

# Annual Report 2023



**AS Uglands Rederi**



The J.J. Ugland  
Companies



## Table of contents

Message from the Owner	4
Company presentation	6
The Board of Directors' report	7
Income statement	16
Balance sheet	17
Cash flow	19
Notes	20
Auditor's report	34
Fleet as of May 2024	36
Business partners since 1930	37
Corporate social responsibility	39
Contact information	41

Front page photo: MV Sarita, view from midship starboard side.

**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 Owner

In my message last year, I was happy to confirm that the handover process from the previous chairman, Jørgen Lund, had worked as intended. New internal roles are now established. The J.J. Ugland Holding group board consists of myself as chairman together with Jørgen Lund and Øystein Beisland (CEO) as board members. We have also empowered the top management with more authority and the executive committee consists of the board members together with Halvor Ribe (CFO), Arnt Olaf Knutsen (COO) and Øyvind Boye (MD Nymo). We hope that these changes will make us more agile, efficient, and precise in our decision-making going forward.

At present, the world is not in a good place. The war in Ukraine continues. Israel was attacked by Hamas and is vengeful to a new and unforgiving extent. Terrorists are attacking the merchant fleet in the Red Sea. Tension between the world's super-powers is worrying, and Trump is lurking in the ornamental bushes of the White House. This is the backdrop we are dealing with every day, and we should not take anything for granted. Fortunately, our experienced staff, men and women, both onshore and offshore, have steered us safely through 2023.

The expected correlation between the time charter market and the prices for ships was not present in 2023. Even though the rates softened quite a lot

compared to the previous year, the second-hand and newbuilding prices kept strong. We took advantage of the profitable second-hand market and offloaded older supramaxes, and at the same time we managed to sign two TESS66 newbuildings at competitive terms. We will continue to monitor closely what will be the new and desired technologies, but we strongly believe that modern conventional Japanese tonnage will be popular amongst charterers for many years to come.

The offshore market really spiked in 2023, and we secured strong rates for our two PSVs. Evita is unfortunately on her last journey under our command and will be delivered to her new owners after the present time charter in Mexico. That said, we are very optimistic about the prospects in the offshore market and believe the fundamentals are healthy. New and modern tonnage will be required in the years to come, and we are constantly considering new possibilities in the PSV segment.

Our heavy lift crane vessel, Uglen, has delivered another solid year and she is, even at her age, still sailing strong. Together with the barge fleet we look at the coming years with enthusiasm. The positive trends in rates and inquiries give us hope that this segment is finally facing an upcycle.

Ugland Kapital has also contributed with strong returns

and has grown further in size. This company is mainly a financial investor, but we are also looking at taking a more active role as an industrial investor aiming to help build companies and hopefully add synergies to our group.

The Ugland Farm finally completed the building process of the new and top modern barn for dairy cows. Both animals and employees are very happy with the move from the old barn. We believe that the future for farming in Norway is bright, as the world is in turmoil and the focus on being self-sufficient is stronger than ever.

Finally, I would like to thank all our great colleagues, both onshore and offshore, for their contributions in 2023. We have managed to deliver one of the best financial years in the history of The J.J. Ugland Companies. We are in a very sound state and can meet the future with confidence.

Knut N. T. Ugland  
Owner & Chairman



FROM THE COMPANY'S HEADQUARTERS IN GRIMSTAD,  
NORWAY, AS UGLANDS REDERI AND ITS SUBSIDIARIES  
PROVIDE WORLDWIDE SHIPPING SERVICES.

## The J.J. Ugland Companies - Group Board and Executive Committee:



Knut N.T. Ugland  
Owner & Chairman



Øystein Beisland  
Chief Executive Officer /  
Deputy Chairman



Jørgen Lund  
Board Member



Arnt Olaf Knutsen  
Chief Operating Officer



Halvor Ribe  
Chief Financial Officer



Øyvind Riiber Boye  
Managing Director Nymo

### The J.J. Ugland Companies presently incorporate:

- 33 owned or operated units totalling about 1.2 million deadweight tonnes.
- Of this, 11 supramax and ultramax bulk carriers, 11 sea-going barges, two platform service vessels (PSVs) and one heavy lift, self-propelled crane vessel, totalling 0.8 million deadweight tonnes, are wholly or partly owned by the group. In addition, two ultramax bulk carrier newbuildings will be delivered in 2026 and 2027.
- Furthermore, our Canadian subsidiary has agreements with other owners for the management, operation and manning of two advanced tankers equipped for offshore bow loading, two tugboats, one icebreaking special bulk carrier, one product tanker and one cargo and passenger ferry.
- A commercial pool for our 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 our 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. Nymo is also focusing on the green transition and has together with partners established a company developing technology for floating offshore wind turbines.
- Ugland Kapital AS, a sizeable financial investment company mainly investing in various funds.
- A fully integrated and professionally managed organisation in Norway and in St. John's, Canada.

## AS Uglands Rederi Board of Directors' report

### Introduction

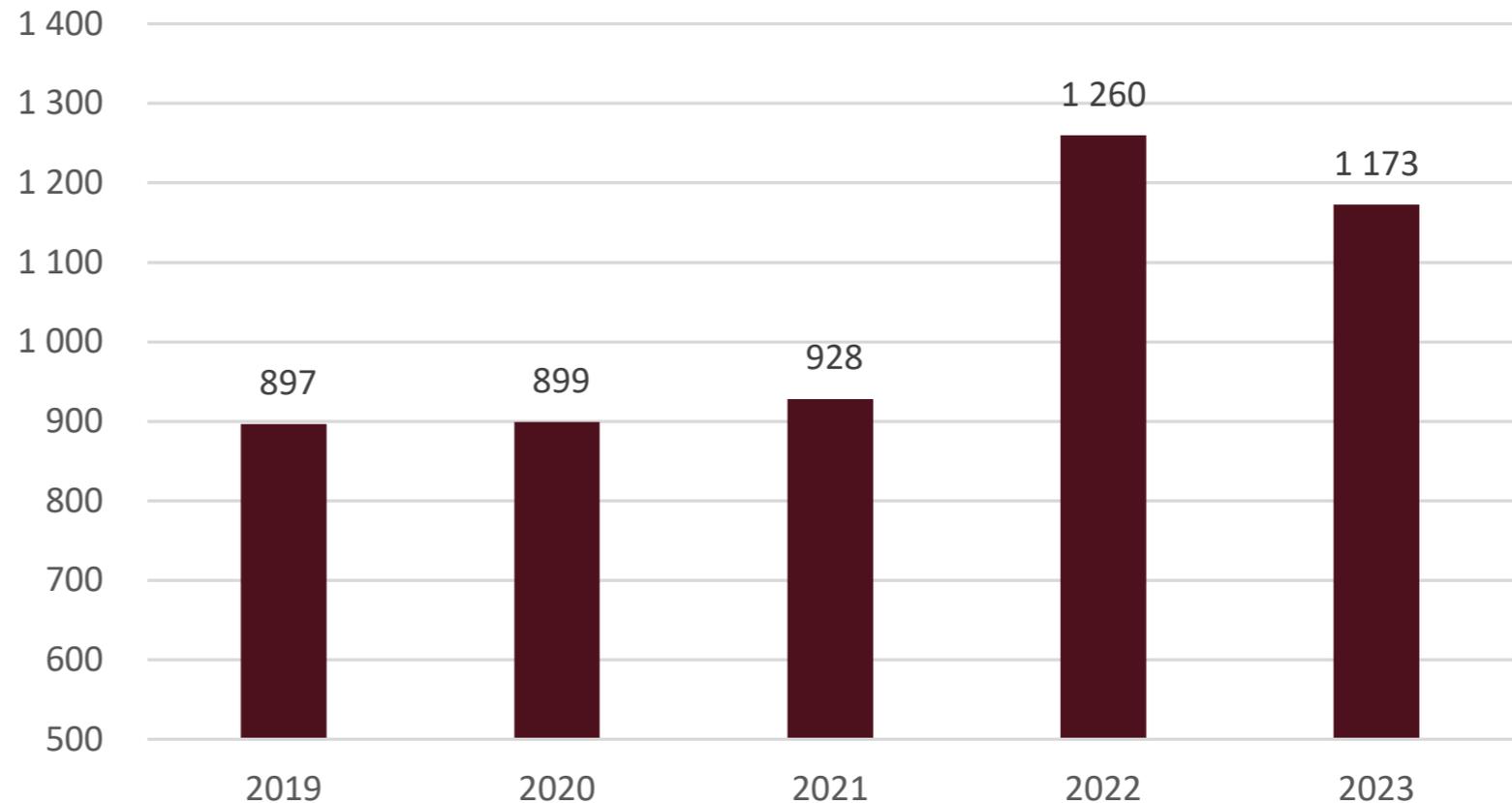
From its headquarters in Grimstad, Norway, the family owned AS Uglands Rederi and its subsidiaries provide worldwide shipping services. At the end of 2023, the company's fleet comprised 33 owned or operated units with an aggregate tonnage of 1.2 million deadweight tonnes. Of this, 12 supramax and ultramax bulk carriers, 11 sea-going barges, two platform service vessels (PSVs) and one heavy lift, self-propelled crane vessel, totalling 0.8 million deadweight tonnes, were wholly or partly owned by the group. In addition, the company has two new ultramax bulk carriers on order to be delivered in 2026 and 2027. The vessels in which the group has more than 50% ownership are specified in note 2. Furthermore, our Canadian subsidiary has agreements with other owners for the management, operation and manning of two advanced tankers equipped for offshore bow loading, two tugboats, one icebreaking special bulk carrier, one product tanker and one cargo and passenger ferry.

