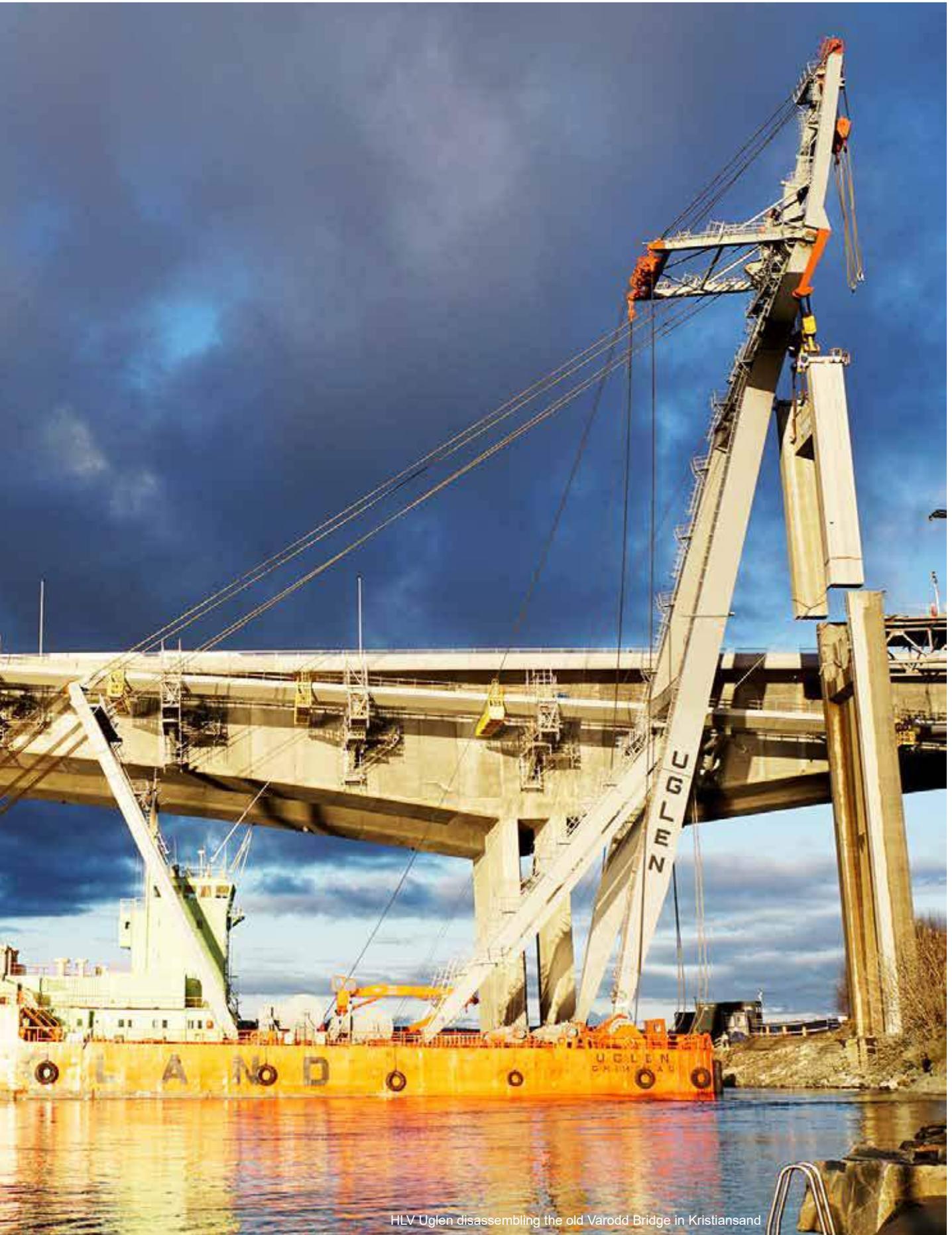
Ugland Marine Services AS owns 100 per cent of the shares in Ugland Marine Management AS, which is the crewing company for the shipping and offshore activities out of Grimstad, and 51 per cent of the shares in Canship Ugland Ltd., which is the technical, administration and crewing company for the Canadian activities.

At the end of 2020, a total of 662 persons were employed in the companies.

Office staff included 56 personnel employed by Ugland Marine Services AS in Grimstad and Stavanger and 23 personnel employed by Canship Ugland Ltd. in St. John's. Around 29 per cent of our total office staff are women. Vacancies are filled with the best qualified individuals, and the same practice is also used to avoid discrimination. The company employed 583 sea-faring personnel including 386 Filipinos, 142 Canadians, 45 Norwegians, 4 Swedes and 6 of other nationalities. Crew members' nationalities reflect the vessels' trading area. The company has a long-standing partnership with a Philippine recruitment agency for vessels trading in international waters. The seafarers are employed on contracts complying with approved wage agreements in their respective countries.

The Group has procedures and guidelines allowing employees to report any censurable conditions without fear of reciprocation. All reported matters are followed up through a specific investigation. If the investigation confirms the existence of censurable conditions, remedial actions will be implemented. Reporting routines are implemented based on Norwegian law. The Group has additionally arranged training courses for employees, and introduced routines to prevent corruption. The Group also contributes to measures to prevent money laundering. The Group supports the ten principles of the Global Compact, a UN initiative which focuses on universally sustainable business principles, irrespective of where business is conducted. Important areas covered in the Global Compact include





HLV Uglen disassembling the old Varodd Bridge in Kristiansand



MV Bonita loading in Campha, Vietnam

human rights, labour standards, environment and anti-corruption, both within the company and for the company's sub-contractors. As a member of the Global Compact, the Group follows the Global Reporting Initiative as a standard for reporting and communicating the Group's work within the ten principles of the Global Compact. The Group's report is published on the website www.jjuc.no

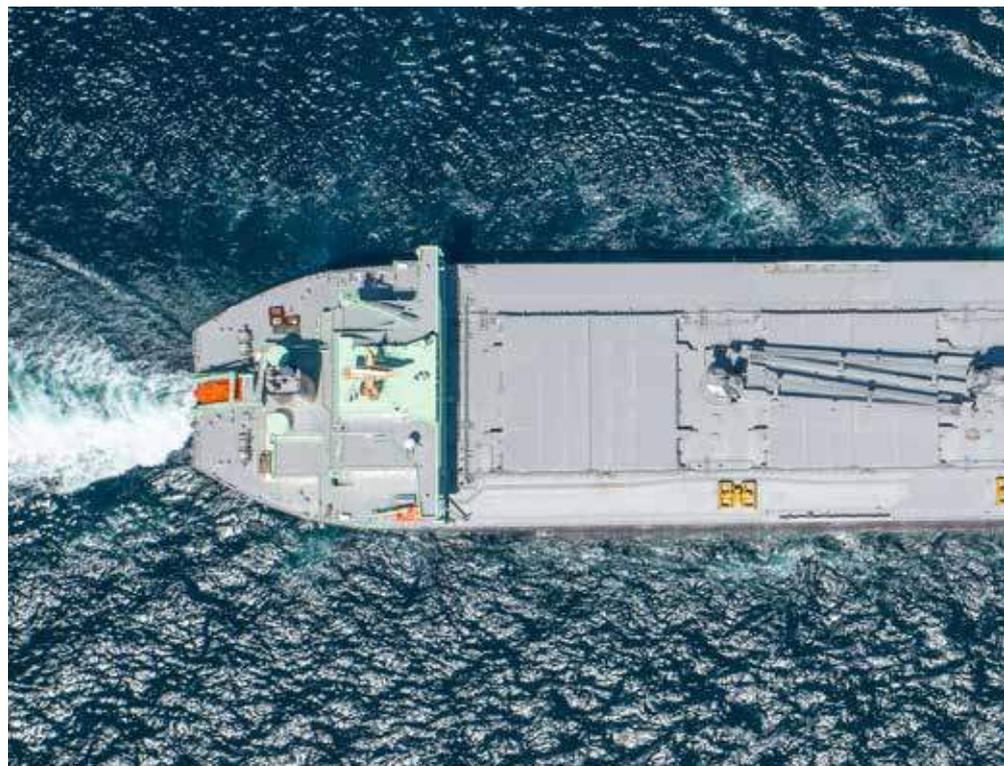
No vessels were involved in any accidents causing serious damage or injuries, or environmental pollution during 2020. Absence due to illness onboard and on-shore amounted to 1.0 per cent and 1.3 per cent respectively. We accord health, safety and the environment the highest priority and continually strive to further reduce the risk of accidents and pollution. One LTI ("Lost-Time-Injury") was reported in 2020, which is above the Group's target.

