



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 982 786 126
Organisasjonsform: Aksjeselskap
Foretaksnavn: NORSPAN LNG II AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: Geir Tore Henriksen
Dato for fastsettelse av årsregnskapet: 08.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 08.06.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Freight income		168 268 357	210 340 458
Commissions		-561 467	-679 366
Other income		20 773 110	
Sum inntekter	3	188 480 000	209 661 092
Kostnader			
Crew hire	12	23 555 232	24 534 931
Ordinary depreciation	5	43 722 000	43 550 000
Other operating expenses	10	26 617 890	23 396 705
Sum kostnader		93 895 122	91 481 636
Driftsresultat		94 584 878	118 179 456
Finansinntekter og finanskostnader			
Financial income	6	4 579 432	6 977
Sum finansinntekter		4 579 432	6 977
Foreign exchange gain/loss		3 951 523	15 260 759
Financial expenses	6	76 546 918	85 838 217
Sum finanskostnader		80 498 441	101 098 976
Netto finans		-75 919 010	-101 091 999
Ordinært resultat før skattekostnad		18 665 868	17 087 456
Tax	13		
Ordinært resultat etter skattekostnad		18 665 868	17 087 456
Årsresultat		18 665 868	17 087 456
Årsresultat etter minoritetsinteresser		18 665 868	17 087 456
Totalresultat		18 665 868	17 087 456
Overføringer og disponeringer			



Resultatregnskap

Beløp i: NOK	Note	2021	2020
Other equity		18 665 868	17 087 456
Sum overføringer og disponeringer		18 665 868	17 087 456



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	5	853 438 542	895 493 289
Sum varige driftsmidler		853 438 542	895 493 289
Finansielle anleggsmidler			
Lån til tilknyttet selskap og felles kontrollert virksomhet	8		
Sum anleggsmidler		853 438 542	895 493 289
Omløpsmidler			
Varer			
Inventories	4	1 510 463	1 418 065
Sum varer		1 510 463	1 418 065
Fordringer			
Accounts receivable		170 659	57 631
Other receivables		11 619 724	3 243 851
Group receivable		128 389	148 610
Konsernfordringer	8		23 500 000
Sum fordringer		11 918 772	26 950 092
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	2	141 580 295	123 033 798
Sum bankinnskudd, kontanter og lignende		141 580 295	123 033 798
Sum omløpsmidler		155 009 530	151 401 955
SUM EIENDELER		1 008 448 073	1 046 895 244

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Skare capital		300 000	300 000
Overkurs		117 378 166	117 378 166
Sum innskutt egenkapital		117 678 166	117 678 166
Opptjent egenkapital			
Other equity		20 420 830	1 754 961
Sum opptjent egenkapital		20 420 830	1 754 961
Sum egenkapital	9, 11	138 098 995	119 433 127
Gjeld			
Langsiktig gjeld			
Deferred tax	13	131 063	163 828
Sum avsetninger for forpliktelser		131 063	163 828
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	7	810 536 337	870 371 520
Debt to group companies	8		23 545 539
Sum annen langsiktig gjeld		810 536 337	893 917 059
Sum langsiktig gjeld		810 667 400	894 080 887
Kortsiktig gjeld			
Leverandørgjeld		11 133 661	2 420 623
Tax payable	13	32 765	40 957
Kortsiktig konserngjeld		4 757 011	151 381
Accrued interest		25 804 651	28 988 196
Other current liabilities		17 953 590	1 780 073
Sum kortsiktig gjeld		59 681 678	33 381 229
Sum gjeld		870 349 077	927 462 117
SUM EGENKAPITAL OG GJELD		1 008 448 073	1 046 895 244



Skattedirektoratet

Saksbehandler
Jan Hoelstad

Deres dato
28.10.2009

Vår dato
02.06.2010

Telefon
22077325

Deres referanse
Jørn Knutsen

Vår referanse
2009/867030

Ernst & Young AS
Postboks 6163 Postterminalen
5892 Bergen

Søknad om tillatelse til å unnlate å utarbeide årsregnskap og årsberetning på norsk språk

Det vises til Deres søknad av 28. oktober 2009 samt telefonsamtaler 12. desember 2009 og 31. mai 2010 i sakens anledning. De søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- Norspan LNG AS org. nr: 981 146 131
- Norspan LNG II AS org. nr: 982 786 126
- Norspan LNG III AS org. nr: 986 860 045
- Norspan LNG IV AS org. nr: 987 755 628
- Norspan LNG V AS org. nr: 989 970 690
- Norspan LNG VI AS org. nr: 990 224 366
- Norspan LNG VII AS org. nr: 990 911 053
- Norspan LNG VIII AS org. nr: 991 817 603

Bakgrunn:

Selskapene er eid av de tre norske selskapene TS Shipping Invest AS, Umoe Shipping & Energy AS og Gas Maroil AS. Bak sistnevnte selskap står det spanske eierinteresser. Eierandelen mellom de tre aksjonærene er noe forskjellig for de ulike Norspan selskapene. Både eierne og selskapene det søkes dispensasjon for, driver alle innen internasjonal shipping. Selskapene har engelsk som arbeids og rapporteringsspråk. Selskapenes virksomhet er finansiert gjennom flere norske og internasjonale banker. Eitersom finansieringen i all hovedsak gjøres via syndikerte banklån, er det et krav fra bankene at regnskapet oversettes til engelsk språk.