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 in a long-term perspective. This involves focus on stable income streams, safety, the environment, and quality-assurance of operations.

### Earnings, finance and risk

The 2023 financial statements have been prepared based on the going concern assumption.

### Operating income (NOK million)

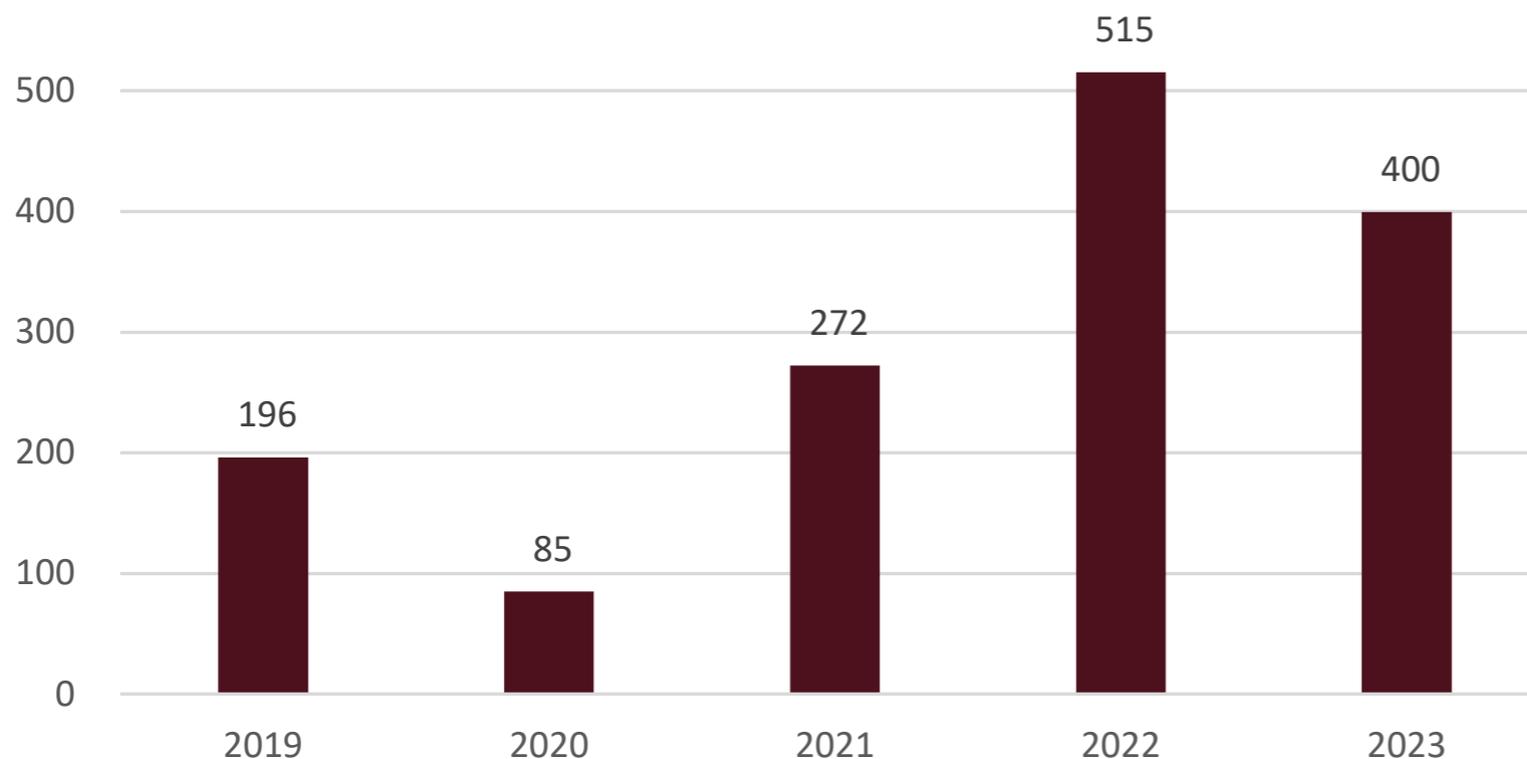


The figures stated below include both the parent company and its subsidiaries. The 2022 figures are indicated in parenthesis.

In 2023, the company posted operating income of NOK 1 173 million (NOK 1 260 million), which includes gain on sale of two bulk carriers and one barge of NOK 159 million. Operating

expenses totalled NOK 865 million (851). The operating result before depreciation and impairments (EBITDA) came in at NOK 400 million (515), while the operating result (EBIT) closed on NOK 308 million (409). Total depreciation and amortisation recognised in the financial statements amounted to NOK 92 million (106). In light of developments

## EBITDA - Operating results before depreciation (NOK million)



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. The market value is considered higher than the book value for the vessels and barges owned by the group. Net financial items amounted to NOK 18 million (-25).

The company's share of the results of the companies UM Bulk AS, Uglan Supramax AS and Uglan Supplier AS, which have investments in respectively bulk carriers and PSVs, are recognised under net financial items. The result for the year before tax and minority interests came in at NOK 326 million (384). After reversed tax expenses of NOK 2 million and

minority interests of NOK 0 million, the consolidated result for the year closed on NOK 328 million.

By the end of 2023, the group had 4 wholly owned supramax bulk carriers and 4 wholly owned ultramax bulk carriers. The earnings of the bulk vessels are affected by market fluctuations. At the beginning of 2023, the market was in a downward trend. During the first quarter, the market flattened out and remained relatively stable throughout the year. The overall spot rates for the year were significantly lower than for 2022. This development can be explained by less delays in the ports in 2023 causing fewer vessels to be tied up waiting and thus increasing the amount of vessel capacity. Measured in USD, the values of the bulk vessels remained relatively stable.

The USD exchange rate increased significantly against NOK in the first half of 2023. Thereafter, the USD fell for a period before rising again. Towards the end of the year, the exchange rate fell but was still stronger at the end of 2023 than at the beginning of the year.

In February 2023, the bulk carrier Bonita was sold and delivered to its new owner. The sale resulted in a gain of NOK 60 million.

In June 2023, the bulk carrier Carmencita was sold and delivered to Uglan Supramax AS as its new owner. The sale resulted in a gain of NOK 83 million. Uglan Supramax AS is a newly established company where AS Uglands Rederi owns 25% and the rest is owned by other investors.

HLV Uglen during Petrojarl Knarr swivel liftout. ▶

In June 2023, the barge UR 95 was sold and delivered to its new owner. The sale resulted in a gain of NOK 16 million.

In September 2023, a contract for two newbuildings was signed with a Japanese shipyard. The vessels are ultramax bulk carriers of 66 000 deadweight tonnes to be delivered in 2026 and 2027.

In December 2023, the ultramax bulk carrier Lunita was acquired by the wholly owned company Ugland Bulk Shipping AS. The sale resulted in a gain of USD 5.1 million to the seller, UM Bulk AS.

A mortgage loan financing two bulk carriers was prepaid in June 2023. During 2023 a total of NOK 522 million were used for amortisation of loans and investments in vessels and other property, plant and equipment.

UM Bulk AS is jointly and equally owned by AS Uglands Rederi and a foreign co-investor. UM Bulk AS now owns one supramax and two ultramax bulk carriers.

Ugland Supplier AS, which is jointly and equally owned by Ugland Offshore AS and a Norwegian co-investor, owns two platform service vessels (PSVs).