The Covid-19 pandemic has led to major challenges with crew changes on our vessels. As a result of restrictions in most countries, many of our crew members have been onboard substantially beyond their contracts. With great flexibility from all parties, we have nevertheless made it through 2020 with no major problems. Since October 2020, we have participated in an arrangement with a quarantine hotel in Manila. This is to prevent embarking crew members from bringing infection onboard. Our experience from this arrangement has been very positive. The Group has followed the authorities' recommendations, and employees have worked from home offices periodically. No cases of infection have

been reported onboard any of our vessels, nor have there been any reports of infection cases in the offices.

Shipping is an environmentally friendly mode of transport. Nonetheless, a number of measures can still be implemented to further reduce any negative impacts on the environment. The shipping industry is encountering increasingly stringent environmental requirements and demands from both the authorities and customers. Based on the "Greenhouse

Gas Strategy" up to 2050, IMO aims at reducing the carbon intensity by 40 per cent within 2030 and 50 per cent within 2050. Among the measures to be implemented to achieve this goal is the introduction of the Energy Efficiency Existing Ship Index (EEXI) from 01.01.2023. All vessels above 400 gross tonnes fall under this requirement. The index describes CO2 emissions per tonne mile. Vessels exceeding the requirements must undertake measures or reduce speed. We must





PSV Juanita at Oseberg Øst in the North Sea

make calculations for all our vessels. Significant greenhouse gas emission reduction can be achieved by focusing on reduced marine fuel consumption and by using low sulphur marine fuel. New IMO regulations effective from 2020 means that the amount of sulphur in marine fuel has been reduced from 3.5 per cent to 0.5 per cent (providing that cleaning systems have not been installed). The resolution implied that all vessels had to use low sulphur marine fuel, gas or install cleaning systems (scrubbers) which remove

the sulphur emissions to air.

For the Group, the implementation of the new regulations have proceeded as planned, however, during 2020 we have had operational problems related to some of our vessels as a result of the transition to low sulphur marine fuel after bunkering in some ports. Great efforts have been made in finding the root cause to these problems. This is a problem in the shipping industry in general, work is still ongoing and many routines have

been changed. In recent months, we have had more stable operations.

The company prioritises the environment and has prepared a dedicated environmental policy and defined procedures and practices to achieve its environmental targets. Every year, we set specific targets designed to prevent or reduce negative impacts on the environment. Harmful emissions and energy consumption are recorded and subsequently accounted for in an annual report. In 2018, we installed a battery/hybrid system onboard PSV Juanita which has reduced the vessel's carbon emissions both in transit and while on DP. The vessel can be connected to onshore power when it is moored at quay. We are monitoring the development of new green technology for the propulsion of vessels. We are also looking at possible measures for our existing vessels. In recent years, the company has invested in new modern bulk vessels with significantly lower fuel oil consumption.

Ugland Marine Services AS, Canship Ugland Ltd. and the vessels are certified according to IMO's "International Ship Management Code" (ISM). The vessels are also certified in compliance with "The International Ship and Port Security Code" (ISPS). Both companies are also certified to ISO 9001:2015 Quality Management, ISO 14001:2015 Environmental Management and ISO 45001:2018 Occupational Health and Safety Management System.



MV Fermita

Outlook

After a relatively good dry bulk market in the last half of 2019, most market participants were optimistic that the market would strengthen further in 2020. However, the result shows that the average index rate for a supramax bulk carrier was reduced from approximately USD 10 000 per day in 2019 to approximately USD 8 000 per day in 2020. The main reason was the outbreak of Covid-19.

The dry bulk market rates strengthened sharply at the beginning of the current year. The Board assumes that the bulk market will remain tight in 2021. The order book for dry bulk vessels is historically low. What could change this picture is whether the Covid-19 situation becomes more prolonged than one imagines today. The PSV market is weak, but we believe in a gradual improvement in this market through 2021. The barge market has been challenging in 2020, but we expect a gradual improvement through 2021.

With our modern and low-mortgaged fleet, the Board of Directors considers the company to be well equipped for the future. One new bulk carrier was delivered in June 2020. The company has carried out a significant fleet renewal in recent years.

The supramax/ultramax dry bulk vessels owned by Ugland Shipping AS, most of whose capacity is fixed on short-term time charter parties to reputable charterers, will continue to operate in the Ugland Bulk Transport AS pool. Two of the vessels are chartered out on indexed TC rates, while two vessels are on fixed time charter parties until autumn 2021. Two bulk vessels owned by UM Bulk AS are also on fixed time charter parties until

autumn 2023 and spring 2025 respectively. The contract coverage for Ugland Shipping AS' owned bulk vessels for 2021 is approximately 40%.

The supply side, through reduced new-build orders, combined with scrapping of older vessels, provides reason for optimism for the bulk market in the years to come. The order book is at a historically low level. It is primarily the demand side which is uncertain.

The company has utilised the low new-build prices over the past years to order several newbuilds at favourable prices. We have sold the two oldest bulk carriers in 2020. Further sale of vessels is continuously considered but given the development of the bulk market so far this year, it seems more attractive to fix the vessels on TCs at good rates.

Thanks to our fleet of modern, high-quality vessels, we are well positioned for a market upturn in the years ahead.

The company is actively endeavouring to reduce the vessels' operating expenses. We are pleased to have succeeded in this during the last few years, without compromising the safety of the vessels or crew or day-to-day operation of the vessels.

As previously mentioned, the Covid-19 situation has led to major challenges with regards to crew changes. Furthermore, we have experienced operational problems as a result of the transition to low sulphur marine fuel. We hope to solve these challenges in 2021.

The barge fleet is expected to encounter higher activity in 2021 compared to 2020

due to several contracts within transport of offshore wind turbine components. Four of our barges have been assigned on longer contracts in this segment. For Uglen, we expect to encounter challenging market conditions in 2021 as well.

