



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 821 374
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNUTSEN SHUTTLE TANKERS 14 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl
Dato for fastsettelse av årsregnskapet: 11.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 24.03.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Driftsinntekter	2	189 161 460	177 142 401
Kommisjoner		-2 576 020	-2 411 894
Andre driftsinntekter		57 851	21 750
Sum inntekter		186 643 291	174 752 256
Kostnader			
Leie mannskap	6	21 763 595	24 337 291
Ordinære avskrivninger skip	5	38 256 680	38 417 381
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5		
Andre driftskostnader		15 918 747	14 721 537
Administrasjonskostnader	9	6 339 545	6 239 184
Sum kostnader		82 278 567	83 715 393
Driftsresultat		104 364 724	91 036 864
Finansinntekter og finanskostnader			
Finansinntekter	7	90 375	555 627
Agio/disagio		-1 364 551	2 386 248
Sum finansinntekter		-1 274 176	2 941 875
Finanskostnader	7	29 589 810	42 422 109
Sum finanskostnader		29 589 810	42 422 109
Netto finans		-30 863 985	-39 480 234
Ordinært resultat før skattekostnad		73 500 739	51 556 630
Skattekostnad	13		
Ordinært resultat etter skattekostnad		73 500 739	51 556 630
Årsresultat		73 500 739	51 556 630
Årsresultat etter minoritetsinteresser		73 500 739	51 556 630
Totalresultat		73 500 739	51 556 630



Resultatregnskap

Beløp i: NOK	Note	2020	2019
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Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	13		
Varige driftsmidler			
Skip	5, 10	590 557 033	626 183 683
Periodisk vedlikehold	5, 10		
Fly og flynære eiendeler	5, 10		
Sum varige driftsmidler		590 557 033	626 183 683
Sum anleggsmidler		590 557 033	626 183 683
Omløpsmidler			
Varer			
Beholdninger	4	1 191 675	1 662 552
Sum varer		1 191 675	1 662 552
Fordringer			
Debitorer	8	4 145 339	4 465 146
Konsernfordringer	8		
Sum fordringer		4 145 339	4 465 146
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	3	24 089 616	24 543 793
Sum bankinnskudd, kontanter og lignende		24 089 616	24 543 793
Sum omløpsmidler		29 426 630	30 671 490
SUM EIENDELER		619 983 663	656 855 173

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2020	2019
Aksjekapital 100 á kr 2 000	11, 12	200 000	200 000
Overkurs		8 378 048	8 378 048
Annen innskutt egenkapital		12 188 550	12 188 550
Sum innskutt egenkapital		20 766 598	20 766 598
Opptjent egenkapital			
Other equity		82 043 901	82 576 865
Sum opptjent egenkapital		82 043 901	82 576 865
Sum egenkapital	11	102 810 500	103 343 464
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	508 544 366	546 913 071
Utsatt inntekt	2		
Other long term liabilities	8		
Sum annen langsiktig gjeld		508 544 366	546 913 071
Sum langsiktig gjeld		508 544 366	546 913 071
Kortsiktig gjeld			
Leverandørgjeld	8	3 522 290	911 097
Tax payable	13		
Kortsiktig konserngjeld		1 210 337	1 312 069
Påløpne renter	10	1 655 694	3 066 116
Annen kortsiktig gjeld		2 240 477	1 309 357
Sum kortsiktig gjeld		8 628 798	6 598 639
Sum gjeld		517 173 163	553 511 709
SUM EGENKAPITAL OG GJELD		619 983 663	656 855 173



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	17.11.2011	08.12.2011
Telefon	Deres referanse	Vår referanse
22078139	Jørn Knutsen	2009/867030

ERNST & YOUNG AS
Postboks 20 Oslo Atrium
0051 OSLO

Dispensasjon fra kravet om å utarbeidelse av årsregnskap og årsberetning på norsk språk

Det vises til deres brev av 17. november 2011 og telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

Knutsen NYK Shuttle Tankers 8 AS	org. nr. 997 091 051
Knutsen NYK Offshore Tankers 1 AS	org. nr. 897 099 152
Knutsen Shuttle Tankers 13 AS	org. nr. 996 661 016
Knutsen Shuttle Tankers 14 AS	org. nr. 996 821 374
Knutsen Shuttle Tankers 15 AS	org. nr. 997 006 968
Knutsen NYK Shuttle Tankers 16 AS	org. nr. 997 404 009