Results from the two associates and the results from Ugland Supramax AS are recognised under other financial items in the financial statements of AS Uglands Rederi.

In 2021 and 2022, the subsidiary company Ugland Shipping AS had a dialogue with the Norwegian Tax Administration on





◀ UR 171 loaded with 2 300 tonnes topside in Sevilla, Spain.

the principle of taxation of its activities. The Norwegian Tax Administration raised questions about whether the activities in 2018, 2019 and 2020 should have been ordinarily taxed rather than taxed under the Norwegian tonnage tax regime. In August 2022, the company received a decision from the Norwegian Tax Administration that the company had to submit tax returns in accordance with the ordinary taxation rules for these years. As a result of this decision, it was for the group calculated a deferred tax liability of NOK 77 million, expensed in the 2022 financial statements. The company disagrees with the decision and has appealed to the Tax Appeals Board.

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 of 31.12.2023 was 2.3. At short notice, the company can also access a loan under an unused credit facility. As of 31.12.2023, the unused credit facility amounted to NOK 148 million. Non-current interest-bearing liabilities comprised NOK 274 million of a total consolidated group balance of NOK 2 569 million.

At NOK 1 958 million, recognised equity constitutes 76% of total assets.

The parent company AS Uglands Rederi posted a profit for the year of NOK 335 965 027. In 2023, a dividend of NOK 250 000 000 from the subsidiary company Ugland Bulk Shipping AS, a combined group contribution of NOK 28 498 from Ugland Marine Management AS and Ugland Offshore AS, and a group contribution of NOK 79 346 065 from Ugland Shipping AS were recorded. Furthermore, a group contribution of NOK 211 641 651 is made to J.J. Ugland Holding AS.



◀ PSV Juanita quayside after docking at Orskov, Denmark.

### Bulk carriers

All wholly owned bulk carriers are commercially operated by Ugland Bulk Transport AS (a throughflow 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 8 pool vessels with an average age of about 8 years. In 2023, pool revenues totalled NOK 595 million. In addition, Ugland Marine Services AS is responsible for technical and commercial management of the bulk carriers Belita, Olita and Ellenita, owned by UM Bulk AS, as well as Carmencita, owned by Ugland Supramax AS.

In 2023, the dry bulk market has been significantly weaker than in 2022. In 2022, the average BSI index for supramax bulk carriers was USD 22 000 per day, compared to USD 11 300 per day in 2023. We took advantage of the good market in 2022 to secure good coverage for 2023. The average income of Ugland Bulk Transport AS in 2023 was USD 17 265 per day. We entered 2024 with a coverage of approximately 50%. A total of four vessels are fixed on index rates, while two vessels are on fixed TC rates until autumn 2024. We are continuously considering additional coverage. The company's long-term objective of achieving a mix of short-term and longer-term charter parties, as well as some vessels on index rates, remains unchanged.

In 2023, the following purchase and sales transactions are made through Ugland Bulk Shipping AS:

Bulk carrier Bonita, built in 2010, was sold and delivered to its new owner in February 2023. Furthermore, in June, the bulk carrier Carmencita, built in 2009, was sold and delivered to its new owner. We own 25% of Ugland Supramax AS, which is the new ownership company. In September 2023, a sales agreement was signed for the bulk carrier Isabelita, built in 2010. Isabelita was delivered to its new owner in February 2024.

The bulk carrier Lunita, built in 2014, was bought and taken over in December 2023. The vessel was bought from UM Bulk AS.

In September 2023, a contract was signed with Tsuneishi Shipbuilding Co., Ltd., for building of two TESS66 bulk carriers to be delivered in 2026 and 2027.

### PSVs

The PSV Juanita is deployed on a new time charter to Equinor until June 2026, with options until June 2028. The financial framework of the new agreement reflects the positive development in the PSV market during the past year.

The PSV Evita II was on time charter to TotalEnergies UK until the summer of 2023. Following a period in the spot market, operating from Aberdeen, the ship was fixed on time charter to Allseas for operation in Mexico. This agreement has a duration until spring/summer 2024.

A memorandum of agreement (MOA) between Ugland Supplier AS and a foreign company has been signed for

Evita II. The vessel is to be delivered to its new owner when the current contract ends in spring/summer 2024.

Vestland Management AS, Austevoll, is responsible for commercial and technical management of Evita II.

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 and crane vessel**

The group's 11 barges and the heavy lift crane vessel, Uglen, are operated in the Ugland Construction AS pool.

The 2023 turnover for the heavy lift crane vessel Uglen was slightly lower than in 2022, due to a large assignment which was postponed to January 2024. The overall number of assignments was satisfactory. In 2023, the crane vessel Uglen performed assignments along the Norwegian coast, in Great Britain, Denmark, the Netherlands and in Finland. HLV Uglen has a lifting capacity of 800 tonnes.

The barges traded along the Norwegian coast, in Skagerrak and the North Sea, to Poland, Spain and Iceland. The main market areas have been projects related to wind turbines and offshore-related projects. In 2023, the barges increased both employment and turnover compared to 2022. However, the overall rate level for the barges has remained low, and the result from the operation of the barge fleet has thus been weak.

The barge UR 95 has operated in the Gulf of Mexico since it

was delivered as a newbuilding in 2001. In June 2023, the barge was sold with a gain. Since then, all our barges are based in Norway.

### **Insurance**

In 2023, insurance for hull and machinery, hull/freight interest, and "Loss of Hire" was renewed until 30 November 2024. The P&I insurance expires on 20 February 2025. War risk insurance is covered by Den Norske Krigsforsikring for Skib. The group has entered into an agreement on directors and officers liability insurance.

The total insurance coverage for the fleet of wholly owned and partly owned vessels is NOK 4.6 billion.

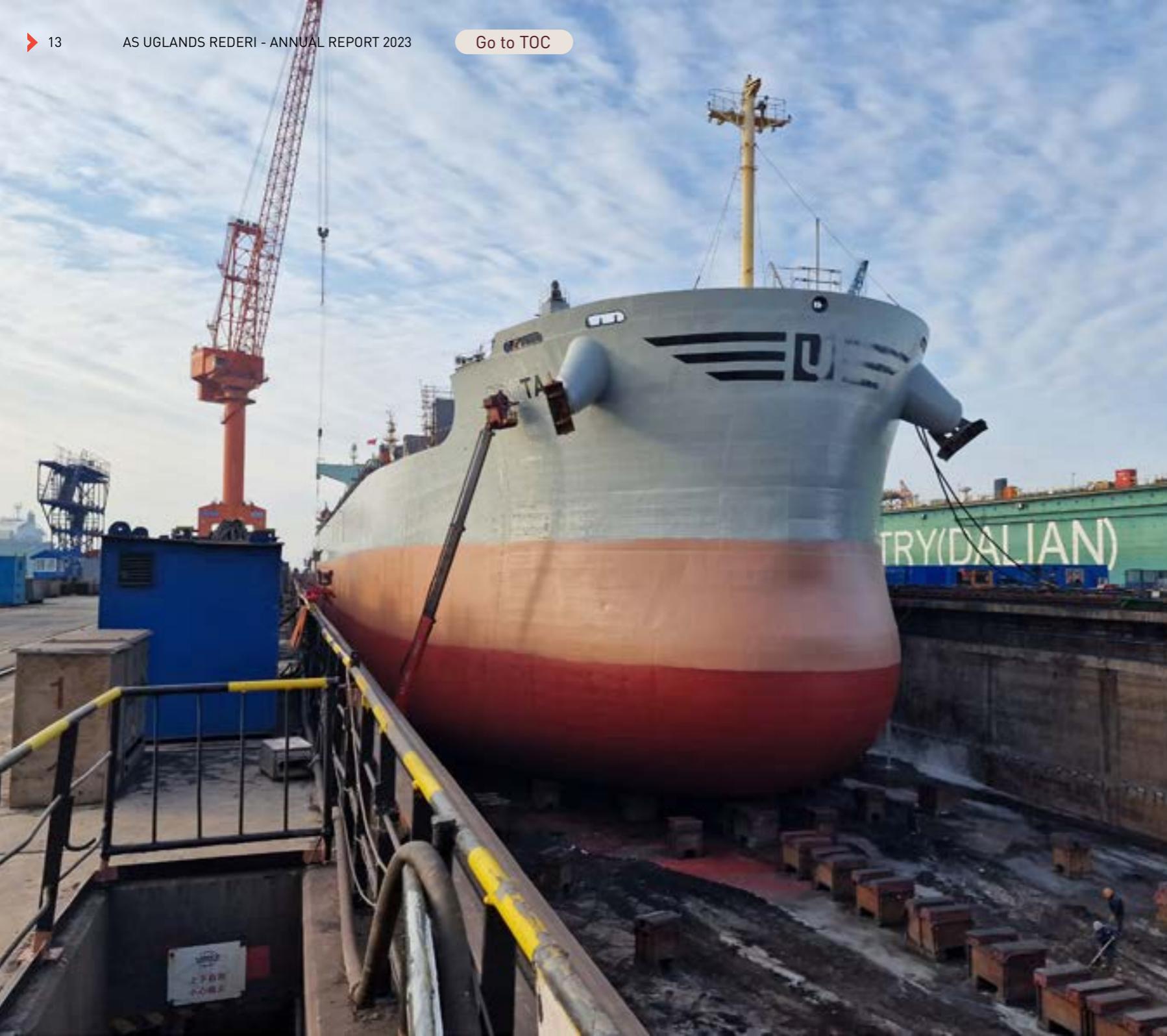
### **Administration, health and environment**

Ugland Marine Services AS is the commercial and technical manager of the bulk carriers, one PSV vessel, 11 barges and the heavy lift crane vessel Uglen.