The PSV Juanita is contracted to Equinor until June 2021, with options until June 2024. The charter rate is satisfactory given the market conditions for PSV vessels. As mentioned earlier, a battery/hybrid system was installed onboard Juanita in 2018. Evita II was fixed on a time charter contract to the oil company ConocoPhillips Skandinavia AS until May 2020. After operating in the spot market for a while, the vessel was fixed on a time charter to PSE Kinsale Energy Limited for operation in the Irish Sea. The contract is for a minimum period of 5 months, with options. Higher oil prices make us believe in a gradual improvement in this segment in the time to come.

Our main priorities are safeguarding lives, the environment, vessels and cargo. Long-term relationships, financial solvency and liquidity are also high on our agenda.

Good customer relationships and financial strength, combined with experienced and dedicated employees, make AS Uglands Rederi and its subsidiaries a robust and serious player in their targeted market segments.

The Board of Directors would like to take this opportunity to thank our employees both at sea and onshore for their continued contributions to the safe operation of the company's vessels.

Grimstad, 25 February 2021

Peter D. Knudsen
Deputy Chairman

Jørgen Lund
Chairman

Knut N.T. Ugland

Bjørn Boddling

Øystein Beisland
President

Øyvind R. Boye

The 90th Annual Accounts

Income statement 01.01.-31.12 (NOK)

Consolidated				AS Uglands Rederi	
2020	2019			2020	2019
		NOTE	NOTE		
Operating income					
424 765 863	534 242 669			133 800	131 400
474 541 375	362 289 256			0	0
899 307 238	896 531 925	2		133 800	131 400
Operating expenses					
-421 686 563	-410 333 951	3/8	Salaries	-1 169 525	-1 169 525
-117 974 488	-131 356 567	4	Ordinary depreciation	0	0
0	-30 835 490	4	Impairment losses	0	0
0	36 612 210	4	Reversal of impairment losses	0	0
-392 435 354	-289 878 575		Other operating expenses	-10 836 735	-11 050 907
-932 096 405	-825 792 373		Total operating expenses	-12 006 260	-12 220 432
-32 789 167	70 739 552		Operating result	-11 872 460	-12 089 032
Financial income and expenses					
-13 914 285	-5 375 442	6	Result from associated companies	-13 849 343	-5 549 041
0	0		Received group contribution/dividends	166 582 244	2 294 243
0	0		Interest income from group companies	16 268 210	10 773 818
9 022 186	15 419 882		Other interest income	8 940 287	13 677 565
21 396 033	4 862 616	13	Other financial income	0	4 078 956
-16 491 044	-15 859 436		Other interest expenses	-16 484 999	-12 176 741
-3 411 583	-4 305 947	13	Other financial expenses	-9 568 456	-4 072 766
-3 398 693	-5 258 327		Net financial items	151 887 943	9 026 034
-36 187 860	65 481 225		Operating result before tax	140 015 483	-3 062 998
1 181 547	-1 359 422	10	Tax on ordinary result	1 349 738	-441 195
-35 006 313	64 121 803		Result for the year	141 365 221	-3 504 193
-444 265	-764 733	11	Minority interests		
-35 450 578	63 357 070		Consolidated result for the year		
Information regarding:					
			Transferred to retained earnings	11	-18 634 779
			Group contribution	11	160 000 000
			Total disposals		141 365 221
					-3 504 193

Balance sheet as of 31.12. (NOK)

Consolidated				AS Uglands Rederi	
2020	2019			2020	2019
		NOTE	NOTE		
ASSETS					
Fixed assets					
Tangible fixed assets					
1 722 137 748	1 733 206 939	4	Vessels and vessel equipment	0	0
2 557 337	3 169 050	4	Other tangible fixed assets	817 034	657 034
0	67 001 198	4	Newbuildings	0	0
1 724 695 085	1 803 377 187		Total tangible fixed assets	817 034	657 034
Financial fixed assets					
0	0		Investments in subsidiaries	173 354 299	173 354 299
163 286 533	167 200 812	6	Investments/shares in other companies	161 705 303	165 554 646
305 686 341	332 757 228	7	Long-term receivables	784 640 465	698 316 774
468 972 874	499 958 040		Total financial fixed assets	1 119 700 067	1 037 225 719
2 193 667 959	2 303 335 227		Total fixed assets	1 120 517 101	1 037 882 753
Current assets					
Receivables					
130 873 142	96 389 608	7	Other receivables	166 884 844	3 437 941
130 873 142	96 389 608		Total receivables	166 884 844	3 437 941
Bank deposits, cash etc.					
271 354 604	154 370 852	9	Bank deposits	12 793 056	12 214 490
402 227 746	250 760 460		Total current assets	179 677 900	15 652 431
2 595 895 705	2 554 095 687		Total assets	1 300 195 001	1 053 535 184

Consolidated				AS Uglands Rederi	
2020	2019			2020	2019
		NOTE			
EQUITY AND LIABILITIES					
Equity					
Paid-in capital					
2 160 610	2 160 610		Share capital (432 122 shares of NOK 5 each)	2 160 610	2 160 610
686 977	686 977		Other paid-in equity	686 977	686 977
Retained earnings					
1 686 515 450	1 882 008 905		Other equity	566 768 364	585 403 143
8 728 036	8 980 402		Minority interests	0	0
1 698 091 073	1 893 836 894	11	Total equity	569 615 951	588 250 730
Liabilities					
Provisions					
4 464 982	5 811 190	10	Deferred tax liability	819 049	2 168 787
53 145 297	52 438 608	8	Other provisions	0	0
57 610 279	58 249 798		Total provisions	819 049	2 168 787
Other non-current liabilities					
531 710 251	421 974 666	9	Liabilities to financial institutions	531 710 252	421 974 667
531 710 251	421 974 666		Total other non-current liabilities	531 710 252	421 974 667
Current liabilities					
0	414 070	10	Income tax payable	0	0
308 484 102	179 620 259	7	Other current liabilities	198 049 749	41 141 000
308 484 102	180 034 329		Total current liabilities	198 049 749	41 141 000
897 804 632	660 258 793		Total liabilities	730 579 050	465 284 454
2 595 895 705	2 554 095 687		Total equity and liabilities	1 300 195 001	1 053 535 184

Grimstad, 31 December 2020

25 February 2021

Peter D. Knudsen
Deputy ChairmanJørgen Lund
Chairman

Knut N.T. Ugland

Bjørn Bodding

Øystein Beisland
President

Øyvind R. Boye

Cash flow statement (NOK)

Consolidated			AS Uglands Rederi	
2020	2019		2020	2019
		NOTE		
Cash flow from operating activities				
-36 187 860	65 481 225		140 015 456	-3 062 998
13 914 285	5 375 442	6	13 849 370	5 549 041
-919 370	-914 010	10	0	0
-12 112 216	-28 019 399		0	0
0	-480 611		0	-480 611
117 974 488	131 356 567	4	0	0
0	30 835 490	4	0	0
0	-36 612 210	4	0	0
-17 916 984	-453 009		6 480 993	-4 276 454
-24 524 516	-9 754 643		-126 538 154	38 734 506
40 227 827	156 814 841		33 807 665	36 463 484
Cash flow from investing activities				
175 608 178	79 748 314		0	0
0	514 661		0	514 661
-203 046 464	-401 568 899	4	-160 000	0
17 754 894	16 047 180		-120 165 015	-293 013 380
-9 683 392	-305 258 744		-120 325 015	-292 498 719
Cash flow from financing activities				
-30 379 083	-104 417 705		-30 379 083	-34 593 836
167 475 000	325 945 190		167 475 000	325 945 190
-10 000 000	0		-10 000 000	0
-40 000 000	-40 000 000	11	-40 000 000	-40 000 000
-656 600	-659 540		0	0
86 439 317	180 867 945		87 095 917	251 351 354
116 983 752	32 424 043		578 567	-4 683 881
154 370 852	121 946 809		12 214 490	16 898 371
271 354 604	154 370 852		12 793 056	12 214 490

Notes to the accounts

Note 1 - Accounting principles

General

The Annual Report and Accounts has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (Norwegian GAAP).

