KNOT Offshore Partners LP

1Q 2025

(NYSE:KNOP)



Forward-looking statements

This presentation contains certain forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) that reflect management's current view and involve known and unknown risks and are based upon assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of KNOT Offshore Partners LP ("KNOP"). Actual results may differ materially from those expressed or implied by such forward-looking statements.

All forward-looking statements included in this presentation are made only as of the date of this presentation. KNOP disclaims any obligation and does not intend to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in KNOP's views and expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

There are many factors that may cause actual results to differ from those expressed or implied by these forward-looking statements such as, but not limited to, the following: market trends in the shuttle tanker or general tanker industries, including hire rates, factors affecting supply and demand, and opportunities for the profitable operations of shuttle tankers and conventional tankers; market trends in the production of oil in the North Sea, Brazil and elsewhere; the ability of Knutsen NYK Offshore Tankers AS ("Knutsen NYK") and KNOP to build shuttle tankers and the timing of the delivery and acceptance of any such vessels by their respective charterers; KNOP's ability to purchase vessels from Knutsen NYK in the future; KNOP's ability to enter into long-term charters, which KNOP defines as charters of five years or more, or shorter-term charters or voyage contracts; KNOP's ability to refinance its indebtedness on acceptable terms and on a timely basis and to make additional borrowings and to access debt and equity markets; KNOP's distribution policy, forecasts of KNOP's ability to make distributions on its common units, Class B Units and Series A Preferred Units, the amount of any such distributions and any changes in such distributions; KNOP's ability to integrate and realize the expected benefits from acquisitions; impacts of any supply chain disruptions and the resulting inflationary environment; KNOP's anticipated growth strategies; the effects of a worldwide or regional economic slowdown; turmoil in the global financial markets; fluctuations in currencies, inflation and interest rates; fluctuations in the price of oil; general market conditions, including fluctuations in hire rates and vessel values; changes in KNOP's operating expenses, including drydocking and insurance costs and bunker prices; recoveries under KNOP's insurance policies; the length and cost of drydocking; KNOP's future financial condition or results of operations and future revenues and expenses; the repayment of debt and settling of any interest rate swaps; planned capital expenditures and availability of capital resources to fund capital expenditures; KNOP's ability to maintain long-term relationships with major users of shuttle tonnage; KNOP's ability to leverage Knutsen NYK's relationships and reputation in the shipping industry; KNOP's ability to maximize the use of its vessels, including the re-deployment or disposition of vessels no longer under charter; the financial condition of KNOP's existing or future customers and their ability to fulfill their charter obligations; timely purchases and deliveries of newbuilds; future purchase prices of newbuilds and secondhand vessels; any impairment of the value of KNOP's vessels; KNOP's ability to compete successfully for future chartering and newbuild opportunities; acceptance of a vessel by its charterer; the impacts of the Russian war with Ukraine, the conflict between Israel and Hamas and the other conflicts in the Middle East; termination dates and extensions of charters; the expected cost of, and KNOP's ability to, comply with governmental regulations (including climate change regulations)and maritime self-regulatory organization standards, as well as standard regulations imposed by its charterers applicable to KNOP's business; availability of skilled labor, vessel crews and management; the effects of outbreaks of pandemic or contagious diseases, including the impact on KNOP's business, cash flows and operations as well as the business and operations of its customers, suppliers and lenders; KNOP's general and administrative expenses and its fees and expenses payable under the technical management agreements, the management and administration agreements and the administrative services agreement; the anticipated taxation of KNOP and distributions to its unitholders; estimated future capital expenditures; Marshall Islands economic substance requirements; KNOP's ability to retain key employees; customers' increasing emphasis on climate, environmental and safety concerns; the impact of any cyberattack; potential liability from any pending or future litigation; potential disruption of shipping routes due to accidents, political events, piracy or acts by terrorists; future sales of KNOP's securities in the public market; KNOP's business strategy and other plans and objectives for future operations; and other factors listed from time to time in the reports and other documents that KNOP files with the U.S. Securities and Exchange Commission, including its Annual Report on Form 20-F for the year ended December 31, 2024, and any subsequent reports on Form 6-K.

1Q 2025 and subsequent: financial headlines

- 1Q 2025 financial headlines include:
  - Revenues: $84.0m
  - Operating income: $23.4m
  - Net income: $7.6m
  - Adjusted EBITDA: $52.2m
  - Available liquidity on March 31, 2025: $100.8m, comprising $67.3m in cash and cash equivalents plus $33.5m of undrawn credit facility
- Fleet operated with 99.5% utilization, taking into account the schedule for drydocking of the *Raquel Knutsen* and *Windsor Knutsen* (96.9% overall)
- Cash distribution of $0.026 per common unit under 1099 structure was paid in May 2025

Growing momentum in 2025

- Continued tightening in market for shuttle tankers
  - Brazil: FPSO ordering continues and recent deliveries being made early
  - North Sea: Johan Castberg production start, following Penguins in February
- Contractual backlog expanded (as at March 31, 2025)
  - $854m of fixed contracts averaging 2.3 years
  - Charterers' options average a further 4.7 years
- Fleet of 18 vessels with average age 9.8 years
- Continuing to repay debt at c.$90+m per year

1Q 2025 developments discussed on March 20, 2025

- *Torill Knutsen*
  - In January 2025, the final insurance claim payment was received in respect of repair work and loss of hire, which had arisen from the breakage of a generator rotor in January 2024

- *Brasil Knutsen*
  - On January 21, 2025, Petrorio exercised their option to extend the contract of the *Brasil Knutsen* for two periods of 30 days from May 1, 2025 and redelivery will be July 1, 2025. The vessel will commence on a new time charter with Equinor in the third quarter of 2025 for a fixed period of two years, with options for the charterer to extend the charter by two further one-year periods

- *Vigdis Knutsen*
  - On January 24, 2025, Shell exercised their option to switch from time charter on the *Vigdis Knutsen* to bareboat charter. This change will take effect during or after July 2025. At the same time, the fixed duration of this charter was extended from 2027 to 2030, with the further addition of one charterer's option for two years.