Ugland Marine Services AS owns 100% of the shares in Ugland Marine Management AS, which is the crewing company for the shipping and offshore activities out of Grimstad and 51% of the shares in Canship Ugland Ltd. in St. John's, Newfoundland, which is the technical, administration and crewing company for the Canadian activities. Canship Ugland Ltd. has management agreements for one icebreaking bulk carrier, one cargo and passenger ferry, one product tanker and two tugboats operating in Canada as well as two shuttle tankers operating internationally.

At the end of 2023, a total of 542 persons were employed in the companies. Office staff included 53 persons employed by Ugland Marine Services AS in Grimstad and Stavanger and 23 persons employed by Canship Ugland Ltd. Around 28% 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 466 sea-faring persons including 255 Filipinos, 157 Canadians, 43 Norwegians, 5 Swedes, 3 Ukrainians and 3 of other nationalities. Crew members' nationalities reflect the trade areas of the vessels, where 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 human rights, labour standards, environment and anti-corruption, both within the company and for the company's subcontractors. As a member of the



◀ Kristinita receiving new coats of low-friction paint following thorough sand blasting of the hull at Cosco Dalian Shipyard, China.

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](http://www.jjuc.no). For information related to the Transparency Act, please refer to the same website.

No vessels were involved in any accidents causing serious damage or injuries, or environmental pollution during 2023. Absence due to illness onboard and onshore amounted to 2.2% and 4.6% respectively. We accord safeguarding of lives, health and the environment the highest priority and continually strive to further reduce the risk of accidents and pollution. Two LTIs ("Lost-Time-Injury") were reported in 2023, which is above the group's target.

Shipping is an environmentally friendly mode of transport. Nonetheless, several 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 business partners. Based on the "Greenhouse Gas Strategy" up to 2050, the International Maritime Organization (IMO) aims at reducing the carbon intensity by 40% within 2030 and 70% within 2050. Stricter requirements towards carbon neutrality are also expected. Among the measures that are 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. To comply with the

EEXI requirements, an “Engine Power Limitation” has been acquired to the vessels that did not achieve the requirements. In parallel with this, a Carbon Intensity Indicator (CII) has also been introduced. Reduced speed and thus consumption (through “de-rating” or “engine power limitation” of the main propulsion machinery) has been mentioned as a solution to get within the requirements in the first place. Furthermore, it is required to make annual reductions in the years to come. Maintaining a clean hull with the help of “High Efficiency Antifouling” could be a tool and combined with the newly developed Jotun and Kongsberg HullSkater, this could prevent growth on the hull for a 5-year period. We have installed and are now testing such a machine on Livita. CII is an index for how the vessel is operating throughout the year, while EEXI relates to design and fixed values. The EEXI process is divided into different phases: “Assessment, Adaption and Compliance”. The first two had to be carried out by October 2022 and the third by the end of 2023. CII will run from 2023 to 2030. The new requirements do not currently apply to PSV vessels.

As of 1 January 2024, shipping was included in the EU emissions trading system; EU ETS. The EU ETS is an important part of EU’s efforts to reduce greenhouse gas (GHG) emissions. The main principle is to set a limit, or cap, on GHG emissions within the EU/EEA, by making a limited number of EU Allowances (EUAs) available for trading in the market. Each EUA gives companies the right to emit one tonne CO2 equivalents. With the new directive, ships of a certain size must report and pay for 100% of their emissions

from voyages within the EU/EEA, and for 50% of their incoming and outgoing voyages. The company has established agreements and procedures to handle the new EUA trading system. As a main principle, this will be covered through our charterers, but being the responsible party, we must settle this with the authorities.

The company has great focus on 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. We are also keeping a close eye on what is happening with regards to new ship designs and what will be the future fuel.

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.

### Future prospects

With our modern and low-mortgaged fleet, the board of directors considers the company to be well equipped for the future.

It has previously been described how the dry bulk market has developed through 2023. The dry bulk vessels order book is



 Firedrill onboard MV Fermita

historically low and demand for seaborne transport is rising. The board assumes that the average bulk market will be higher in 2024 than in 2023. On the other hand, the income for Ugland Bulk Transport AS is expected to decrease in 2024, due to a strong income in 2023.

The wholly owned supramax/ultramax dry bulk vessels, most of whose capacity is fixed on index rates and time charter parties to reputable charterers, will continue to operate in the Ugland Bulk Transport AS pool. Four of the vessels are chartered out on index rates, while the rest are on shorter TC agreements. The contract coverage for the wholly owned bulk vessels for 2024 is about 50%. The main reason for fixing the vessels on index rates and shorter TC agreements is that we expect a gradual strengthening of the market in 2024.

The three vessels owned by UM Bulk AS are fixed on longer TC agreements.

There are long-term TC agreements between UM Bulk AS and Ugland Bulk Transport AS for the bulk carriers Olita and Belita. Both vessels are further fixed on longer TC agreements to a solid charterer.

The company has previously taken advantage of low newbuilding prices to order several newbuildings at favourable prices. In 2023, following a few years where no new vessels were ordered, the board decided to sign a contract for two newbuildings to be delivered from Tsuneishi, Cebu, in 2026 and 2027. In 2023, as part of our fleet renewal plan, the bulk carriers Bonita, Carmencita and Isabelita were sold, and the bulk carrier Lunita was bought.

Thanks to our fleet of modern, high-quality vessels, we are well-positioned to take advantage of the market, which we expect to be good over the years ahead. A low order book over the next couple of years gives reason to optimism for the market going forward.

Active efforts are being made to keep control of the vessels operating expenses and at the same time focus on quality and limit technical off-hire. Costly airfares together with increased costs for spare parts and at repair yards, have resulted in increased operating expenses in 2023. We expect some of these factors to be temporary and that it is possible to reduce costs in 2024.

We have largely eliminated operational problems resulting from the transition to low-sulphur marine fuel by replacing lubricant oil systems.

The barge fleet is expected to encounter somewhat higher activity in 2024 compared to 2023. We see a clear tendency of higher utilisation of the barge fleet and thus increased rates. Uglen had higher revenues in 2023 than budgeted. Like for the barge fleet, the turnover for the crane vessel Uglen is expected to be higher in 2024.

The PSV market strengthened through 2023. We believe this will continue in 2024. The value of PSV vessels has increased substantially through 2023. As mentioned earlier, a new long-term contract has been signed with Equinor for the PSV vessel Juanita. If the options are declared, the agreement will have a duration until June 2028. The charter rate reflects the profitable market, and the vessel is secured good earnings for several years, provided that the operation proceeds as

planned. Evita II is fixed on a time charter contract to Allseas for operation in Mexico. The contract has a duration until spring/summer 2024 and provides good earnings. An MOA between Ugland Supplier AS and a foreign company has been signed for Evita II. The vessel is to be delivered to its new owner in spring/summer 2024, when the current contract ends. We are optimistic about the PSV market for the coming years and we are well-positioned to take advantage of this.