The Annual Report and Accounts is translated into English for information purposes only.

Consolidation

The consolidated financial statements show the financial position and financial performance of the parent company and its subsidiaries presented as a single economic entity. In the consolidated statements all intercompany transactions and balances have been eliminated.

The consolidated accounts have been prepared in accordance with the same accounting principles for both parent and subsidiaries. Foreign subsidiaries are translated into NOK using the rate of exchange as of 31.12. Translation gain or loss is accounted for as change in consolidated equity.

Operating income/Operating costs

Freight income is recognised at the time of execution, and operating costs are recognised as expenses in the same period as the related income. Costs not related to future income are recorded as expenses as they occur. Allocations for periodical maintenance and classification costs are made over the period up to the actual time of drydocking.

Classification of assets and liabilities

Fixed assets include intangible, tangible and financial assets intended for long-term ownership and use in the business.

Other assets are current assets. Receivables to be paid within a year are always classified as current assets. The same principles are used for the classification of current and long-term liabilities.

Current assets are recognised at the lower of historical cost and net realizable value. Fixed assets are recognised at historical cost, but reduced to net realizable value if and when the reduction is considered permanent.

Foreign exchange

Monetary items in foreign currency are recognised at the rate of exchange as of 31.12.20, which for NOK/USD was 8.55.

As of 31.12.19 the rate of exchange was 8.80.

Fixed assets and depreciation

Fixed assets are valued at acquisition cost

less accumulated depreciation. Fixed assets are depreciated linearly over the estimated economic lifespan, which is 25 years for the bulk carriers, barges and the crane vessel.

Prepaid installments to shipyards for vessels under construction are recognised as fixed assets. Depreciation starts when the newbuild is delivered. Remaining future newbuild installments to shipyards are not recognised as debt on the balance sheet date, but are stated in note 9.

If recoverable amount of the fixed asset is lower than the book value, the asset is written down to recoverable amount. Recoverable amount is the higher of net realizable sales value and value in use. Value in use is the present value of future cash flows that the asset is expected to generate. Previous impairments made are reversed when the recoverable amount is considerably higher than the book value.

Upgrading costs of owned vessels are capitalized and written off over the remaining estimated economic lifespan.

Estimates

When preparing the annual accounts in accordance with Norwegian GAAP, management has used estimates and assumptions that has affected the income statement and the valuation of assets and liabilities, including any contingent assets and liabilities as of the balance-sheet date.

Cash flow

The cash flow statement is prepared under the indirect method.

Shares

Investments in subsidiaries are valued at acquisition cost.

The group and parent company have chosen to make use of the option to recognise investments in associated companies under the equity method. In the accounts of the parent company, the option is also used for associated companies owned through wholly-owned subsidiaries.

Taxes and change in deferred tax

Taxes consist of tax payable on the financial result and changes in deferred tax liability/asset. Deferred tax liability/asset is calculated on temporary differences between values for taxation and those used for financial reporting. Tax-increasing and tax-reducing temporary

differences are netted if they are reversed or reversible in the same period. A net deferred tax asset is only recorded in the balance sheet when utilization is considered probable.

The shipping activity in the Norwegian shipping companies is subject to the Norwegian tonnage tax regime for shipping companies. Under the present regime profits derived from shipping operations are tax exempt on a permanent basis. However, finance income can be taxable according to specific rules. Instead of being subject to ordinary tax on profit, the shipping companies are required to pay a tonnage tax based on the net tonnage of its ship portfolio.

Deferred tax asset related to financial loss carry-forward in shipping companies is not recorded in the balance sheet as there is uncertainty about its future application.

Pension schemes with defined future benefits

Pension costs and pension obligations are estimated and recognised on a straight line basis considering final salary. The calculations are based on a number of criteria such as discount rate, estimated future salary increases, pensions and benefits from National Insurance, future return on pension funds as well as actuarial assumptions related to age of death and voluntary attrition.

Pension funds are recognised at market value and are deducted in net pension obligations in the balance sheet. Adjustments in pension obligations due to pension scheme changes are distributed over anticipated remaining service period. Any adjustments in the obligations and the pension funds caused by changes and deviations in actuarial assumptions (estimate adjustments) are distributed over estimated average remaining service period, provided that the deviations at the beginning of the year exceed 10% of the higher of the maximum gross pension obligations and pension funds.

Contribution pension schemes (Unit Link)

Contributions paid are 3-5 percent of salaries between 0G and 7.1G and 8-15 percent of salaries between 7.1G and 12G. (G=statutory basic amount, currently NOK 101 351).

Operating pension schemes

Liabilities related to operating pension schemes are calculated using the same assumptions as for the defined benefit scheme and are recorded as pension obligations in the balance sheet.

Note 2 - Fleet / Sales revenue per area of activity

	Year built	DWT	Owner	% Share	Employment
Supramax and Ultramax Bulk carriers					
SENORITA	2008	58 663	Ugland Shipping AS	100	Pool
CARMENCITA	2009	58 773	Ugland Shipping AS	100	Pool
ISABELITA	2010	58 080	Ugland Shipping AS	100	Pool
BONITA	2010	58 105	Ugland Shipping AS	100	Pool
KRISTINITA	2011	58 105	Ugland Shipping AS	100	Pool
STAR NORITA	2012	58 097	Ugland Shipping AS	100	Pool
LIVITA	2017	63 532	Ugland Shipping AS	100	Pool
JORITA	2019	63 532	Ugland Shipping AS	100	Pool
SARITA	2019	63 597	Ugland Shipping AS	100	Pool
FERMITA	2020	60 480	Ugland Shipping AS	100	Pool
Barges and crane vessel					
UR 5	1996	9 750	Ugland Shipping AS	100	Pool
UR 7	1999	9 750	Ugland Shipping AS	100	Pool
UR 8	1999	9 750	Ugland Shipping AS	100	Pool
UR 93	2001	9 040	Ugland Shipping AS	100	Pool
UR 95	2001	9 025	Ugland Shipping AS	100	Pool
UR 96	2008	9 025	Ugland Shipping AS	100	Pool
UR 97	2008	9 025	Ugland Shipping AS	100	Pool
UR 98	2011	9 025	Ugland Shipping AS	100	Pool
UR 99	2011	9 025	Ugland Shipping AS	100	Pool
UR 141	1993	14 011	Ugland Shipping AS	100	Pool
UR 171	2011	16 800	Ugland Shipping AS	100	Pool
UR 901	2013	9 019	Ugland Shipping AS	100	Pool
UR 902	2013	9 019	Ugland Shipping AS	100	Pool
UGLEN	1978	2 600	Ugland Shipping AS	100	Pool

Sales revenue per area of activity	Consolidated 2020	Consolidated 2019
Shuttle tanker	72 740 908	140 960 451
Bulk carriers	290 076 187	315 022 868
Barges and crane vessel	33 248 255	49 963 115
Gain on sale of vessels/barges	12 112 216	28 019 399
Invoiced vessel costs/Management fee	491 129 672	362 566 092
	899 307 238	896 531 925

The shuttle tanker operated in the North Sea.