- *Live Knutsen & Dan Sabia*
  - On March 3, 2025, the *Dan Sabia* was sold and the *Live Knutsen* purchased via a swap transaction with our Sponsor, Knutsen NYK Offshore Tankers AS ('Knutsen NYK'), as set out on slide 6

Dan Sabia sale / *Live Knutsen* purchase





- On March 3, 2025, we:
  - purchased the *Live Knutsen* from Knutsen NYK; and
  - sold the *Dan Sabia* to Knutsen NYK
- Key terms
  - Purchase price for the *Live Knutsen* was $100m less $73m of net outstanding debt ($73.4m gross debt less $0.4m of capitalized financing fees)
  - Knutsen NYK also effectively guaranteed the hire rate for *Live Knutsen* until November 2029
  - Sale price for the *Dan Sabia* was $25.75m, with no related debt
  - The prices for the purchase and sale were settled via a net cash payment to Knutsen NYK from the Partnership of $1.2m, subject to customary working capital adjustments including those relating to an interest rate swap
- Transaction negotiated by our Board's independent Conflicts Committee
- The *Live Knutsen-Dan Sabia* transaction provides:
  - Fleet growth…
  - …without the need for new funding
  - Increase in our pipeline of long-term contracts
  - Reduced average fleet age
  - Fleet concentration into most in-demand shuttle tanker asset class
  - An important step on the path of growing certainty and stability of cashflows from long term employment with high quality counterparties

Recent developments

- *Hilda Knutsen*
  - On March 23, 2025, the *Hilda Knutsen* began operating under a time charter with Shell for a fixed period of one year.

- Addition to potential dropdown inventory
  - In March 2025, Knutsen NYK entered into a new seven-year time charter contract with Equinor for a vessel to be constructed and which will operate in Brazil, where the charterer has an option to extend the charter by up to thirteen further years. The vessel will be built in China and is expected to be delivered early in 2028.

- *Brasil Knutsen*
  - On April 15, 2025, Petrorio extended the redelivery timing for the Brasil Knutsen to September 2025, following which the time charter to Equinor will commence.

Income statement

Unaudited, USD thousands	1Q 2025	4Q 2024	3Q 2024	2Q 2024	FY 2024	FY 2023	FY 2022
Time charter and bareboat revenues	82,991	84,434	75,682	73,437	306,915	277,084	262,797
Voyage revenues	466	438	124	351	3,628	8,849	4,689
Loss of hire insurance recoveries	—	5,892	—	78	5,970	2,840	758
Other income	572	491	1,189	554	2,789	1,943	341
Total revenues	**84,029**	**91,255**	**76,995**	**74,420**	**319,302**	**290,716**	**268,585**
Vessel operating expenses	(30,609)	(26,205)	(29,453)	(26,952)	(108,519)	(93,351)	(86,032)
Voyage expenses and commission	(767)	(430)	(951)	(584)	(3,600)	(5,536)	(2,814)
Depreciation	(28,763)	(28,425)	(27,902)	(27,748)	(111,817)	(110,902)	(107,419)
Impairment	—	—	—	(16,384)	(16,384)	(49,649)	—
General and administrative expenses	(1,796)	(1,530)	(1,475)	(1,426)	(6,067)	(6,142)	(6,098)
Total operating expenses	**(61,935)**	**(56,590)**	**(59,781)**	**(73,094)**	**(246,387)**	**(265,580)**	**(202,363)**
Operating income / (loss)	**23,436**	**34,665**	**17,214**	**1,326**	**72,915**	**25,136**	**66,222**
Interest income	748	1,057	857	897	3,636	3,468	822
Interest expense	(14,902)	(16,167)	(16,857)	(16,863)	(67,352)	(72,070)	(42,604)
Realized and unrealized gain / (loss) on derivative instruments	(1,344)	4,560	(4,561)	1,797	6,798	5,369	35,510
Other financial items	374	(859)	151	206	(1,301)	(826)	(408)
Income (loss) before income taxes	**8,160**	**23,253**	**(3,498)**	**(12,638)**	**14,696**	**(38,923)**	**59,542**
Income tax benefit / (expense)	(579)	(3)	(275)	(213)	(631)	4,595	(875)
Net income (loss)	**7,581**	**23,250**	**(3,773)**	**(12,851)**	**14,065**	**(34,328)**	**58,667**

Adjusted EBITDA

Unaudited, USD thousands	1Q 2025	4Q 2024	3Q 2024	2Q 2024	FY 2024	FY 2023	FY 2022
Net income (loss)	**7,581**	**23,250**	**(3,773)**	**(12,851)**	**14,696**	**(34,328)**	**58,667**
Interest income	(748)	(1,054)	(857)	(897)	(3,636)	(3,468)	(822)
Interest expense	14,902	16,167	16,857	16,863	67,352	72,070	42,604
Depreciation	28,763	28,425	27,902	27,748	111,817	110,902	107,419
Impairment	—	—	—	16,384	16,384	49,649	—
Income tax expense (benefit)	579	3	275	213	631	(4,595)	875
EBITDA	**51,077**	**66,791**	**40,404**	**47,460**	**207,244**	**190,230**	**208,743**
Other financial items [1]	1,122	(3,701)	4,712	(2,002)	(5,497)	(4,543)	(35,102)
Adjusted EBITDA [2]	**52,199**	**63,090**	**45,116**	**45,458**	**201,747**	**185,687**	**173,641**

1. Other financial items consist of other finance income (expense), realized and unrealized gain (loss) on derivative instruments and net gain (loss) on foreign currency transactions.
2. Adjusted EBITDA is a non-GAAP financial measure used by management and external users of our financial statements. Please see the Appendix for a definition of Adjusted EBITDA.