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

De overnevnte selskapene er eid 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. som er hjemmehørende i Nederland. TS Shipping Invest AS fikk i vedtak (2010/867030) av 2. juni 2010 dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk. Selskapene driver virksomhet innen shippingbransjen som er en global bransje hvor engelsk primært benyttes ved kommunikasjon med omverden. Selskapene benytter også engelsk som arbeidsspråk internt. Brukerne av regnskapene er hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften. Styrene i selskapene har medlemmer som ikke er norskspråklige. De norske versjonene av årsregnskapet utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal ”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er 50 % eid av et selskap som er innvilget dispensasjon og 50 % av et nederlandsk selskap. Selskapene opererer i en global bransje hvor engelsk primært benyttes. Arbeidsspråk er også engelsk. Videre er det vektlagt at styrene i selskapene har medlemmer som ikke er norskspråklige.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

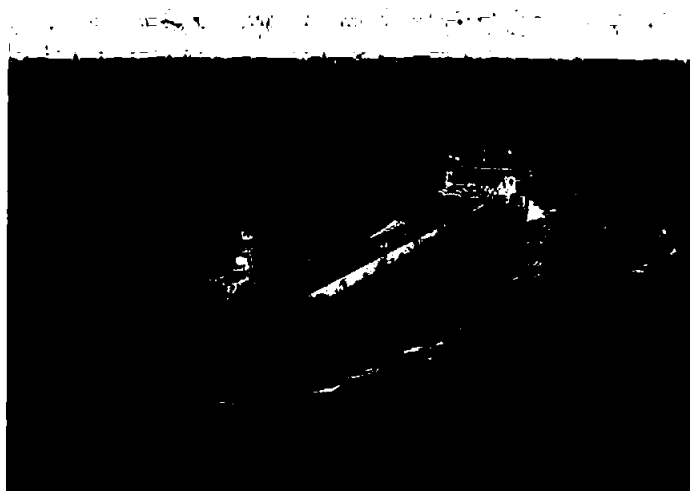
Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



Knutsen Shuttle Tankers 14 AS Annual Report 2020



M/T "Hilda Knutsen"

KNOT
Offshore Partners LP



KNUTSEN SHUTTLE TANKERS 14 AS

REPORT OF THE BOARD OF DIRECTORS 2020

Knutsen Shuttle Tankers 14 AS owns one 123,000 DWT Suez-max shuttle tanker, M/T Hilda Knutsen, delivered from Hyundai Heavy Industries (HHI) Shipyard in South Korea in 2013.

The company operates out of Haugesund, Norway and has no employees and working environment. The daily operations of the company and the vessel are managed by KNOT Management AS in Haugesund in accordance with separate agreement.

The company's activity

M/T Hilda Knutsen have been chartered to Eni Trading and Shipping S.p.A., for operation on the Goliat field offshore Norway from delivery at yard. In 2018, the company entered into an amended time charter with Eni, extending the duration of the Hilda Knutsen time charter for four years until August 2022 with three one-year options to extend the time charter.

Result for the year

The operating result for Knutsen Shuttle Tankers 14 AS was NOK 104 364 724 in 2020 compared to NOK 91 036 864 in 2019. After net financial loss of NOK 30 863 985 in 2020, against a loss of NOK 39 480 234 in 2019, the results of the year were NOK 73 500 739 in 2020 compared to NOK 51 556 630 in 2019.

The Board of Directors suggests the result for the year transferred to other equity.

Total cash flow from operating activities in the company was NOK 133 704 263, NOK 101 047 979 in 2019. The liquidity position was NOK 24 089 616 as per 31.12.2020 compared to NOK 24 543 793 as per 31.12.2019. The company's ability to finance its investments is good. The outstanding mortgage loan is at the end of 2020 USD 78 461 504, USD 84 615 360 at the end of 2019.

The company's short-term debt per 31.12.2020 was 1.7 % of total debt (1.2 % in 2019).