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, 18 March 2024

Knut N. T. Ugland  
Chairman

Øystein Beisland  
Chief Executive Officer /  
Deputy Chairman

## Income statement 01.01.-31.12. (NOK)

Consolidated			AS Uglands Rederi		
2023	2022	NOTE	NOTE	2023	2022
578 056 980	830 390 451			151 874	141 278
594 846 211	429 337 716			0	0
<b>1 172 903 191</b>	<b>1 259 728 167</b>	<b>2</b>	<b>Total operating income</b>	<b>151 874</b>	<b>141 278</b>
-424 871 812	-422 691 436	3	Salaries	-884 275	-884 275
-91 901 472	-106 373 144	4	Ordinary depreciation	0	0
-348 527 876	-321 752 605		Other operating expenses	-18 415 931	-23 337 809
<b>-865 301 160</b>	<b>-850 817 185</b>		<b>Total operating expenses</b>	<b>-19 300 206</b>	<b>-24 222 084</b>
<b>307 602 031</b>	<b>408 910 982</b>		<b>Operating result</b>	<b>-19 148 332</b>	<b>-24 080 806</b>
15 262 867	23 332 551	6	Result from associated companies	15 277 761	23 323 584
0	0		Received group contribution/dividends	329 374 563	1 150 160 575
0	0		Interest income to/from group companies	1 739 693	-1 755 708
35 744 849	9 703 575		Other interest income	18 179 191	7 785 334
258 545	274 240	13	Other financial income	2 005 783	260 882
-19 646 606	-17 664 323		Other interest expenses	-12 113 236	-4 653 706
-13 679 799	-40 474 052	13	Other financial expenses	-1 792 622	-456 921
<b>17 939 856</b>	<b>-24 828 009</b>		<b>Net financial items</b>	<b>352 671 133</b>	<b>1 174 664 040</b>
<b>325 541 887</b>	<b>384 082 972</b>		<b>Operating result before tax</b>	<b>333 522 801</b>	<b>1 150 583 234</b>
2 430 031	-77 350 695	10	Tax on ordinary result	2 442 226	5 002 877
<b>327 971 918</b>	<b>306 732 277</b>		<b>Result for the year</b>	<b>335 965 027</b>	<b>1 155 586 111</b>
36 138	-576 738	11	Minority interests		
<b>328 008 056</b>	<b>306 155 539</b>		<b>Consolidated result for the year</b>		
			Transferred to retained earnings	195 965 027	1 015 586 111
			Group contribution	140 000 000	140 000 000
			<b>Total disposals</b>	<b>335 965 027</b>	<b>1 155 586 111</b>

## Balance sheet as of 31.12. - Assets (NOK)

Consolidated			AS Uglands Rederi			
2023	2022	NOTE		NOTE	2023	2022
			<b>ASSETS</b>			
0	0	10	Deferred tax assets	10	7 528 999	5 086 773
0	0		<b>Total intangible fixed assets</b>		<b>7 528 999</b>	<b>5 086 773</b>
1 496 860 602	1 547 749 665	4	Vessels and vessel equipment		0	0
14 816 881	8 401 580	4	Other tangible fixed assets	4	917 034	917 034
77 385 620	0	4	Newbuildings	4	0	0
<b>1 589 063 103</b>	<b>1 556 151 245</b>		<b>Total tangible fixed assets</b>		<b>917 034</b>	<b>917 034</b>
0	0		Investments in subsidiaries	5	1 364 384 293	1 364 384 293
259 080 214	217 999 248	6	Investments/shares in other companies	6	257 509 732	216 413 870
194 450 702	213 805 320	7	Long-term receivables	7	411 470 182	452 635 362
<b>453 530 916</b>	<b>431 804 568</b>		<b>Total financial fixed assets</b>		<b>2 033 364 207</b>	<b>2 033 433 525</b>
<b>2 042 594 019</b>	<b>1 987 955 813</b>		<b>Total fixed assets</b>		<b>2 041 810 240</b>	<b>2 039 437 332</b>
165 928 130	189 077 582		Other receivables		259 430 578	105 739 304
<b>165 928 130</b>	<b>189 077 582</b>		<b>Total receivables</b>		<b>259 430 578</b>	<b>105 739 304</b>
360 482 135	473 942 541		Bank deposits		63 121 921	321 182 972
<b>526 410 265</b>	<b>663 020 123</b>		<b>Total current assets</b>		<b>322 552 499</b>	<b>426 922 276</b>
<b>2 569 004 284</b>	<b>2 650 975 936</b>		<b>Total assets</b>		<b>2 364 362 739</b>	<b>2 466 359 608</b>

Continues 



## Cash flow statement (NOK)

Consolidated				AS Uglands Rederi		
2023	2022	NOTE		NOTE	2023	2022
325 541 887	384 082 972		Operating result before tax		333 522 801	1 150 583 234
-15 262 867	-23 332 551	6	Result from associated companies	6	-15 277 761	-23 323 584
-39 062	-18 421	10	Tax paid	10	0	0
-159 209 829	-77 509 267		Gain/loss on sale of assets/shares		0	15 000
91 901 472	106 373 144	4	Ordinary depreciations		0	0
12 337 312	46 835 322		Currency adjustments		4 942 183	866 388
9 157 599	-32 445 687		Changes in other accruals		-204 487 151	448 893 460
<b>264 426 512</b>	<b>403 985 512</b>		<b>Net cash flow from operating activities</b>		<b>118 700 072</b>	<b>1 577 034 498</b>
354 609 106	154 794 436		Cash inflow, sale of assets		0	0
0	0		Cash inflow/outflow, investment in subsidiary company		0	-1 151 015 000
-25 818 100	0		Cash outflow, investment in associated company		-25 818 100	0
-324 309 040	-22 103 946	4	Cash outflow, purchase of assets	4	0	-100 000
26 550 921	7 605 552		Cash inflow/outflow long-term receivables		57 976 782	193 490 100
<b>31 032 887</b>	<b>140 296 043</b>		<b>Net cash flow from investing activities</b>		<b>32 158 682</b>	<b>-957 624 900</b>
-197 278 154	-204 954 842		Amortization of long-term debt		-197 278 154	-204 954 842
-211 641 651	-200 000 000		Cash outflow, dividend/group contribution		-211 641 651	-200 000 000
0	-356 769		Cash outflow, minority interests		0	0
<b>-408 919 805</b>	<b>-405 311 611</b>		<b>Net cash flow from financing activities</b>		<b>-408 919 805</b>	<b>-404 954 842</b>
<b>-113 460 406</b>	<b>138 969 943</b>		<b>Net change cash and bank deposits</b>		<b>-258 061 051</b>	<b>214 454 755</b>
473 942 541	334 972 598		Cash and bank deposits 01.01		321 182 972	106 728 217
<b>360 482 135</b>	<b>473 942 541</b>		<b>Cash and bank deposits 31.12</b>		<b>63 121 921</b>	<b>321 182 972</b>

## 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 realisable value. Fixed assets are recognised at historical cost, but reduced to net realisable 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 31.12.23, which for NOK/USD was 10.17. As of 31.12.22 the rate of exchange was 9.86.

### 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.

If recoverable amount of the fixed asset is lower than the book value, the asset is written down to

## Notes to the accounts

recoverable amount. Recoverable amount is the higher of net realisable 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 capitalised 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 have 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 utilisation is considered probable.

The bulk shipping activity in the subsidiary company Ugland Bulk Shipping AS 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 actuary 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 5% of the higher of the maximum gross pension obligations and pension funds.

#### **Contribution pension schemes (Unit Link)**

Contributions paid are 3-7% of salaries between 0G and 7.1G and 15% of salaries between 7.1G and 12G.

G=statutory basic amount, currently NOK 118 620.