Balance sheet

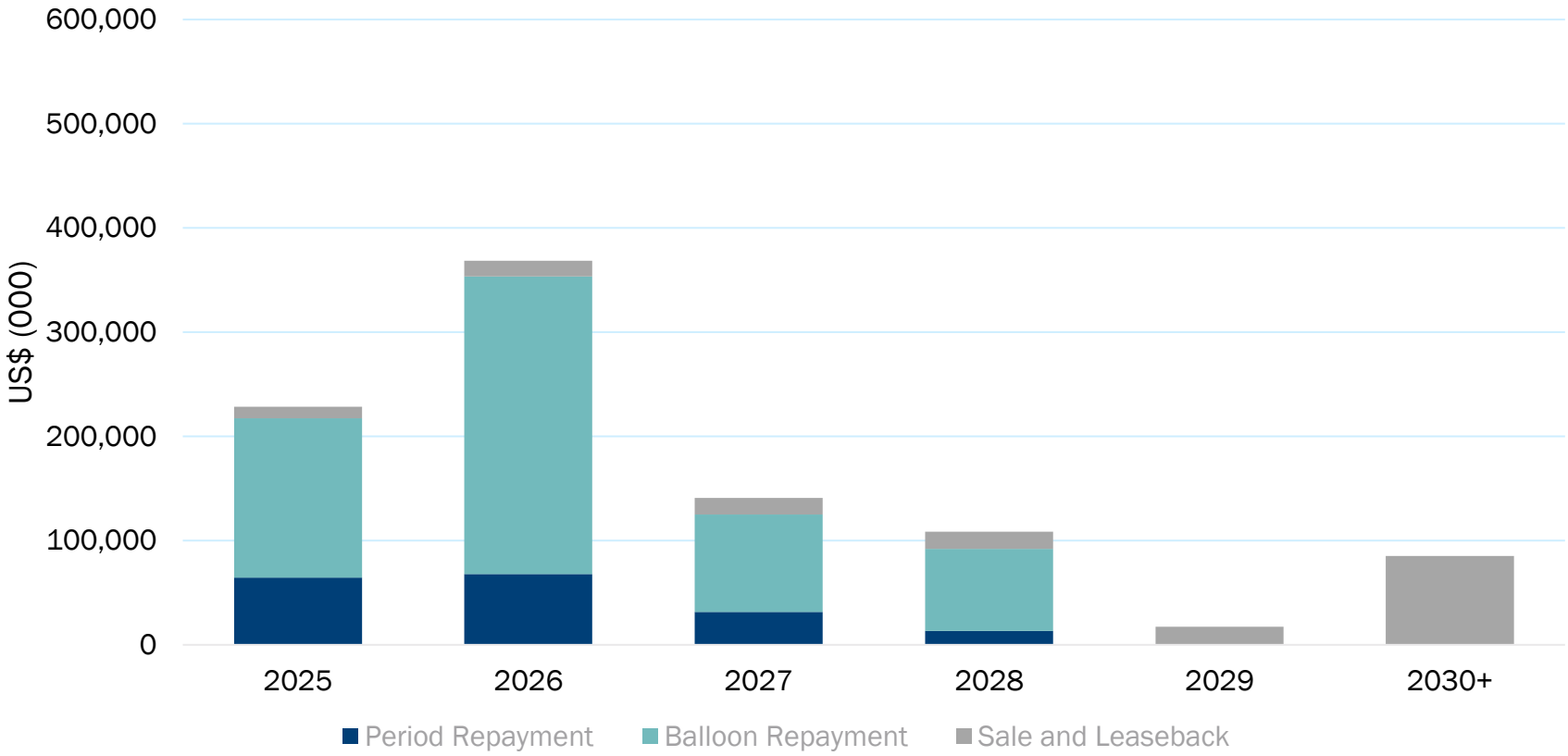
Unaudited, USD thousands	At Mar 31, 2025	At Dec 31, 2024		At Mar 31, 2025	At Dec 31, 2024
Current assets:			**Current liabilities:**		
Cash and cash equivalents	67,260	66,933	Current portion of long-term debt	249,437	256,659
Inventories	4,247	3,304	Current lease liabilities	986	1,172
Amounts due from related parties	2,092	2,230	Other current liabilities	39,691	29,291
Derivative assets	6,445	8,112			
Other current assets	19,411	14,793			
Total current assets	**99,455**	**95,372**	**Total current liabilities**	**290,114**	**287,122**
Long-term assets:			**Long-term liabilities:**		
Net vessels and equipment	1,535,408	1,462,192	Long-term debt	694,827	648,075
Right-of-use assets	4,100	1,269	Lease liabilities Contract liabilities	3,114 44,737	97 23,776
Derivative assets	3,276	5,189	Deferred tax liabilities	98	91
Deferred tax assets Accrued income	3,027 6,151	3,326 4,817	Deferred revenues	1,752	1,869
Total long-term assets	**1,551,962**	**1,476,793**	**Total long-term liabilities**	**745,189**	**673,908**
			Total liabilities	**1,035,303**	**961,030**
			Convertible Preferred Units	84,308	84,308
			Total partners' capital	531,806	526,827
Total assets	**1,651,417**	**1,572,165**	**Total capital and liabilities**	**1,651,417**	**1,572,165**

Long-term borrowings

Unaudited, USD thousands	Original amount[1]	Outstanding at March 31, 2025	of which Current Instalments[2]	Balloon due at maturity[3]	Vessels providing security at March 31, 2025
1. Revolving credit facility with NTT due August 2025	25,000[1]	**1,500**	—	1,500	Unsecured
2. Loan due September 2025 and October 2025	192,100	**142,320**	3,461	138,859	Tove and Synnøve
3. Revolving credit facility with SBI Shinsei due November 2025	25,000[1]	**15,000**	—	15,000	Unsecured
4. Loan due September 2026	345,000	**257,165**	25,096	219,521	Anna, Tordis, Vigdis, Brasil, Lena
5. Loan due October 2026	89,560	**73,389**	4,976	67,170	Live
6. Loan due January 2027	88,000	**66,450**	5,176	57,392	Tuva
7. Loan due May 2027	60,000	**54,375**	7,500	37,500	Hilda
8. Loan due May 2028	240,000	**177,925**	35,472	78,825	Windsor, Bodil, Carmen, Fortaleza, Recife, Ingrid
9. Sale/Leaseback until January 2031	94,300	**72,285**	5,700	35,869	Raquel
10. Sale/Leaseback until June 2032	112,000	**88,557**	8,859	14,941	Torill
Total	**1,181,400**	**948,966**	**96,240**	**609,407**	**18 vessels**