Total capital was by the end of the year NOK 619 983 663, NOK 656 855 173 at the end of 2019. The equity-share as of 31.12.2020 was 17 %, compare to 16 % as of 31.12.2019.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since most the company's operating expenses and financial costs also are denominated in USD, this limits the company's foreign exchange risk. The company has not entered into any forward contracts or other agreements to reduce the company's foreign exchange risk, and thereby operating related market risk.

The company is also exposed to changes in the interest rate level, as its long-term debt carrying floating interest rate. The company has not entered into any interest rate swap agreement.

The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern. The Board of Directors confirms that the Financial Statements give a true picture of the company's assets and liabilities, financial position, and results.



The environment safety and quality control

The requirements for a safety operation of ships are increasing, and both the company and the manager KNOT Management AS are concerned with an operational excellence. KNOT Shuttle Tankers Group's fleet consists of modern ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ships are maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources to the quality assurance and there are strict requirements for safety systems and an operation of the ships.

The company is not aware of any significant pollution to the external environment, and the Board of Directors considers the working conditions onboard the ships as satisfactory. All the vessels are certified in accordance with both ISM code and the ISPS code.

The company have no employees and thus no working environment. The company aims to be workplace where there is no discrimination related to gender, ethnicity, religion, or disability. The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board of Directors are all men.

Prospects

M/T Hilda Knutsen is operated on a long-term charter with Eni Trading and Shipping S.p.A. where the fixed period ends in the 3rd quarter of 2022. The charterer and trading area is well known for the manager and the Board of Directors. Based on the operation of the vessel in 2020, the company has secured long term financing of the vessel, the Board of Directors of Knutsen Shuttle Tankers 14 AS expects 2021 to be a satisfactory year for the vessel and the company.

Haugesund, March 10, 2021



Trygve Seglem
Chairman of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



Takashi Domyo
Member of the Board



Knutsen Shuttle Tankers 14 AS

Profit & Loss Account

	<u>Note</u>	2020	2019
<u>Operating Income</u>			
Freight income	2	189 161 460	177 142 401
Commissions		-2 576 020	-2 411 894
Other Income		57 851	21 750
<i>Total Operating income</i>		<u>186 643 291</u>	<u>174 752 256</u>
<u>Operating Expenses</u>			
Crew-hire	6	21 763 595	24 337 291
Other operating expenses		15 918 747	14 721 537
Administration	9	6 339 545	6 239 184
<i>Total Operating Expenses</i>		<u>44 021 887</u>	<u>45 298 012</u>
Ordinary depreciation	5	38 256 680	38 417 381
<i>Operating Result</i>		<u>104 364 724</u>	<u>91 036 864</u>
<u>Financial Income and Expenses</u>			
Financial income	7	90 375	555 627
Foreign exchange gain/loss		-1 364 551	2 386 248
Financial expenses	7	-29 589 810	-42 422 109
<i>Net Financial Items</i>		<u>-30 863 985</u>	<u>-39 480 234</u>
<i>Result before taxes</i>		<u>73 500 739</u>	<u>51 556 630</u>
Taxes	13	0	0
<i>Result for the year</i>		<u>73 500 739</u>	<u>51 556 630</u>



Knutsen Shuttle Tankers 14 AS
Balance Sheet as of 31. December

<u>Assets</u>	<u>Note</u>	2020	2019
<u>Fixed assets</u>			
Vessel	5, 10	590 557 033	626 183 683
<i>Total Fixed Assets</i>		<u>590 557 033</u>	<u>626 183 683</u>
<u>Current Assets</u>			
Inventories	4	1 191 675	1 662 552
Receivables	8	4 145 339	4 465 146
Bank deposits	3	24 089 616	24 543 793
<i>Total Current Assets</i>		<u>29 426 630</u>	<u>30 671 490</u>
TOTAL ASSETS		<u>619 983 663</u>	<u>656 855 173</u>