The barges and the crane vessel mainly traded in the North Sea.

Income from the bulk carriers was generated worldwide.

The main part of the Invoiced vessel costs/Management fee refers to ship management in the Canadian subsidiary company where the operating expenses for vessels on management are invoiced the ship owners.

Note 3 - Salaries, number of employees and remuneration

Salaries etc.	Parent Company 2020	Parent Company 2019	Consolidated 2020	Consolidated 2019
Salaries	1 025 000	1 025 000	352 807 506	343 745 370
Employment duty	144 525	144 525	23 228 206	23 122 731
Other salary related costs	0	0	29 062 362	26 963 874
Pension costs	0	0	16 588 490	16 501 976
	1 169 525	1 169 525	421 686 563	410 333 951

(2019 figures in brackets)

Average full time employees - office	76 (75)
Average full time employees - seafarers	637 (700)

The president receives his salary from the subsidiary Ugland Marine Services AS. The president and board members do not have share based remuneration, bonus or severance pay. Pension benefits are accounted for in note 8.

Auditor

Auditor's remuneration (exclusive of VAT) from the parent company was NOK 83 500 (consolidated 720 998). In addition, the auditor received fees related to tax consultancy and accounting advice in the amount of NOK 32 000 (consolidated 152 988) and NOK 60 500 (consolidated NOK 176 000) respectively. In addition NOK 16 500, consolidated, was remunerated for other certifications.

Salaries etc. to the President and Board of Directors	President	Board of Directors
Salaries	2 555 754	1 025 000
Other benefits	21 169	0

Note 4 - Tangible fixed assets - vessels, vessels under construction and barges / Tenancy agreements

	Parent Company		Consolidated	
	Other Assets	Vessels	Other Assets	Total
Cost price 01.01.	657 034	3 016 453 976	11 027 330	3 027 481 306
Additions	160 000	202 585 810	460 653	203 046 464
Disposals	0	-589 008 981	0	-589 008 981
Currency adjustments	0	0	-1 385	-1 385
Cost price 31.12.	817 034	2 630 030 805	11 486 598	2 641 517 403
Acc. depreciation and impairment	0	-907 893 058	-8 929 261	-916 822 320
Book value 31.12.	817 034	1 722 137 747	2 557 337	1 724 695 085
Depreciations 2020	0	117 160 239	814 249	117 974 488

Tenancy agreements

AS Uglands Rederi and its subsidiaries have three long-term office tenancy agreements. Total rent recorded through the year was NOK 5 123 146.

Note 5 - Shares in subsidiaries

	Office	Ownership and voting share	Book Value
Ugland Shipping AS	Grimstad	100%	150 150 000
Ugland Offshore AS	Grimstad	100%	124 029
Ugland Marine Services AS	Grimstad	100%	23 080 270
Total			173 354 299

Note 6 - Shares and ownership interests in other companies

Company	Office location	Ownership share	Book Value 01.01.	Additions/ disposals 2020	Share of result after tax	Book Value 31.12
Associated companies:						
UM Bulk AS	Grimstad	50%	77 217 841	0	-3 702 253	73 515 588
Ugland Supplier AS	Grimstad	50%	88 336 810	10 000 000	-10 147 090	88 189 721
Total parent company			165 554 646	10 000 000	-13 849 343	161 705 303
Associated company:						
11030 Newfoundland Inc.	Canada	45.34%	1 646 160	0	-64 942	1 581 218
Total consolidated			167 200 812	10 000 000	-13 914 285	163 286 533

Associated companies are recognised under the equity method.

Note 7 - Receivables, liabilities and related party transactions

	Parent Company		Consolidated	
	2020	2019	2020	2019
Pension funds	0	0	22 671 129	22 715 121
Receivables associated companies	252 930 213	276 342 107	252 930 213	276 342 107
Receivables subsidiaries	531 710 252	421 974 667	0	0
Other receivables falling due after one year	0	0	30 085 000	33 700 000
Total long-term receivables	784 640 465	698 316 774	305 686 342	332 757 228
Intercompany receivables / liabilities				
Long-term receivables group companies	0	0	23 557 810	33 600 000
Short-term receivables group companies	0	0	18 552 911	2 031 930
Short-term liabilities group companies	0	0	-25 529 152	-19 765 202
Short-term liabilities subsidiaries	-36 862 494	0	0	0
Short-term receivables subsidiaries	0	560 502	0	0
Short-term liabilities parent company	-160 000 000	-40 000 000	-160 000 000	-44 456 202

Related parties - transactions	Parent Company		Consolidated	
	2020	2019	2020	2019
Income				
Ugland Marine Services AS - rental income	133 800	131 400	0	0
Ugland Bulk Transport AS - freight income	0	0	287 424 782	309 135 695
Ugland Construction AS - freight income	0	0	33 248 255	49 963 115
J.J. Ugland Holding AS - administration fee	0	0	2 086 500	2 016 000
Vikkilen Industri AS - administration fee	0	0	1 698 000	1 641 000
J.J. Ugland AS - administration fee	0	0	1 698 000	1 641 000
Ugland Bulk Transport AS - other fees	0	0	19 168 958	18 855 335
Ugland Construction AS - other fees	0	0	9 531 555	9 440 900
AS Nymo - other fees	0	0	2 546 740	2 292 000
Ugland Supplier AS - administration fee	0	0	3 020 088	2 936 268
UM Bulk AS - other fees	0	0	9 578 156	8 845 808
UM Bulk AS - interest income	8 876 705	13 361 987	8 876 705	13 361 987
J.J. Ugland Holding AS - interest income	0	0	257 291	291 201
Ugland Construction AS - interest income	0	0	129 859	70 294
Expenses				
Ugland Marine Services AS - administration fee	-10 500 000	-10 500 000	0	0
Ugland Marine Services AS - interest income	-170 534	-1 240 404	0	0
J.J. Ugland AS - rent	0	0	-3 084 000	-3 030 000
Knut N.T. Ugland - rent	0	0	0	-80 286
Ugland Bulk Transport AS - interest expenses	0	0	-715 326	-673 797

Note 8 - Provisions and pensions

	Consolidated	
	2020	2019
Provisions for maintenance and classification	47 261 329	46 509 283
Pension obligations	5 883 968	5 929 325
Total	53 145 297	52 438 608

The parent company has no employees and therefore no obligations under the compulsory company pension act. Subsidiaries with a staff have a pension scheme which entitles 65 employees to receive defined future pension benefits. Additionally, 81 employees in Norway have joined a contribution pension scheme (Unit Link). The previous defined future pension benefits pension scheme for sea-faring personnel has been replaced with a contribution pension scheme. The previous defined future pension benefits pension scheme is considered discontinued at the end of 2019. All pension schemes are covered through an insurance company and comply with the regulations set forth in the pension act. As from now, pension schemes with defined future benefits are closed and future shore based employees will join the contribution pension scheme (Unit Link). One subsidiary company also has an operating pension scheme agreement.