## Note 2 - Fleet / Sales revenue per area of activity

	Year built	DWT	Owner	% Share	Employment
<b>Supramax and Ultramax bulk carriers</b>					
ISABELITA	2010	58 080	Ugland Bulk Shipping AS	100	Pool
KRISTINITA	2011	58 105	Ugland Bulk Shipping AS	100	Pool
STAR NORITA	2012	58 097	Ugland Bulk Shipping AS	100	Pool
LUNITA	2014	57 775	Ugland Bulk Shipping AS	100	Pool
LIVITA	2017	63 532	Ugland Bulk Shipping AS	100	Pool
JORITA	2019	63 532	Ugland Bulk Shipping AS	100	Pool
SARITA	2019	63 597	Ugland Bulk Shipping AS	100	Pool
FERMITA	2020	60 480	Ugland Bulk Shipping AS	100	Pool
SC466	2026	66 200	Ugland Bulk Shipping AS	100	Pool/2026
SC467	2027	66 200	Ugland Bulk Shipping AS	100	Pool/2027
<b>Barges</b>					
UR 7	1999	9 750	Ugland Barge Shipping AS	100	Pool
UR 8	1999	9 750	Ugland Barge Shipping AS	100	Pool
UR 93	2001	9 040	Ugland Barge Shipping AS	100	Pool
UR 96	2008	9 025	Ugland Barge Shipping AS	100	Pool
UR 97	2008	9 025	Ugland Barge Shipping AS	100	Pool
UR 98	2011	9 025	Ugland Barge Shipping AS	100	Pool
UR 99	2011	9 025	Ugland Barge Shipping AS	100	Pool
UR 141	1993	14 011	Ugland Barge Shipping AS	100	Pool
UR 171	2011	16 800	Ugland Barge Shipping AS	100	Pool
UR 901	2013	9 019	Ugland Barge Shipping AS	100	Pool
UR 902	2013	9 019	Ugland Barge Shipping AS	100	Pool
<b>Crane vessel</b>					
UGLEN	1978	2 600	Ugland Heavylift Shipping AS	100	Pool

Sales revenue per area of activity	Consolidated 2023	Consolidated 2022
Bulk carriers	496 867 787	748 116 350
Barges and crane vessel	53 832 911	49 860 291
Gain on sale of vessels	159 209 829	77 509 267
Invoiced vessel costs/Management fee	462 992 664	384 242 259
	<b>1 172 903 191</b>	<b>1 259 728 167</b>

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

Income from the bulk carriers was generated world-wide.

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 2023	Parent Company 2022	Consolidated 2023	Consolidated 2022
Salaries	775 000	775 000	346 883 441	340 607 250
Employment duty	109 275	109 275	26 128 647	24 706 783
Other salary related costs	0	0	33 628 229	37 722 418
Pension costs	0	0	18 231 496	19 654 985
	<b>884 275</b>	<b>884 275</b>	<b>424 871 812</b>	<b>422 691 436</b>

Salaries etc. to the CEO and board of directors	CEO	Board of Directors
Salaries	3 107 141	775 000
Other benefits	11 705	0

(2022 figures in brackets)		
Average full time employees - office	75 (74)	
Average full time employees - seafarers	464 (464)	

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

In 2021 and 2022, the group company Ugland Shipping AS had a dialogue with the Norwegian Tax Administration on the principle of taxation of its activities for the income years 2018-2020. The main question was whether HLV Uglen was a "ship in service" according to the definition in the tax regulations. In August 2022, Ugland Shipping AS received a decision that for these years the company had to submit tax returns according to the ordinary taxation rules rather than according to the Norwegian tonnage tax regime. Ugland Shipping AS disagrees with the decision and has appealed to the Tax Appeals

Board. In November 2023, the seafarers working on HLV Uglen in these years received notice of changes to their tax returns for the income years 2018, 2019 and 2020, where the Tax Administration notified that the special deduction for seafarers is to be deleted as HLV Uglen in these years is not considered a "ship in service" by the Tax Administration. The seafarers contested this decision as they consider HLV Uglen to be a "ship in service". In February 2024, the seafarers received the decision that the special tax deduction for these years will be deleted. The seafarers have the right to appeal the decision and the company assumes that the seafarers will appeal. The company supports the seafarers in this case with advice and offers interest-free loans to the seafarers to cover their increased tax payment until the case is finally settled.

The case may also have consequences for reimbursement regarding the net salary scheme for the crew on board HLV Uglen. The outcome of this and the possible financial consequences are still unclear.

### Auditor

Auditor's remuneration from the parent company was NOK 147 550 (consolidated 1 425 592). In addition, the auditor received fees related to tax consultancy and accounting advice in the amount of NOK 52 200 (consolidated 447 802) and NOK 67 200 (consolidated NOK 244 600) respectively. In addition NOK 37 100, consolidated, was remunerated for other certifications. The amounts are exclusive of VAT.

## 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.	917 034	2 418 383 397	16 757 154	2 435 140 551
Additions	0	316 514 773	7 794 267	324 309 040
Disposals	0	-438 403 915	-750 588	-439 154 503
Currency adjustments	0	0	3 595	3 595
<b>Cost price 31.12.</b>	<b>917 034</b>	<b>2 296 494 254</b>	<b>23 804 428</b>	<b>2 320 298 682</b>
Acc. depreciation and impairment	0	-722 248 032	-8 987 548	-731 235 580
<b>Book value 31.12.</b>	<b>917 034</b>	<b>1 574 246 222</b>	<b>14 816 880</b>	<b>1 589 063 103</b>
<b>Depreciations 2023</b>	<b>0</b>	<b>90 493 448</b>	<b>1 408 025</b>	<b>91 901 473</b>

### Tenancy agreements

AS Uglands Rederi and its subsidiaries have three long-term office tenancy agreements. Total rent recorded through the year was NOK 5 252 588.

## Note 5 - Shares in subsidiaries

	Office	Ownership and voting share	Book Value
Ugland Shipping AS	Grimstad	100%	130 630 500
Ugland Offshore AS	Grimstad	100%	124 023
Ugland Bulk Shipping AS	Grimstad	100%	1 151 000 000
Ugland Barge Shipping AS	Grimstad	100%	19 519 500
Ugland Heavylift Shipping AS	Grimstad	100%	40 030 000
Ugland Marine Services AS	Grimstad	100%	23 080 270
<b>Total</b>			<b>1 364 384 293</b>

In connection with the group's operations in Canada, claims have been made against the subsidiary Canship Ugland Ltd. to cover up to CAD 1 000 000 related to damage to a quay allegedly caused by the company. The subsidiary is of the opinion that it is not responsible for any damage and will defend itself against the claim. At the time of drawing up the accounts, it is not possible to estimate any outcome of the ongoing process, and the subsidiary is of the opinion that it is not likely that the claim will lead to significant losses or costs related to the case.

## Note 6 - Shares and ownership interests in other companies

Company	Office location	Ownership share	Book Value 01.01.	Additions/ disposals 2022	Share of result after tax	Book Value 31.12
<b>Associated companies:</b>						
UM Bulk AS	Grimstad	50%	83 104 024	0	9 619 874	92 723 898
Ugland Supramax AS	Grimstad	25%	0	25 818 100	-2 900 325	22 917 775
Ugland Supplier AS	Grimstad	50%	133 309 846	0	8 558 212	141 868 058
<b>Total parent company</b>			<b>216 413 870</b>	<b>25 818 100</b>	<b>15 277 761</b>	<b>257 509 732</b>
Other associated companies			1 585 379		-14 894	1 570 483
<b>Total consolidated</b>			<b>217 999 249</b>	<b>25 818 100</b>	<b>15 262 867</b>	<b>259 080 214</b>

The Canadian subsidiary has the following affiliates with 50% ownership or less:

11030 Newfoundland Inc., Canship Innu Marine GP Inc., Canship Innu Marine Ltd. Partnership, Can Fjord Ferries Ltd. and Can Fjord Holdings Ltd.

Associated companies are recognised under the equity method.

## Note 7 - Receivables, liabilities and related party transactions

	Parent Company		Consolidated	
	2023	2022	2023	2022
Pension funds	0	0	26 861 686	19 211 658
Receivables associated companies	137 236 133	163 786 662	137 236 133	163 786 662
Receivables subsidiaries	274 234 049	288 848 700	0	0
Other receivables falling due after one year	0	0	30 352 883	30 807 000
<b>Total long-term receivables</b>	<b>411 470 182</b>	<b>452 635 362</b>	<b>194 450 702</b>	<b>213 805 320</b>
<b>Other receivables</b>				
Short-term receivables to related parties	0	103 460 263	22 808 898	40 974 491
Group contribution from subsidiary company	28 498	160 575	0	0
Short-term receivables in Canship Ugland Ltd.	0	0	96 970 691	97 334 440
Other short-term receivables	259 402 080	1 883 466	46 148 541	50 768 651
Short-term receivables subsidiary company	0	235 000	0	0
<b>Total other receivables</b>	<b>259 430 578</b>	<b>105 739 304</b>	<b>165 928 130</b>	<b>189 077 582</b>
<b>Other short-term liabilities</b>				
Group contribution to parent company	-140 000 000	-140 000 000	-140 000 000	-140 000 000
Short-term debt to related parties	-412 528 626	-455 181 330	-31 519 308	-39 038 280
Accounts payable and accrued expenses	0	0	-81 205 373	-81 289 916
Advanced payments from customers - technical management	0	0	-41 158 449	-39 014 779
Salaries and holiday pay owed	-884 275	-884 275	-14 754 571	-20 355 247
Other short-term debt	-256 725	-256 725	-4 698 762	-2 196 288
Public taxes and tax deductions	0	0	-9 920 336	-9 968 358
Accrued interest expenses	0	-8 143 173	-6 029 737	-7 016 762
<b>Total other short-term liabilities</b>	<b>-553 669 626</b>	<b>-604 465 503</b>	<b>-329 286 536</b>	<b>-338 879 631</b>