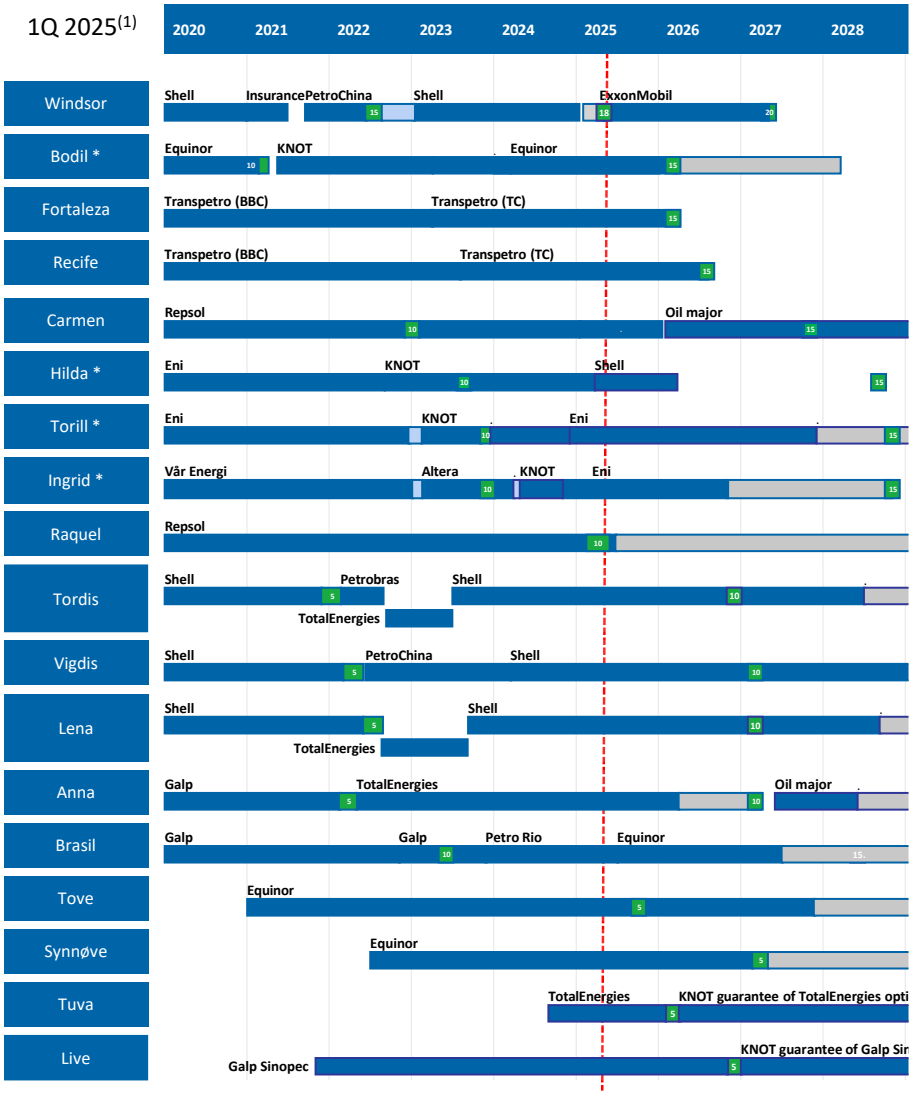
1. "Original amount" of revolving credit facilities denotes their fully drawn capacity
2. "Current Instalments" means the principal amounts of the debt facilities (ie excluding interest and balloon payments) due for repayment in the 12 months following March 31, 2025
3. "Balloon" payments due at maturity represent total scheduled amounts outstanding if no refinancing activity is undertaken. Historically, the Partnership has typically sought to refinance facilities at or before maturity and expects to continue such a practice moving forward, though no guarantee of future such successful financing activity can be made

Debt maturity profile



- Average margin paid on the Partnership's outstanding debt during Q1 2025 was c.2.2% over SOFR.
- Access to wide pool of lenders, attractive bank finance and several key lender relationships with major players.

Forward contracted revenue backed by leading energy companies



- Contracted period
- Charterer's option
- Operated in the spot market
- X — Next anticipated drydock, at vessel age (years)
- * — Targeted primarily to the North Sea

At March 31, 2025, excluding contracts agreed after this date:

- Forward contracted revenue: $854 million
- Average remaining firm charters: 2.3 years
- Average charterers' options to extend: a further 4.7 years

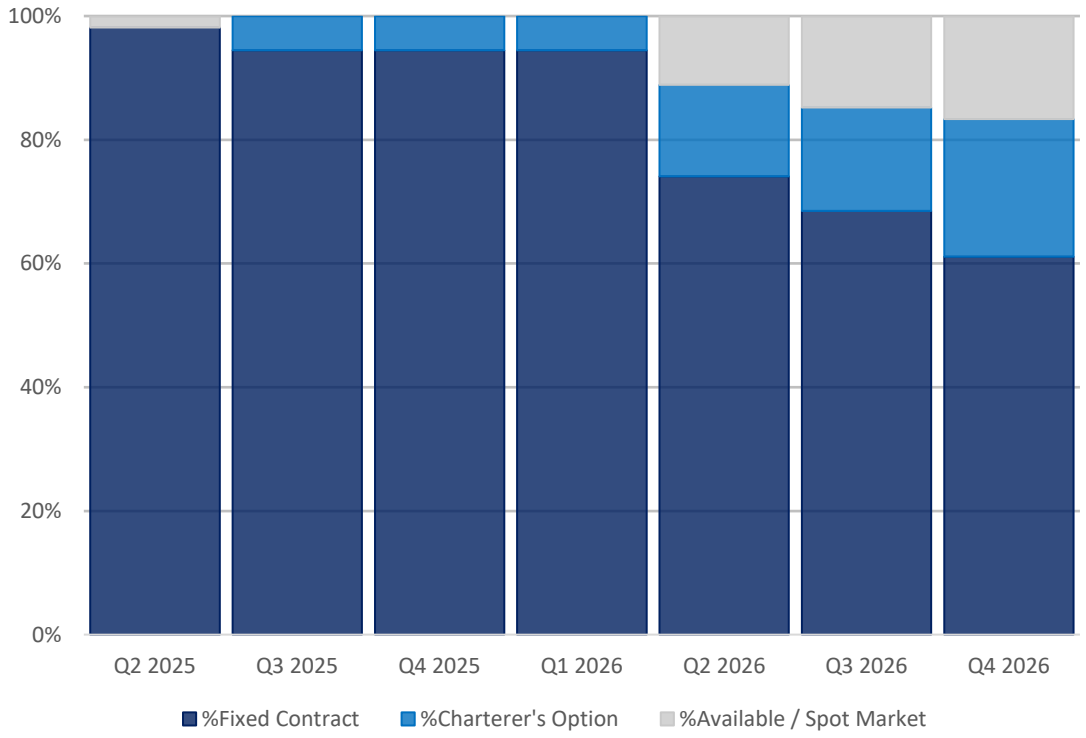
(1) This chart includes any contract developments after March 31, 2024, up to the date of the Partnership's 1Q 2025 Earnings Release.