In addition, a contribution pension scheme (Unit Link) has been entered into for 165 Canadian employees.

Note 8 - Provisions and pensions (continued)

	Consolidated	
	2020	2019
Service costs	2 252 178	3 121 260
Interest cost on pension obligations	2 646 330	3 746 697
Expected return on pension funds	-5 380 041	-5 971 776
Amortisation of actuarial gain/loss	4 885 479	3 408 561
Pension scheme change	0	483 535
Administration costs	834 165	1 010 051
Payment to contribution pension scheme	10 459 256	9 437 646
Social security tax	891 122	1 266 004
Net pension costs	16 588 489	16 501 977

	2020	2019
Pension obligations operating pension schemes		
Projected pension obligation as of 31.12.	-6 043 098	-6 131 791
Unrecognised actuarial gain/loss	886 245	935 188
Social security tax	-727 116	-732 721
Recognised gross pension obligation	-5 883 968	-5 929 324

	2020	2019
Accrued pension obligations as of 31.12.	-153 949 381	-144 735 579
Pension scheme assets as of 31.12.	131 851 473	128 986 345
Unrecognised actuarial gain/loss	44 769 037	38 464 355
Net pension fund as of 31.12.	22 671 129	22 715 121

Net pension funds are included under long-term receivables in the balance sheet.

Actuarial assumptions	2020	2019
Discount rate	1.5%	1.8%
Assumed return on pension funds	3.0%	4.2%
“ salary increase	2.00%	2.25%
“ statutory basic amount increase (cf note 1)	1.75%	2.00%
“ pension benefit increase	1.2%	1.2%

Estimated voluntary attrition before retirement age is 0-8% for employees under 50 years and zero after 50 years. The actuarial assumptions are based on demographic factors normally used within the insurance industry.

Note 9 - Mortgage liabilities/Guarantees/Pledged assets

Liabilities secured by mortgage	Consolidated
Liabilities to financial institutions	531 710 251
Book value of pledged assets	874 602 437

Future income and insurances related to mortgaged assets are pledged as security for liabilities to financial institutions. NOK 298 770 255 of the group long-term liabilities to financial institutions fall due after 31.12.2025.

The company's loan agreements includes minimum value clause, minimum liquidity and minimum equity requirements. Debt to financial institutions are denominated in USD, with interest rate being the sum of a fixed margin and USD LIBOR 6M.

	Consolidated				
	2021	2022	2023	2024	2025
Debt due	36 214 004	112 023 998	28 233 998	28 233 998	28 233 998

Restricted consolidated bank deposits as of 31.12.2020 amounted to NOK 3 942 087.

Note 10 - Taxes

	Parent Company		Consolidated	
	2020	2019	2020	2019
Current year's tax expense				
Tax payable	0	0	164 661	683 443
Change deferred tax	-1 349 738	441 195	-1 346 208	675 979
Income tax expense	-1 349 738	441 195	-1 181 547	1 359 422
Tax payable as of 31.12.				
Recognised tax payable	0	0	164 661	683 443
Prepaid tax Canada	0	0	-164 661	-269 373
Tax payable as of 31.12.	0	0	0	414 070
Reconciliation of effective rate and applicable corporate tax rate				
Result for the year before tax	140 149 930	-3 062 998	-34 889 939	65 481 225
Expected income tax, nominal tax rate	30 832 985	-673 860	-7 675 787	14 405 869
Tax effect of the following items				
Non-deductible expenses/non-taxable income	-33 630 817	610 321	6 459 719	-13 493 189
Withholding tax paid	0	0	34 519	32 674
Group contributions	1 448 094	504 733	0	0
Tax on financial result shipping company	0	0	0	414 070
Tax expense	-1 349 738	441 195	-1 181 547	1 359 422

Specification of change in deferred tax:	Parent Company		Consolidated	
	2020	2019	2020	2019
Deferred tax 01.01.	2 168 787	1 727 592	5 811 190	5 135 211
Change recognised in income statement	-1 349 738	441 195	-1 346 208	675 979
Deferred tax/tax asset 31.12.	819 049	2 168 787	4 464 982	5 811 190

Specification of tax asset/liability effect of temporary differences	Parent Company		Consolidated			
	2020	2019	2020		2019	
	Tax Liabilities	Tax Liabilities	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
Tangible fixed assets	0	0	57 239	0	0	100 477
Pension obligations / funds	0	0	0	16 787 161	0	16 785 796
Unrealised currency gain/loss	21 694 259	34 112 799	0	21 694 259	0	34 112 799
Tax loss carry-forward	-17 971 308	-24 254 675	18 128 819	0	24 584 581	0
Total 31.12	3 722 951	9 858 124	18 186 058	38 481 420	24 584 581	50 999 072
Net deferred tax asset/liability (22%)	819 049	2 168 787		4 464 982		5 811 190

Under the Norwegian tonnage tax regime for shipping companies, tax is paid on finance income and high equity ratio according to special rules and defined limits. Instead of ordinary tax on income earned, the company pays a tonnage tax which is recorded as an ordinary operating expense. The tonnage tax of NOK 1 250 823 (2019: NOK 1 305 076) is recognised in the consolidated accounts and classified as an ordinary operating expense.

Note 11 - Equity

	Share Capital	Other Paid-in Equity	Other Equity	Minority Interests	Total
Parent Company					
Equity 31.12.19	2 160 610	686 977	585 403 143	0	588 250 730
Result for the year	0	0	141 365 221	0	141 365 221
Group contribution	0	0	-160 000 000	0	-160 000 000
Equity 31.12.20	2 160 610	686 977	566 768 364	0	569 615 951
Consolidated					
Equity 31.12.19	2 160 610	686 977	1 882 008 905	8 980 402	1 893 836 894
Result for the year	0	0	-35 450 578	444 265	-35 006 313
Group contribution/dividend	0	0	-160 000 000	-656 600	-160 656 600
Currency adjustments	0	0	-42 877	-40 031	-82 908
Equity 31.12.20	2 160 610	686 977	1 686 515 450	8 728 036	1 698 091 073

AS Uglands Rederi's shareholders

The share capital consists of 432 122 shares with a total nominal value of NOK 2 160 610. All shares have equal rights.

Shares owned directly and indirectly:

J.J. Ugland Holding AS	389 961 shares
Knut N.T. Ugland	42 161 shares
Total	<u>432 122 shares</u>

J.J. Ugland Holding AS owns 90.24% of the shares in AS Uglands Rederi and prepares its own consolidated accounts.

Note 12 - Financial market risks / Financial instruments

AS Uglands Rederi and its subsidiaries are only to a limited extent exposed to fluctuations in exchange rates since the debt, operating income and most of the expenses are in USD. In the second-hand market the bulk vessels are valued in USD.