## Note 7 - Receivables, liabilities and related party transactions (continued)

Related parties - transactions	Parent Company		Consolidated	
	2023	2022	2023	2022
<b>Income</b>				
Ugland Marine Services AS - rental income	151 874	141 278	0	0
Ugland Bulk Transport AS - freight income	0	0	496 867 787	748 116 351
Ugland Construction AS - freight income	0	0	53 832 910	49 860 291
J.J. Ugland Holding AS - administration fee	0	0	2 318 400	2 208 000
Vikkilen Industri AS - administration fee	0	0	1 886 378	1 796 549
J.J. Ugland AS - administration fee	0	0	1 886 378	1 796 549
Ugland Kapital AS - fee	0	0	1 084 125	1 032 500
Ugland Bulk Transport AS - other fees	0	0	19 331 783	24 201 309
Ugland Construction AS - other fees	0	0	8 024 500	8 212 500
AS Nymo - other fees	0	0	2 981 066	2 694 825
Ugland Supplier AS - administration fee	0	0	3 265 224	3 171 336
UM Bulk AS - other fees	0	0	13 186 835	11 439 333
UM Bulk AS - interest income	12 740 011	6 805 065	12 740 011	6 805 065
Ugland Marine Services AS - administration fee	2 900 591	0	0	0
J.J. Ugland Holding AS - interest income	0	0	2 052 668	301 030
Ugland Construction AS - interest income	0	0	184 610	120 848
<b>Expenses</b>				
Ugland Marine Services AS - administration fee	-18 000 000	-21 646 633	0	0
Ugland Marine Services AS - interest expenses	0	-523 715	0	0
Ugland Shipping AS - interest expenses	-15 306 471	-5 767 709	0	0
J.J. Ugland AS - rent	0	0	-3 488 820	-3 245 414
Ugland Bulk Transport AS - interest expenses	0	0	-2 006 559	-1 592 312

## Note 8 - Provisions and pensions

	Consolidated	
	2023	2022
Provisions for maintenance and classification	30 299 562	39 177 680
Pension obligations	450 752	488 229
<b>Total</b>	<b>30 750 314</b>	<b>39 665 909</b>

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 62 persons including retired employees to receive defined future pension benefits. Additionally, 99 employees in Norway have joined a contribution pension scheme (Unit Link). 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 180 Canadian employees.

	Consolidated	
	2023	2022
Service costs	1 582 124	1 999 445
Interest cost on pension obligations	4 548 406	2 328 371
Expected return on pension funds	-7 058 346	-3 918 782
Amortisation of actuarial gain/loss	2 448 590	4 567 042
Administration costs	1 156 455	1 122 849
Payment to contribution pension scheme	13 750 413	12 145 448
Social security tax	1 803 854	1 410 612
<b>Net pension costs</b>	<b>18 231 495</b>	<b>19 654 985</b>

	2023	2022
<b>Pension obligations operating pension schemes</b>		
Projected pension obligation as of 31.12.	-396 481	-428 989
Unrecognised actuarial gain/loss	1 431	1 093
Social security tax	-55 702	-60 333
<b>Recognised gross pension obligation</b>	<b>-450 752</b>	<b>-488 229</b>

	2023	2022
Accrued pension obligations as of 31.12.	-145 040 442	-145 504 583
Pension scheme assets as of 31.12.	146 029 031	143 241 959
Unrecognised actuarial gain/loss	25 873 097	21 474 282
<b>Net pension fund as of 31.12.</b>	<b>26 861 686</b>	<b>19 211 658</b>

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

Actuarial assumptions	2023	2022
Discount rate	3.70%	3.20%
Assumed return on pension funds	5.40%	4.90%
Assumed salary increase	3.75%	3.75%
Assumed statutory basic amount increase (cf note 1)	3.50%	3.50%
Assumed pension benefit increase	1.80%	1.60%

Estimated voluntary attrition before retirement age is 0-8% for employees under 50 years and 0% 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	274 234 050
Book value of pledged assets	614 503 751

Future income and insurances related to mortgaged assets are pledged as security for liabilities to financial institutions. At short notice, the company can also access a loan under an unused credit facility. As of 31.12.2023, the unused credit facility amounted to NOK 148 312 507. NOK 0 of the group long-term liabilities to financial institutions fall due after 31.12.2028.

The company's loan agreements include 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 SOFR.

The company has given guarantees to lenders in associated companies in accordance with their ownership shares.

At the end of the year, remaining newbuilding contracts amount to NOK 656 251 794 and are not entered in the balance sheet as liabilities.

	Consolidated		
	2024	2025	2026
Debt due	23 696 100	23 696 100	226 841 850

Restricted consolidated bank deposits as of 31.12.2023 amounted to NOK 4 526 142.

## Note 10 - Taxes

	Parent Company		Consolidated	
	2023	2022	2023	2022
<b>Current year's tax expense</b>				
Tax payable	0	0	1 896 226	18 421
Correction deferred tax 01.01.	0	0	0	-38 457 735
Change deferred tax	-2 442 226	-5 002 877	-4 326 256	115 790 010
<b>Income tax expense</b>	<b>-2 442 226</b>	<b>-5 002 877</b>	<b>-2 430 031</b>	<b>77 350 695</b>
<b>Tax payable as of 31.12.</b>				
Recognised tax payable	0	0	1 896 226	18 421
Prepaid tax Canada	0	0	-39 062	-18 421
<b>Tax payable as of 31.12.</b>	<b>0</b>	<b>0</b>	<b>1 857 164</b>	<b>0</b>
<b>Reconciliation of effective rate and applicable corporate tax rate</b>				
Result for the year before tax	333 522 801	1 150 583 234	325 541 887	384 082 972
Expected income tax, nominal tax rate	73 375 016	253 128 311	71 619 215	84 498 254
<b>Tax effect of the following items</b>				
Non-deductible expenses/non-taxable income	-75 823 511	-258 166 515	-75 945 471	31 291 756
Withholding tax paid	0	0	39 062	18 421
Group contributions	6 270	35 327	0	0
Correction deferred tax 01.01.	0	0	0	-38 457 735
Tax on financial result shipping company	0	0	1 857 164	0
<b>Tax expense</b>	<b>-2 442 226</b>	<b>-5 002 877</b>	<b>-2 430 031</b>	<b>77 350 695</b>

In 2021 and 2022, the subsidiary company Ugland Shipping AS had a dialogue with the Norwegian Tax Administration on the principle of taxation of its activities.

The Norwegian Tax Administration raised questions about whether the activities in 2018, 2019 and 2020 should have been ordinarily taxed rather than taxed under the Norwegian tonnage tax regime. In August 2022, the company received a decision from the Norwegian Tax Administration that the company had to submit tax returns in accordance with the ordinary taxation rules for these years. As a result of this decision, a deferred tax liability has been calculated, as shown in this note. The company disagrees with the decision and has appealed to the Tax Appeals Board.

For companies within the Group that are taxed pursuant to the tonnage tax regime, 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 748 443 (2022: NOK 1 083 008) is recognised in the consolidated accounts and classified as an ordinary operating expense.