All charter contracts shown are time charters unless otherwise stated.

All charter contracts include provisions that allow start and end dates to vary within a defined range depending on practical and operational requirements.

This chart extends to December 31, 2028 only. Charters and charterer's options may continue beyond this date.

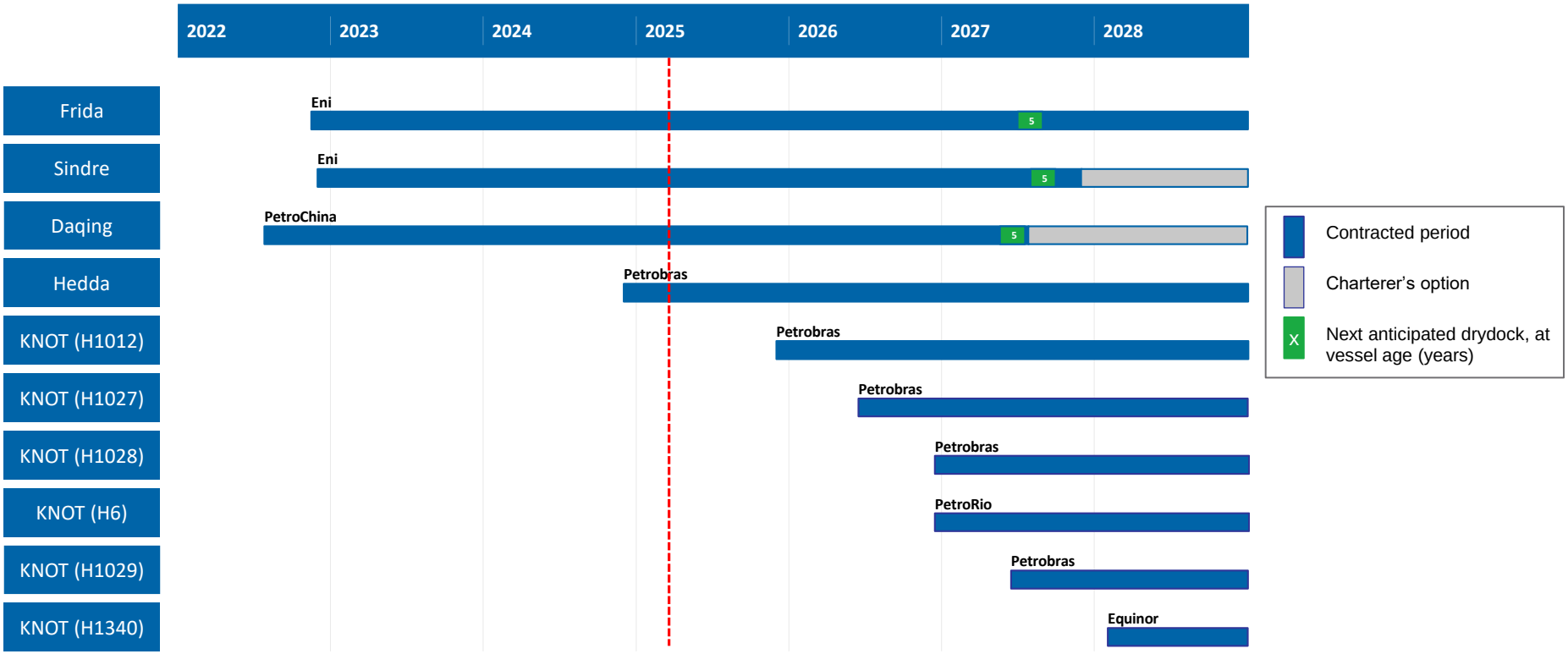
Forward contract coverage[1]



(1) This chart includes any contract developments after March 31, 2025, up to the date of the Partnership's 1Q 2025 Earnings release.