Knutsen Shuttle Tankers 14 AS
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2020	2019
<u>Equity</u>			
Share capital	11, 12	200 000	200 000
Share premium		8 378 048	8 378 048
Other paid-in capital		12 188 550	12 188 550
<i>Total capital paid-in</i>		<u>20 766 598</u>	<u>20 766 598</u>
Other equity		82 043 901	82 576 865
<i>Total Shareholders' Equity</i>	11	<u>102 810 500</u>	<u>103 343 464</u>
<u>Long Term Debt</u>			
Liabilities to financial institutions	10	508 544 366	546 913 071
<i>Total Long Term Debt</i>		<u>508 544 366</u>	<u>546 913 071</u>
<u>Current Liabilities</u>			
Accounts payable	8	3 522 290	911 097
Accrued interest	10	1 655 694	3 066 116
Current liabilities group		1 210 337	1 312 069
Other current liabilities		2 240 477	1 309 357
<i>Total Current Liabilities</i>		<u>8 628 798</u>	<u>6 598 639</u>
<i>Total liabilities</i>		<u>517 173 163</u>	<u>553 511 709</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>619 983 663</u>	<u>656 855 173</u>

Haugesund, March 10, 2021

 Trygve Sjøglem chairman of the board	 Karl Gerhard Bråstein Dahl member of the board	 Takashi Domyo member of the board
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KNUTSEN SHUTTLE TANKERS 14 AS

CASHFLOW STATEMENT

	2020	2019
Total generated from operations 1)	130 883 421	105 684 044
Change in working capital	<u>2 820 842</u>	<u>-4 636 065</u>
Net cashflow from operations	<u>133 704 263</u>	<u>101 047 979</u>
Additions/Disposals to the vessel	<u>-2 630 030</u>	<u>119 474</u>
Net cashflow from investments	<u>-2 630 030</u>	<u>119 474</u>
Paid installments on mortgage debt	-57 494 707	-54 572 087
Dividends paid-out	<u>-74 033 703</u>	<u>-43 359 320</u>
Net cashflow from financing	<u>-131 528 410</u>	<u>-97 931 407</u>
Net cashflow for the year	-454 177	3 236 046
+ Cash balance per 01.01.	<u>24 543 793</u>	<u>21 307 746</u>
= Cash Balance per 31.12.	<u>24 089 616</u>	<u>24 543 793</u>

1) Generated from operations:

Result before tax	73 500 739	51 556 630
+Amortization of deferred debt issuance costs	1 397 750	1 459 880
+Realized profit/loss on foreign exchange	17 728 252	14 250 153
+Ordinary depreciation	<u>38 256 680</u>	<u>38 417 381</u>
= Total generated from operations	<u>130 883 421</u>	<u>105 684 044</u>



KNUTSEN SHUTTLE TANKERS 14 AS

Notes to the Financial Statement 31.12.2020

1 Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Income

The income from charter party is in USD, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

Current Assets/Current Liabilities

Fixed assets are intended for long-term ownership and use. Other assets are classified as current assets. Short-term liabilities are due within one year or tied to the operation of the vessel. Other liabilities are classified as long-term liabilities.

Current assets are valued at the lower of cost and fair value. Short-term liabilities are recorded at nominal value at the time of the entering.

Fixed Assets and Dry-Docking

The total cost of the vessel is capitalised at delivery and depreciated to zero at the date 25 years after delivery.

Dry-docking expenses are capitalised and expensed over the period till the next dry-docking. This is in line with the depreciation plan of the vessel, and takes into account that the vessel is classified to operate for an additional period. Dry-docking is carried out every 5th year for vessels less than 15 years, and every 2.5 year for vessels more than 15 years. In the case of a newbuilding, a portion of the total cost of the vessel equal to the dry-docking cost is capitalised. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed.

Transactions in Foreign Currency

Income and expenditure in foreign currency are converted with the exchange rate at the time of the transaction.

All current assets and current liabilities in foreign currency are registered at the rate of exchange as per 31.12. Realised foreign exchange gain and loss are registered as financial items.

The debt is valued at the historical rate, to the extent that the future net nominal income flow exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal income flow, the unrealised foreign exchange loss on the exceeding amount is recorded.

Realized and unrealized profit and loss on foreign exchange are recorded as financial income / expenses.



Interest-bearing loan and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the net profit and loss statement when the liabilities are devalued or depreciated, as well as through the amortization process.