In order to secure future USD exchanges against NOK, the subsidiary Ugland Shipping AS has entered into currency option agreements and forward contracts amounting to USD 17 000 000 in total, in the period up to 2023. The market value of these contracts is NOK 10 408 178 as per 31.12.2020. This effect has not been recorded in the balance sheet at year end.

Note 13 - Other financial items

	Parent Company		Consolidated	
	2020	2019	2020	2019
Currency loss (disagio)	-6 314 359	0	0	0
Other financial items	-3 254 097	-4 072 766	-3 411 583	-4 305 947
Other financial expenses	-9 568 456	-4 072 766	-3 411 583	-4 305 947
Currency gain (agio)	0	3 598 345	21 375 009	4 360 686
Other financial items	0	480 611	21 024	501 930
Other financial income	0	4 078 956	21 396 033	4 862 616



RSM Norge AS

To the General Meeting of AS Uglands Rederi

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Independent Auditor's Report

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AS Uglands Rederi showing a profit of NOK 141 365 221 in the financial statements of the parent company and a loss of NOK 35 006 313 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company AS Uglands Rederi (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of AS Uglands Rederi and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/ is a member of Den norske Revisorforening.

continued



Independent Auditor's Report 2020 for AS Uglands Rederi

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Arendal, 16 March 2021
RSM Norge AS

Johan Bringsverd
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Operated Fleet as of May 2021

Supramax and Ultramax Bulk Carriers		
Vessel Name	DW tonnes	Year built
MV BELITA	60 479	2017
MV BONITA	58 105	2010
MV CARMENCITA	58 773	2009
MV ELLENITA	57 501	2015
MV FERMITA	60 480	2020
MV ISABELITA	58 080	2010
MV JORITA	63 532	2019
MV KRISTINITA	58 105	2011
MV LIVITA	63 532	2017
MV LUNITA	57 572	2014
MV OLITA	60 495	2017
MV SARITA	63 597	2019
MV SENORITA	58 663	2008
MV STAR NORITA	58 097	2012
MV UMIAK 1 *)	31 992	2006
15 Vessels	869 003	

Tankers		
Vessel Name	DW tonnes	Year built
MT HEATHER KNUTSEN *)	148 644	2005
MT JASMINE KNUTSEN *)	148 706	2005
NORTH ATLANTIC KAIROS *)	3 569	2008
CL AQUARIUS *)	3 569	2007
5 Vessels	304 488	

PSV			
Vessel Name	Deck Area	DW tonnes	Year built
MV EVITA II **)	1 005 m ²	5 433	2012
MV JUANITA	1 016 m ²	5 456	2014
2 Vessels		10 889	

Tugs / Cargo and passenger ferry		
Vessel Name	DW tonnes	Year built
PLACENTIA PRIDE *)	N/A	1998
PLACENTIA HOPE *)	N/A	1998
NORTHERN RANGER *)	662	1986
3 Vessels	662	

*) Managed by Canship Uglund Ltd. **) Managed by Vestland Management AS

Operated Fleet as of May 2021 continued

HLV & Barges		
Vessel Name	DW tonnes	Year built
HLV UGLEN 800 t crane	2 600	1978
Barge UR 7	9 750	1999
Barge UR 8	9 750	1999
Barge UR 93	9 040	2001
Barge UR 95	9 025	2001
Barge UR 96	9 025	2008
Barge UR 97	9 025	2008
Barge UR 98	9 025	2011
Barge UR 99	9 025	2011
Barge UR 141	14 011	1993
Barge UR 171	16 800	2011
Barge UR 901	9 019	2013
Barge UR 902	9 019	2013
13 Units	125 114	
Total Operated Fleet	37 units	1 310 156 dwt

THE MAIN PRIORITIES FOR OUR TEAM OF PROFESSIONALS ARE TO ENSURE THE SAFETY AND SECURITY OF LIFE, THE ENVIRONMENT, VESSEL AND CARGO. IN ADDITION, EMPHASIS IS PLACED ON LONG-TERM RELATIONSHIPS, SOLIDITY AND STRONG LIQUIDITY

Covid-19 pandemic greatly impacting life onboard the vessels and crew changes



New crew members joining MV Kristinita in Batan, Indonesia

We are presently more than a year into this worldwide pandemic, and we have all felt the impact and consequences of strict regulations and restrictions. Still, it is without doubt our Filipino seafarers on our bulk carriers operating world-wide that have taken the worst “hit”, dealing with quarantine, testing and not to mention extended contract periods.

From Day 1 of the government regulated lockdown in the Philippines due to the COVID-19 pandemic, our crewing manager Philippine Transmarine Carriers (PTC) and Umland have remained dedicated to the seafarers, introducing new ways of delivering services to address the challenges of the “new normal”.

Through this commitment, we successfully conducted some 35 crew changes across various Umland vessels from May to December of 2020, despite difficulties with constantly changing COVID-19 regulations.

Coordinating efforts between Umland and PTC, while working closely with the Philippine government’s Inter Agency Task Force on Emerging Infectious Diseases, we were able to repatriate over 250 crewmembers - safely reuniting them with their families.

On 10 occasions the crew changes for our bulk carriers have taken place in Manila Bay in the Philippines. Our vessels, after consultation with charterer, have then made a deviation to allow crew change locally. This in response to difficulties encountered in performing crew change in many harbours around the world due to restrictions imposed by local authorities as well as reduced air travel connections.

The repatriated seafarers underwent mandatory inspection supervised by the Bureau of Quarantine in the Philippines and were given health checks by PTC’s partner Health Metrics Inc. They were then

brought to their Department of Health and Bureau of Quarantine approved accommodations where they spent their quarantine period under the medical supervision of Health Metrics and followed a productivity and wellness program prepared by PTC.

Crew in line-up for going onboard are required to undergo 10 days of isolated hotel quarantine and testing prior to departure day. This is facilitated by and in cooperation with the Norwegian Shipowners Association through the Norwegian Training Center in Manila. We also have a close cooperation with travel agents. There are currently significantly fewer flights available than before and a strict test regime, and therefore a need to plan accordingly.

Attending to inquiries from seafarers and their families, PTC have the “Family and Crew Relations” team available through dedicated phone hotline. “Life Skills Semi-

nars” were also conducted online to reach out to seafarers and their families.

As a tribute to our seafarers and their onboard welfare, Ugland has contributed with extra grants for purchase of additional food for Christmas and Easter.

Ugland collaborates with the Norwegian Shipowners Association and its other members in a private purchasing agreement with a COVID-19 vaccine supplier. We expect this vaccine to be available for our seafarers from early August 2021, subject to regulatory and government approval.

The present situation is very much like a long-distance race. We are all tired of COVID-19 with all its impact. Despite all adversity our seafarers – both from the Philippines, Canada, Norway, Sweden and also some from other nations - carry on and show strength and bravery. We thank all our seafarers!



MT Vinland sold for green recycling



The shuttletanker Vinland was built in South Korea and delivered in August 2000. Vinland was 271.8 m long and with a breadth of 46 m and could carry 850 000 barrels of crude oil. The dead weight was 125 827 tonnes. She was a state of the art – “DP 2” – shuttle tanker. The design was especially adapted for the harsh winter conditions on Canada’s East Coast.