Dropdown inventory held/ordered by Sponsor as at reporting date

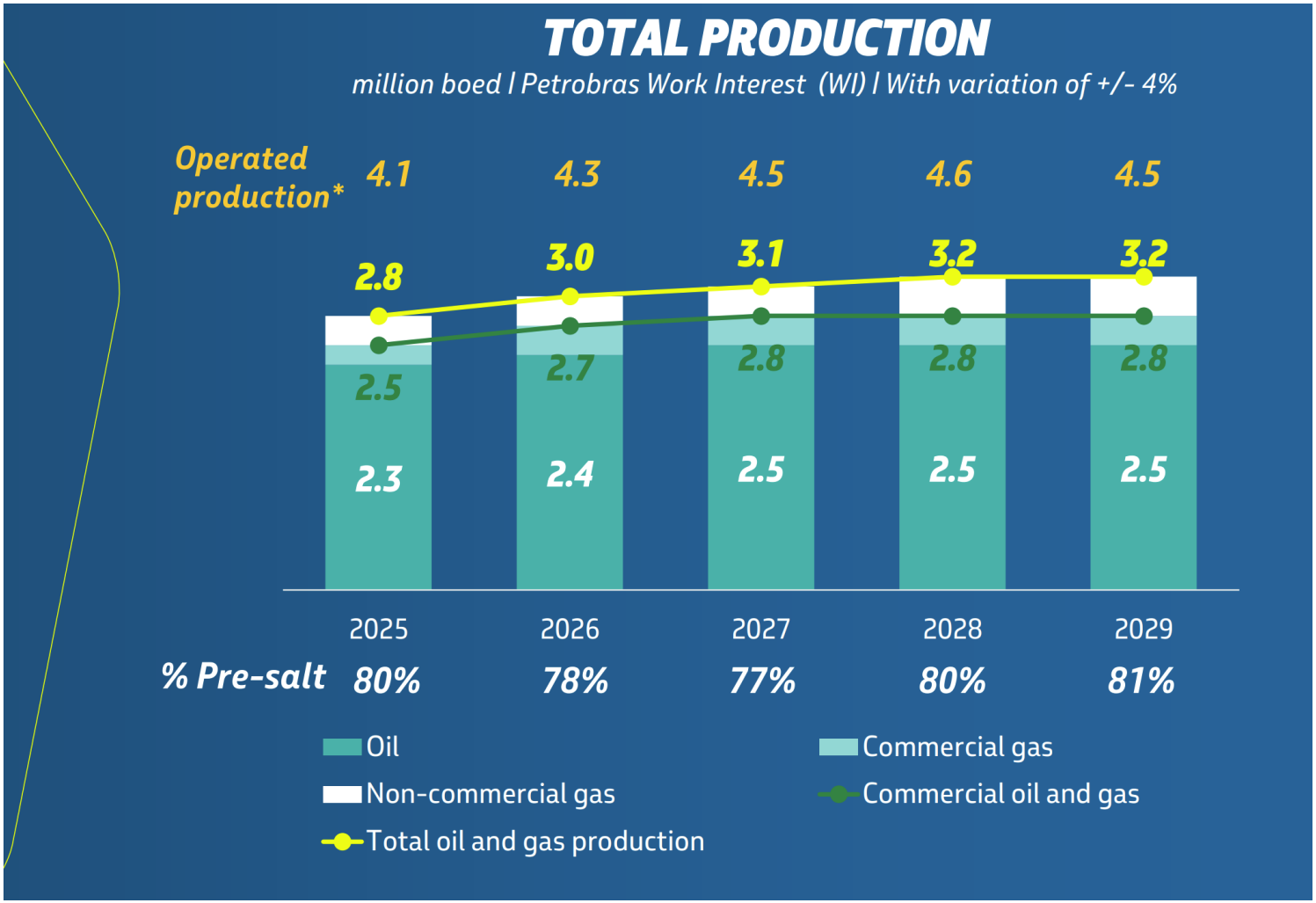
The acquisition by KNOP of any dropdown vessels in the future is subject to approval of the Partnership's independent Conflicts Committee, as well as the board of directors of each of KNOP and Knutsen NYK. There can be no assurance that any potential acquisitions will actually occur.



Notes:

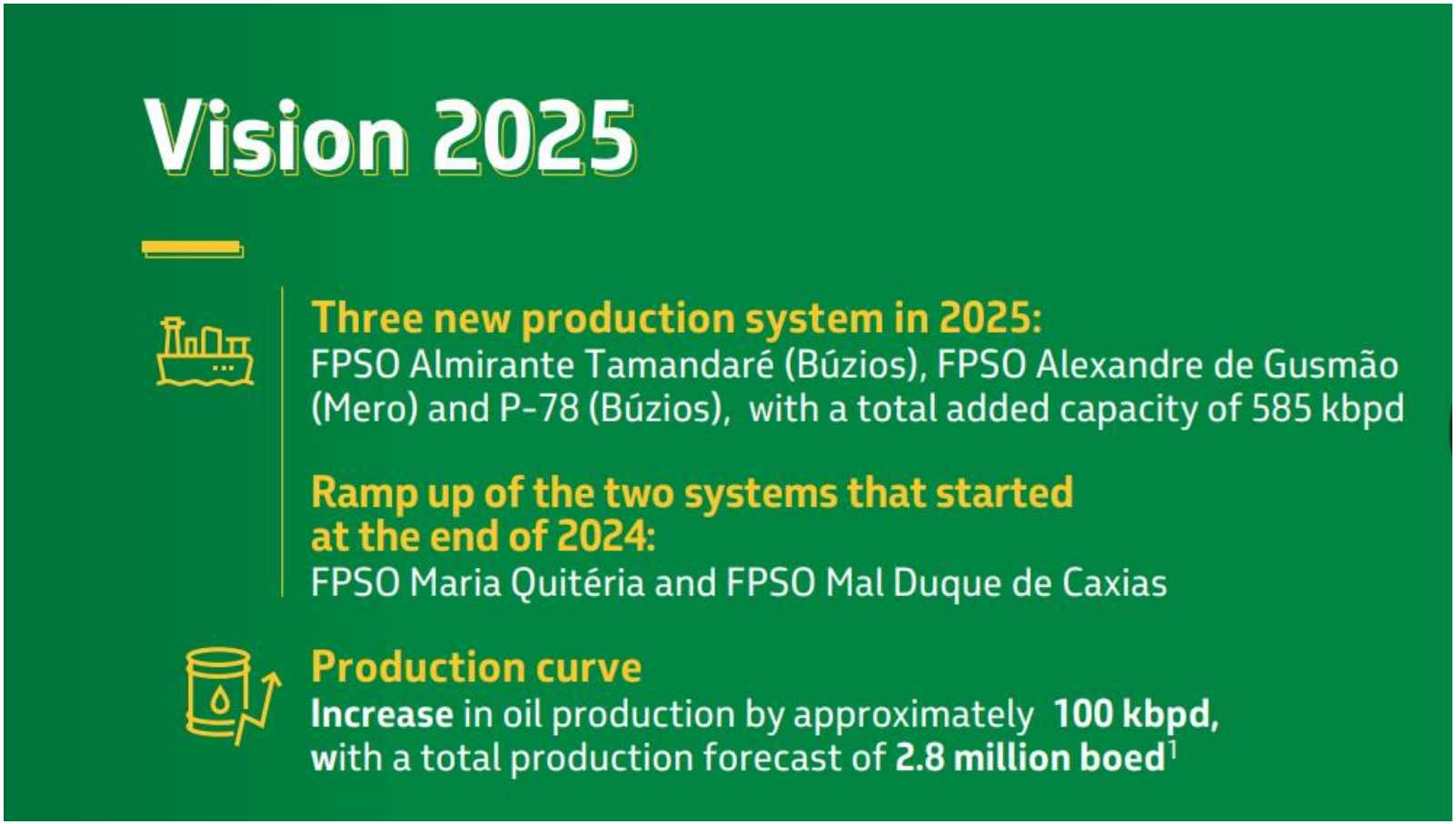
1. These timelines show the actual or expected charter contract periods and not the dates that the vessels were / will be delivered to Knutsen NYK from the yard.
2. All charter contracts shown are time charters unless otherwise stated.
3. All charter contracts include provisions that allow start and end dates to vary within a defined range depending on practical and operational requirements.
4. This charter diagram extends to December 31, 2028 only, and the charters or the charterer's options to extend the charters, in all cases, extend beyond this date.