Tax

The company have elected to be taxed based on the Norwegian tonnage tax regime. The tonnage tax regime have a list of requirements that companies have to fulfill to qualify for election of the regime, such as minimum 3% direct or indirect ownership in vessels that perform transportation only. The company are restricted to what assets, liabilities and business they can participate in, and the same will apply for underlying companies and/or partnerships.

In the tonnage tax regime the company pay a tonnage tax based on the weight of the owned vessels and taxable result is based on a taxable financial result. This means that the company's operating results is not taxable. The taxable financial result is based on the net financial items in the profit and loss account where only a portion of the foreign exchange gain is taxable and a portion of the foreign exchange loss and interest expenses is deductible. The portion is based on the amount of financial assets compared to total assets in the balance sheet. The company will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital. Tonnage tax is classified as an operating expense in the profit and loss statement.

The calculated tax expenses in the profit and loss statement includes both the payable tax for the period in addition to the change in deferred tax. Deferred tax is calculated based on the temporary differences between the balance sheet values in the accounts and the tax values in addition to the tax loss carried forward at the end of the financial year. Tax increasing and decreasing changes in temporary differences that can be reversed in the same period are offset and the net value is taken into the accounts.

Cash flow statement

The cash flow statement is presented using the indirect method of NRS. The liquidity balance is defined as the sum of cash, bank deposits and other short term liquid deposits.

Related party transactions

The Company has undertaken several agreements and transactions with related parties in the KNOT and KNOP group. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management AS delivers ship management services for the Company's vessel(s). Ship management fee includes services like technical management, crewing management, IT and energy management.

2 Contracts

On August 3, 2018, the company entered an amended time charter with Eni Trading & Shipping S.P.A. ("ENI"), extending the duration of the Hilda Knutsen time charter for four years until August 2022.

KNOT Management AS operates as a manager on behalf of the company and the vessel in accordance with management agreements.



3 **Bank deposits**

The company doesn't have locked-up bank funds per 31.12.

4 **Inventories**

Inventories refer to lube oil as per 31.12.

5 **Fixed Assets**

Vessel	2020	2019
Historical value 1.1.	815 614 263	815 614 263
Accumulated depreciation 1.1.	208 923 905	176 276 885
Book value 1.1.	606 690 358	639 337 378
Additions/Disposals	2 630 030	0
Annual depreciation	32 753 105	32 647 020
Book value 31.12.	576 567 283	606 690 358

The economic life of the vessels is estimated to 25 years, and is depreciated accordingly.

Dry-docking	2020	2019
Capitalised dry-docking	27 734 145	27 853 619
Accumulated depreciation dry-docking 1.1.	8 240 820	2 470 459
Capitalised dry-docking 1.1.	19 493 325	25 383 160
Additions	0	-119 474
Annual depreciation	5 503 575	5 770 361
Book value 31.12.	13 989 750	19 493 325
Total vessel	590 557 033	626 183 683

6 **Salary and social costs**

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from Knutsen OAS Shipping AS.

Specification:	2020	2019
Grants crew expenses	-6 285 629	-186 417

7 **Financial Income and -Expenses**

	2020	2019
Financial Income:		
Other interest income	90 375	555 627
Total financial income	90 375	555 627
Financial expenses:		
Interest expenses	25 667 096	37 986 382
Guarantee expenses to group companies/related parties	3 720 584	3 716 180
Other financial expenses	202 130	719 547
Total financial expenses	29 589 810	42 422 109



8 Related party balances

	<u>2020</u>	<u>2019</u>
<u>Receivables</u>		
Knutsen OAS Shipping AS	0	538 745
KNOT Management AS	0	692 714
	<u>0</u>	<u>1 231 459</u>
<u>Accounts payable</u>		
KNOT Management AS	218 148	161 417
Knutsen OAS Management AS	12 865	0
Knutsen Shuttle Tankers 2 AS	1 264	0
KNOT Shuttle Tankers 23 AS	5 500	0
Knutsen OAS Shipping AS	2 337 881	0
	<u>2 575 659</u>	<u>161 417</u>

9 Remuneration

The company have not paid salary or any other remuneration, nor given any loan or guarantees to any leading person or board members during the year.