After delivery she sailed to Canada where she started a 10-year charter party to serve the oil fields on the Grand Banks off Newfoundland. The charter party was with a group

of seven oil companies. During these 10 years Vinland transported a large number of cargoes of crude oil ashore from the oil installations on the Grand Banks and became a familiar sight for many Newfoundlanders.

In 2010 the charter party in Canada expired and a new charter party was entered into with Petrobras in Brazil. Again, she transported crude oil ashore – this time from installations off the Brazilian coast. The weather was quite different and so were the ports of call, but the tasks of the crew and of the

ship were essentially the same. Also here Vinland had a long and successful assignment for her charterer. The charter party with Petrobras was extended until it reached seven years.

In 2017 Vinland for the first time sailed into Norwegian waters starting a charter party for Equinor. Under this charter party she served installations in the North Sea. Also in the North Sea Vinland had a successful assignment for her charterer. The charter party was extended until it reached three years.



During the summer of 2020 Vinland was about to be 20 years old. The classification society allowed further operations and from a technical perspective Vinland could have been utilized for several more years. But from a commercial perspective she was now coming close to the end of her operations. It is difficult to employ a shuttle tanker that is older than 20 years and the 20-year class would have been a significant investment. With this in mind the decision was made to sell the vessel for "green" recycling.

The JJ Uglund Companies have not sold a vessel for recycling in very many years, and there were various issues to be concerned about. It was important to be sure that the ship was recycled according to sound ESG-principles and Norwegian law. Since the ship was Norwegian-flagged the EU/EEA (European Economic Area) rules for recycling of ships applied. And Vinland should not be resold to another buyer unknown to Uglund. To help advise the company a ship broker, legal experts as well as consultants specializing in overseeing recycling of ships were retained. Bids as well as information about process and qualifications were solicited from a selected group of recycling yards approved by the EU. In the end Vinland was sold to Leyal Demtas Ship Recycling Yard in Turkey. This is a



yard approved by the EU and is a yard committed to green recycling. Vinland made her last journey from the North Sea to Turkey and was delivered there on 15 July 2020.

Shortly afterwards the process of cutting steel and sorting the various materials started. Vinland had a light weight of 27 000 tonnes so there was large amount of steel to be cut and recycled. A contract had been made with Grieg Green who would supervise the process through supervisors attending locally. Every week Uglund got reports and photos. The photos showed a large ship being dismantled piece by piece in a good ESG-environment.

The last part of this process was completed in February 2021. In the office in Grimstad both employees and the board had been following this process through looking at the pictures. In one way it was a sad moment seeing the last part of what had been the ship ready to be transported away. In another way it was also a proud moment knowing that the large quantity of steel had now been recycled for other useful purposes with nobody being hurt in the dismantling process. And that the Vinland had been an important and good workplace for 20 years - during these years transporting large quantities of crude oil from offshore to refineries and terminals in three parts of the world.



Corporate Social Responsibility

Global Compact - Communicating on Progress

AS Uglands Rederi has traditionally had and has a strong focus on sustainable business practice. Safety has always been the number one priority, but other key elements such as environmental and social impact as a consequence of conducting our business receive increased focus. Knowing that company activities affect society in many ways, and that the company is affected by its surroundings, it is important for AS Uglands Rederi to contribute to creating and maintaining a

positive and sustainable shipping environment.

As a consequence of the above, AS Uglands Rederi joined the UN Global Compact during 2012. The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. This has

been integrated, as part of the AS Uglands Rederi company policy, and the corporate culture.

As a member of this initiative an annual "Communication on Progress" is required, and has been submitted, which is available on the Global Compact website. This is a public disclosure to stakeholders on progress made in implementing the ten principles.

The UN Global Compact ten principles

HUMAN RIGHTS		(GRI Reference)
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	G4-HR 3, 5
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	G4-HR 3, 5
LABOUR STANDARDS		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	G4-10, 11, G4-LA 1,
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour;	G4-HR 3, 4
Principle 5	Businesses should uphold the effective abolition of child labour;	G4-HR 3, 4
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	G4-10, 11 G4-LA 1, G4-HR 3
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility; and	G4-EN-3, 6, 8, 15*, 19*, 21*, 23, 24
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	G4-SO 3

* Partly reported ** Note, GRI reference above are standard disclosures and core elements only



Implementation of the UN Global Compact ten principles 2020

The most important corporate social engagement is to provide a safe, sustainable and long term business and work environment for the employees, business partners and the local community. AS Uglands Rederi (UR) supports several initiatives in various communities, believing that social engagement in communities where business is conducted, contributes to creating shared value for both the company and society as a whole. UR is engaged in different social activities both in Norway and in the Philippines, seeking to continually renew and improve its approach to the local community.

In accordance with ISO standards, efforts to ensure continuous improvement in safety and environmental performance remain points of focus. Reducing energy consumption, thereby reducing emissions, and seeking environmentally friendly technologies are important, both for the company and its stakeholders.

Examples of focus areas and programs 2020 (cont. 2019):

- Reduction of garbage volume to shore through use of garbage compactor

- Increase sludge delivery to shore facilities; reduced incineration
- Participate in client fuel reduction incentive program
- Optimization of battery hybrid unit on one of the PSV's
- Optimization of shore power connection and time for one of the PSV's and the HLV
- Increased recycling of office plastic waste
- Continuous focus on reducing paper usage, office building upgrades, facilitate EL bicycle and car charging
- IMO 2020 Low Sulphur fuel transition/consequence for vessels and disconnect office oil furnace

During the past years, as part of the company's fleet renewal program, 4 new-builds eco design supramax bulk carriers (MV Livita, MV Olita, MV Belita, MV Jorita) have been delivered and are in operation. In addition, we had one ultramax bulk carrier (MV Sarita) delivered in November 2019 and another one (MV Fermita) delivered in June 2020.

UR supports and respects the protec-

tion of internationally proclaimed human rights, and as a consequence, the Supplier Declaration process remains in use (a questionnaire to suppliers related to Quality, Environment, Social Responsibility, Transparency and Health & Safety). The supplier declaration provides guidance when choosing suppliers identifying those that support a precautionary approach to environmental and social challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. UR through policy and procedures strives not to contribute to any kind of forced labour, child labour and discrimination in respect of employment, occupation, gender, age and culture.

UR procedures and guidelines related to averting corruption through gifts and other more specific office related subjects remain a focus point especially onboard the vessels.

UR continues to collaborate with NSA in combating corruption on specific cases as they arise.

MV Sarita - Safety Award Winner 2020

“Safety is given the highest priority on board all our vessels”



PRIZE CRITERIA:

1. Zero reported personnel injuries
2. Most reported Near Accidents related to personnel
3. Port State Control results
4. General operational performance

MV SARITA'S RESULTS:

Reported accidents (crew)	0
Reported near accidents (crew)	10
Port State Control	2 PSC / 0 deficiencies
Operational performance	Good



Congratulations to all on board MV Sarita!

The J.J. Ugland Companies

www.jjuc.no

AS UGLANDS REDERI
UGLAND MARINE SERVICES AS
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UGLAND BULK TRANSPORT AS
UGLAND OFFSHORE AS
UGLAND SHIPPING AS
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