Continued growth in oil production outlook in Brazil



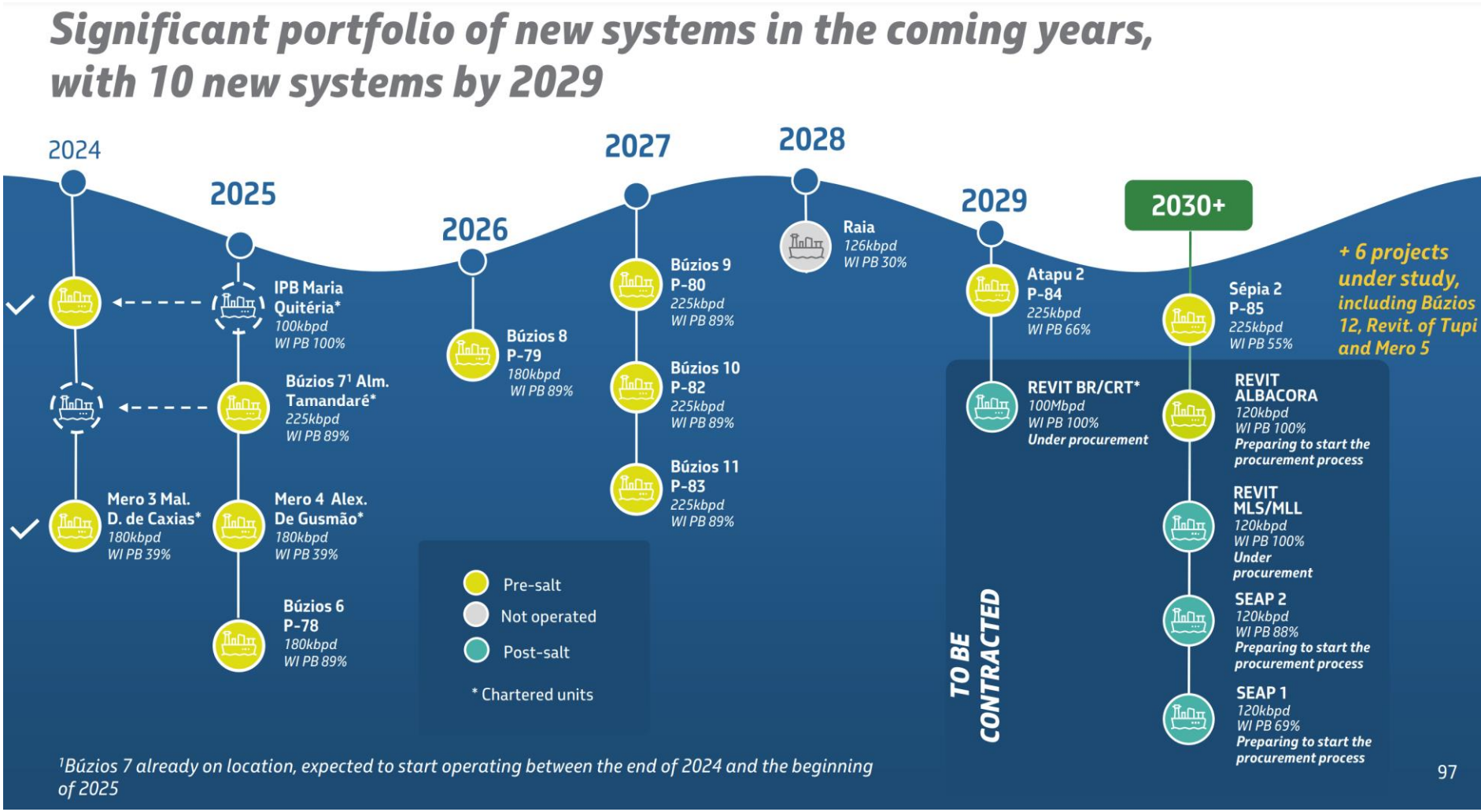
Source: *Petrobras Strategic Plan 2025-2029, announcement on November 22, 2024*
https://petrobras.com.br/en/quem-somos/estrategia

Petrobras' outlook for 2025



Source: *Petrobras' results presentation for 2024*

FPSO ordering and deliveries continuing at pace in Brazil



Source: *Petrobras Strategic Plan 2025-2029, announcement on November 22, 2024*
https://petrobras.com.br/en/quem-somos/estrategia

KNOP attributes – US investor considerations



- US investors are directed to the Investors FAQs and US Tax Information sections of KNOP's website:
  - https://www.knotoffshorepartners.com/investors/investor-faqs/
  - https://www.knotoffshorepartners.com/investors/stock-info/us-tax-information/default.aspx
- KNOP is **classified as a corporation** for U.S. federal income tax purposes. A U.S. holder of KNOP common units will receive a **Form 1099** to report distributions received (not a Form K-1).
  - For information related to IRS Form 1099 and other similar matters, investors should contact their brokerages
  - Unitholders with directly-registered holdings should contact our Transfer Agent, Equiniti Trust Company, LLC, which issues a Form 1099 annually on the Partnership's behalf.
  - Equiniti can be contacted via at https://equiniti.com/us/ast-access/