Auditors remuneration (excl. VAT):	<u>2020</u>	<u>2019</u>
Audit	37 638	36 033
Other services besides audit	0	0
	<u>37 638</u>	<u>36 033</u>

10 Mortgage Debt and Financial Instruments

<u>31.12.2020</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate per 31.12</u>	<u>NOK</u>
USD-loan	78 461 504	6,5350	6,5350	512 749 636
Deferred debt issuance costs				-4 205 270
				<u>508 544 366</u>
Current portion:				
USD-loan	6 153 856			40 215 740
Deferred debt issuance costs				-1 324 777
				<u>38 890 962</u>
<u>31.12.2019</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate per 31.12</u>	<u>NOK</u>
USD-loan	84 615 360	6,5297	6,5297	552 516 091
Deferred debt issuance costs				-5 603 020
				<u>546 913 071</u>
Current portion:				
USD-loan	6 153 856			40 183 064
Deferred debt issuance costs				-1 397 748
				<u>38 785 316</u>

Estimated outstanding debt per year end 2025 is USD 48 million.

The USDNOK exchange rate at the year-end was 8,5375 (8,8176 i 2019).

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in USD (cash flow hedge). Loans in USD are used as hedging instrument. The profit and loss impact of the hedging instrument (loan in USD) is presented together with the hedged risk. This implies that realized currency gain/losses on the loans are presented as an increase/reduction of operating income.

Future income flows from anticipated fixed contracts in USD exceed debt in USD. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate. Per 31.12.2020 the not recorded foreign exchange loss (i.e. off-balance) is NOK 157 million compared to a loss of NOK 194 million as per 31.12.2019.



Security for the loan is made through a first priority mortgage in the vessel, assignment of the charterparty, assignment of the insurances, pledged bank deposit, factoring agreement, pledged shares in the company and guarantee from the owner.

Book value of mortgaged assets is NOK 620 million (NOK 657 million in 2019).

11 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Other paid in equity	Other equity	Total equity
Equity 01.01.	200 000	8 378 048	12 188 550	82 576 865	103 343 464
Extraordinary dividend paid-out	0	0	0	-74 033 703	-74 033 703
Result for the year	0	0	0	73 500 739	73 500 739
Equity 31.12.	200 000	8 378 048	12 188 550	82 043 901	102 810 500

Share capital consist of 100 shares à NOK 2 000, all the shares is owned by KNOT Shuttle Tankers AS.

The company is controlled 100% by KNOT Offshore Partners LP. Accounting for the Group can be obtained from the webside, <http://knotoffshorepartners.com/>.

12 Shares Owned by Board Members and Affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the company Knutsen NYK Offshore Tankers AS, which controls 27,84% of KNOT Offshore Partners LP.

13 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which in 2020 amounted to NOK 133 179 (NOK 133 179 in 2019). Tonnage tax is classified as an operating expense.

Below is a specification of the temporary differences at the end of the financial year.

	31.12.2020	Change	31.12.2019
Loss carried forward	-58 724 567	-5 077 842	-53 646 725
Basis for deferred tax (benefit)	-58 724 567	-5 077 842	-53 646 725
Deferred tax (benefit) booked	0	0	0

Deferred tax assets related to losses carried forward are only recognized to the extent that there is convincing evidence that these will be utilized in the future.



Taxable result tonnage tax scheme:

	2020	2019
Net financial result	-30 863 986	-39 480 234
Non-deductable currency loss	1 041 697	-2 407 071
Interest deduction	24 744 447	37 203 543
Taxable income before loss carried forward	-5 077 842	-4 683 762
Change in loss carried forward	5 077 842	4 683 762
Taxable income	<u>0</u>	<u>0</u>
Tax payable	0	0
Change in deferred tax	<u>0</u>	<u>0</u>
Tax expense	<u>0</u>	<u>0</u>



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Knutsen Shuttle Tankers 14 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Knutsen Shuttle Tankers 14 AS, which comprise the balance sheet as at 31 December 2020, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

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individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

Opinion on registration and documentation

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

Oslo, 10 March 2021
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The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant

Independent auditor's report - Knutsen Shuttle Tankers 14 AS

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Johan Nordby

Statsautorisert revisor

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