## Note 10 - Taxes (continued)

	Parent Company		Consolidated	
	2023	2022	2023	2022
<b>Specification of change in deferred tax:</b>				
Deferred tax asset/liability 01.01.	-5 086 773	-83 896	79 152 334	1 820 060
Correction deferred tax 01.01.	0	0	0	-38 457 735
Change recognised in income statement	-2 442 226	-5 002 877	-4 326 255	115 790 010
<b>Deferred tax asset/liability 31.12.</b>	<b>-7 528 999</b>	<b>-5 086 773</b>	<b>74 826 078</b>	<b>79 152 334</b>

	Parent Company		Consolidated			
	2023	2022	2023		2022	
	Tax Assets	Tax Assets	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
<b>Specification of tax asset/liability effect of temporary differences</b>						
Tangible fixed assets	0	0	0	1 166 937	-13 032 144	0
Pension obligations/funds	0	0	0	26 410 934	0	18 723 429
Unrealised currency gain/loss	25 851 884	11 331 569	0	25 851 884	0	11 331 569
Provisions for maintenance and classification	0	0	-14 367 496	0	-16 684 968	0
Profit and loss account 31.12.	0	0	0	549 580 665	0	677 397 515
Tax loss carry-forward Canada	0	0	-3 844 559	0	-3 844 559	0
Tax loss carry-forward Norway	-60 074 605	-34 453 265	-242 582 799	0	-312 010 483	0
<b>Total 31.12.</b>	<b>-34 222 721</b>	<b>-23 121 696</b>	<b>-256 950 295</b>	<b>603 010 420</b>	<b>-341 727 595</b>	<b>707 452 513</b>
<b>Net deferred tax asset/liability (22%)</b>	<b>-7 528 999</b>	<b>-5 086 773</b>		<b>74 826 078</b>		<b>79 152 334</b>

## Note 11 - Equity

	Share Capital	Other Paid-in Equity	Other Equity	Minority Interests	Total
<b>Parent Company</b>					
Equity 31.12.22	2 160 610	686 977	1 409 288 100	0	1 412 135 687
Result for the year	0	0	335 965 027	0	335 965 027
Transferred group contribution	0	0	-71 641 651	0	-71 641 651
Group contribution/dividend	0	0	-140 000 000	0	-140 000 000
<b>Equity 31.12.23</b>	<b>2 160 610</b>	<b>686 977</b>	<b>1 533 611 476</b>	<b>0</b>	<b>1 536 459 063</b>
<b>Consolidated</b>					
Equity 31.12.22	2 160 610	686 977	1 732 993 486	7 678 571	1 743 519 644
Result for the year	0	0	328 008 056	-36 138	327 971 918
Transferred group contribution	0	0	-71 641 651	0	-71 641 651
Group contribution/dividend	0	0	-140 000 000	0	-140 000 000
Currency adjustments	0	0	-2 220 564	420 795	-1 799 769
<b>Equity 31.12.23</b>	<b>2 160 610</b>	<b>686 977</b>	<b>1 847 139 327</b>	<b>8 063 228</b>	<b>1 858 050 142</b>

Shares owned directly and indirectly:	
J.J. Ugland Holding AS	389 961 shares
Knut N. T. Ugland	42 161 shares
<b>Total</b>	<b>432 122 shares</b>

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.

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.

The parent company has entered into an interest rate swap agreement related to a loan with USD 13 000 000 outstanding as per 31.12.2023, in order to secure future interest payments until 2025. The market value

of this contract is NOK 10 091 803 as per 31.12.2023. Further and in order to secure future USD exchanges against NOK, it has been entered into a currency option agreement and forward contracts in the period up to 2025, amounting to USD 11 400 000 in total. The market value of these contracts is NOK -5 331 723 as per 31.12.2023. Neither of these effects have been recorded in the balance sheet at year end.

## Note 13 - Other financial items

	Parent Company		Consolidated	
	2023	2022	2023	2022
Currency loss (disagio)	0	-61 153	-11 546 641	-39 773 740
Other financial items	-1 792 621	-395 768	-2 133 159	-700 312
<b>Other financial expenses</b>	<b>-1 792 621</b>	<b>-456 921</b>	<b>-13 679 799</b>	<b>-40 474 052</b>
Currency gain (agio)	1 769 178	0	0	0
Other financial items	236 605	260 882	258 545	274 240
<b>Other financial income</b>	<b>2 005 783</b>	<b>260 882</b>	<b>258 545</b>	<b>274 240</b>

# Auditor's report



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To the General Meeting of AS Uglands Rederi

## Independent Auditor's Report 2023

### Opinion

We have audited the financial statements of AS Uglands Rederi showing a profit of NOK 335 965 027 in the financial statements of the parent company and a profit of NOK 327 971 918 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 2023, 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 2023, 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 comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, 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 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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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 et nettverk av selskaper med navnet RSM Norge AS.

# Auditor's report



## Independent Auditor's Report 2023

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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/revsjonsberetninger>

Arendal, 20 March 2024  
RSM Norge AS

Johan Thulin Bringsverd  
State Authorised Public Accountant

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

## Fleet as of May 2024 - Wholly/partly owned and managed vessels

Vessel name	DW tonnes	Year built
<b>Supramax/Ultramax bulk carriers</b>		
MV BELITA	60 479	2017
MV CARMENCITA	58 773	2009
MV ELLENITA	57 501	2015
MV FERMITA	60 480	2020
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 STAR NORITA	58 097	2012
Newbuilding SC466	66 200	2026
Newbuilding SC467	66 200	2027
<b>PSV</b>		
EVITA II	5 433	2012
JUANITA	5 456	2014
15 vessels	805 452	

Vessel name	DW tonnes	Year built
<b>HLV &amp; barges</b>		
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 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
12 vessels	116 089	

Vessel name	DW tonnes	Year built
<b>Managed vessels</b>		
MT HEATHER KNUTSEN	148 644	2005
MT JASMINE KNUTSEN	148 706	2005
MV UMIAK	31 992	2006
NORTH ATLANTIC KAIROS	3 569	2008
PLACENTIA PRIDE	N/A	1998
PLACENTIA HOPE	N/A	1998
NORTHERN RANGER	662	1986
7 vessels	333 573	

**Total**
**34 vessels**
**1 255 114 dwt**

## Handwritten protocol documents Uglands Rederi's relationship with Gard going back to 1930!

Uglands Rederi have all of our vessels insured with Gard for protection and indemnity (P&I) insurance.

Gard is a mutual insurance company that was founded in Arendal in 1907 and has ever since had Arendal as its centre for P&I insurance. Uglands Rederi was founded in 1930 when the company bought its first vessel, Sarita. Over all these years, Uglands Rederi has grown and developed strongly, and Gard has developed into becoming the largest P&I club in the world.

Ugland's office and Gard's office are only 20 km apart, and for decades, the two companies have enjoyed a very strong and stable relationship. Having the international knowledge and service of the largest P&I club at its "doorstep", so to speak, has undoubtedly been an advantage for Uglands Rederi. Likewise, it has probably also been an advantage for Gard to have an active shipping company operating world-wide as a mutual member at its doorstep.

For very many years, Gard has had an Ugland representative as one of its board members.

In 2023, at a pre-Christmas gathering the following question came up – does the mutual membership in Gard go all the way back to when Uglands Rederi was founded? "We would guess so", was the answer from



both sides. But could we find out?

At the 2024 P&I insurance renewal meeting in February, we were thrilled to learn that Gard's long-standing relationship manager for Ugland, Knut Goderstad, had searched the archives and found Gard's handwritten insurance protocol for 1930. And there it was, in the summer of 1930, Sarita had been entered with Gard!

 Knut Goderstad, VP Gard, holding the 1930 Gard insurance protocol.

To the left: Halvor Ribe, CFO JJUC and Tom Bent Nielsen, Senior Claims Executive Gard. To the right: Terje Bruborg, Senior Controller JJUC.

**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.**

## Corporate social responsibility

### Global Compact - Communicating on progress

HUMAN RIGHTS	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.
LABOUR STANDARDS	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.
Principle 5	Businesses should uphold the effective abolition of child labour.
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
ENVIRONMENT	
Principle 7	Businesses should support a precautionary approach to environmental challenges.
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
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.

## Implementation of the UN Global Compact ten principles

The most important corporate social engagement is to provide a safe, sustainable and long-term business and work environment for 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.

We are now in compliance with the EU ETS (Trading Emission System) and preparing for the next step; Fuel EU Maritime, starting in January 2025. EU MRV for Offshore/PSV will start in 2025, while EU ETS for Offshore/PSV (above 5000 GT) will start in 2027.

Examples of focus areas and programmes 2023  
(continued from 2022)

- Reduction of waste volume to shore through use of waste compactor/Increase sludge delivery to shore facilities; reduced incineration
- Participate in client fuel reduction incentive programme
- Optimisation of shore power connection and time for one of the PSVs and the HLV
- Continuous focus on reducing paper usage, through digitalised newspapers and magazines, and digitalising filing archives (office)
- Evaluate and, together with supplier, chose environmentally friendly cleaning products (office)

- For CII performance rating (A-E), all bulk carriers are now using specialised low friction antifouling to improve fuel consumption and also make sure they will be able to lay idle in port for an extensive period without problems with marine growth slowing the vessel.

We expect that additional measures need to be implemented in the years to come as IMO regulations will intensify up to 2030 and 2050.

UR supports and respects the protection of internationally proclaimed human rights, and consequently, 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 remain a focus point especially onboard the vessels.

UR continues to collaborate with The Norwegian Shipowners' Association in combating corruption on specific cases as they arise.