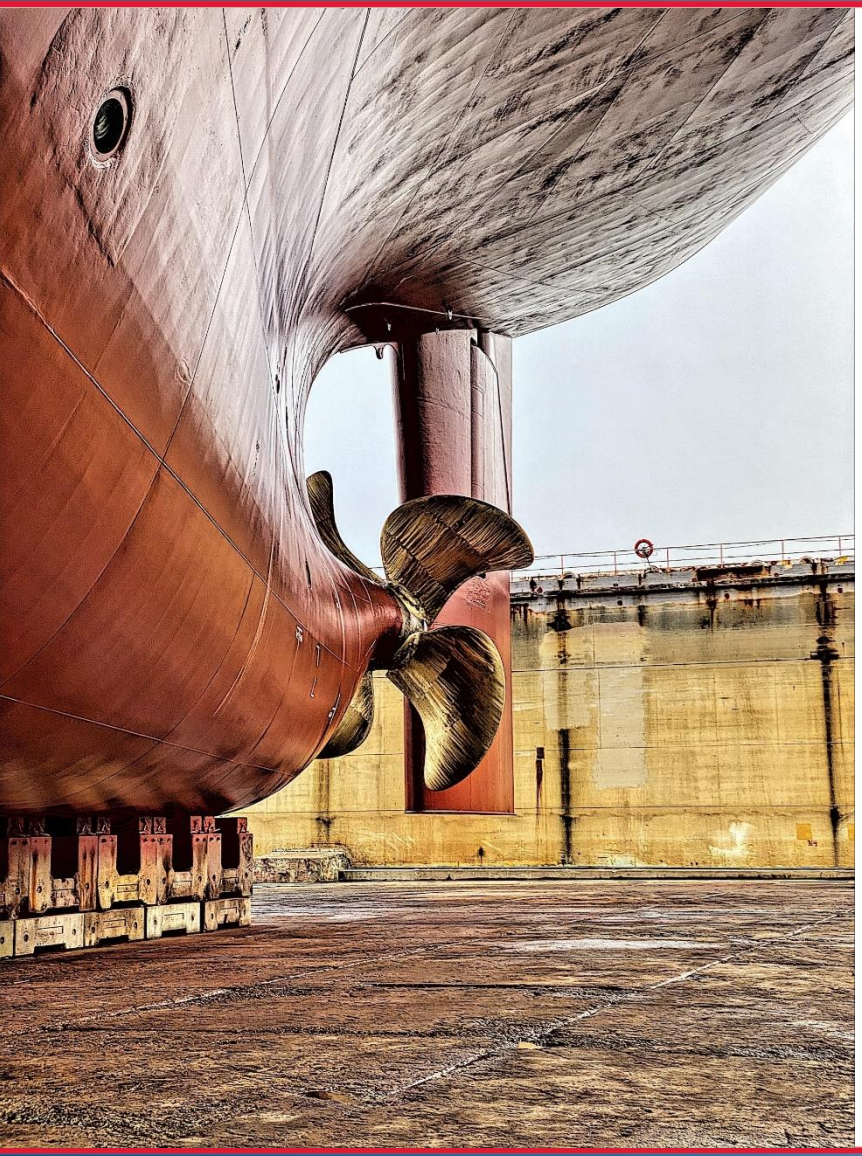
KNOP attributes – our investment case





- We are a **market leader** in the operation of shuttle tankers and our Sponsor has more than **40 years' experience** and investment in this business.
- Specialist vessels are **critical infrastructure with limited replacement risk** required to deliver oil production from projects with significant upfront investments, long lifespans and often low marginal production costs.
- Vessels have **operational flexibility** as they typically are capable of servicing many different fields.
- Due to the specialist nature of the assets, capital cost and need for an operating track record there are **high barriers to entry**.
- Multiple financially **strong contractual counterparties**.
- Target **fixed rate contracts** that are typically 1 to 7 years and that do not depend on short-term oil prices, where the customer bears vessel utilisation risk and all operational costs including fuel, with a fall-back into conventional spot tanker market if offshore loading market fails.
- Management strategy remains to operate the business on a prudent basis and **focus on long-term stability** as far as possible, aiming to provide a sustainable distribution, strong balance sheet and visible income.
- A **diversified revenue stream** where no individual vessel accounts (or is currently expected to account) for more than 10% of EBITDA.
- Strong run-rate of debt paydown, an extensive banking portfolio with **access to attractive bank finance** and several key lender relationships.

Summary and near-term priorities



1Q 2025 & subsequent:

- 99.5% utilization for scheduled operations, taking into account the schedule for drydocking of the *Raquel Knutsen* and *Windsor Knutsen* (96.9% overall)
- Generated:
  - Revenues: $84.0m
  - Operating income: $23.4m
  - Net income: $7.6m
  - Adjusted EDITDA: $52.2m
- Captured growth in fleet and contracted pipeline via swap of *Dan Sabia* for *Live Knutsen*
- Secured additional fixed contract periods for *Brasil Knutsen* and *Vigdis Knutsen*
- Distributed $0.026 per common unit under 1099 structure

Near-term priorities:

- Continue to focus on safe operation
- Maintain high scheduled operational utilization
- Continue growth in earnings visibility and liquidity and by working to secure additional charter coverage in the medium term

Questions



Appendix



Appendix – Non-GAAP financial measures

Adjusted EBITDA

Adjusted EBITDA refers to earnings before interest, depreciation, taxes, impairments and other financial items (including other finance expenses, realised and unrealised gain (loss) on derivative instruments and net gain (loss) on foreign currency transactions). Adjusted EBITDA is a non-GAAP financial measure used by investors to measure our performance. Adjusted EBITDA is used as a supplemental financial measure by management and external users of financial statements, such as investors, to assess our financial and operating performance.

The Partnership believes that Adjusted EBITDA assists its management and investors by increasing the comparability of its performance from period to period and against the performance of other companies in its industry that provide Adjusted EBITDA information. This increased comparability is achieved by excluding the potentially disparate effects between periods or companies of interest, other financial items, taxes, impairments, depreciation and amortization, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. The Partnership believes that including Adjusted EBITDA as a financial measure benefits investors in (a) selecting between investing in the Partnership and other investment alternatives and (b) monitoring the Partnership's ongoing financial and operational strength in assessing whether to continue to hold common units. Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to net income or any other indicator of Partnership performance calculated in accordance with GAAP.