Selskapene må derfor i dag utarbeide alle regnskaper både på norsk og engelsk. Denne praksisen innebærer en vesentlig kostnad uten at man ser noen synlig nytte av den norske versjonen. Det søkes derfor om dispensasjon.

Skattedirektoratets vurdering og konklusjon

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."

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

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0134 Oslo

skattedirektoratet@skatteetaten.no

Besøksadresse

Fredrik Selmers vei 4
Org. nr: 974761076

Sentralbord

800 80 000

Telefaks

22 17 08 60



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. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som et verktøy i sin kontrollvirksomhet.

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 negativt berørt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Det framgår av søknaden at selskapenes aksjer eies av et begrenset antall aksjonærer som foretrekker årsregnskap og årsberetning på engelsk. Selskapene opererer innen en bransje med sterk internasjonal karakter og arbeidsspråket er engelsk. Finansieringen hentes fra profesjonelle institusjoner som etterspør engelsk versjon av årsregnskapet og årsberetning. Alle sentrale aktører innen de bransjer selskapene driver, antas å måtte beherske og benytte engelsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte navngitte søkere 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. Dette inkluderer blant annet en forutsetning om at alle aksjonærer også i fortsettelsen er enig i at årsregnskap og årsberetning ikke ønskes utarbeidet på norsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Inger Johanne Stolt-Nielsen
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

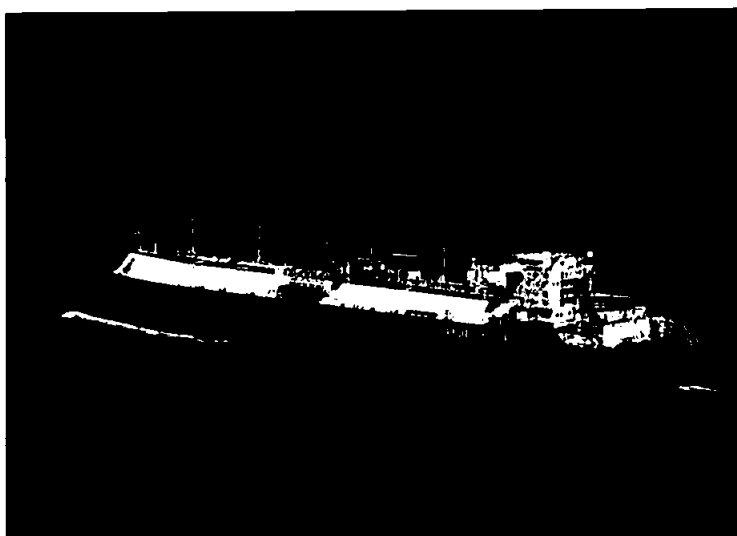
Jan Høelstad



NORSPAN LNG II AS

ANNUAL REPORT

2021



LNG/c "CADIZ KNUTSEN"



NORSPAN LNG II AS

REPORT OF THE BOARD OF DIRECTORS 2021

Norspan LNG II AS owns LNG/c Cadiz Knutsen, a 138.000 m³ LNG carrier, which was built in 2004.

The company has no employees. The manager, Knutsen OAS Shipping AS in Haugesund operates the vessel on behalf of the company, in accordance with a separate management agreement. Norspan LNG II AS hires the crew from Knutsen OAS Espana S.L.

LNG/c Cadiz Knutsen is chartered on a 25-year contract for the transportation of liquified natural gas (LNG) with the Spanish energy company Union Fenosa Gas S.A. This contract was novated to Naturgy in 2021.

The board of directors and the manager are both satisfied with the operation of the ship in 2021. Cadiz Knutsen had one serious incident on August 10th, where port side vapor return line was severely damaged due to pressure build-up in the line after discharging cargo in Puerto Rico. The vessel was repaired in Curacao and was on hire 28th of September. Off hire was 48 days whereof 14 days not covered by insurance.

2021 has been a challenging year operational wise due to the Covid-19 pandemic. The Board of Directors would like to give credit to officers and crew onboard Cadiz Knutsen as well as the staff of the manager and the charterer for establishing good guidelines and operational procedures in order to keep the vessel and everyone onboard safe. Cadiz has not had any Covid-19 incidents in 2021. The pandemic has however influenced the operation of the vessel by way of additional operating cost related to travel-, testing-, quarantine-, stand-by and accommodation cost, and wage expenses due to extended days onboard. Forwarding cost and service personnel costs have also increased due to Covid-19.

Profit for the year

The company had an operating profit in 2021 of NOK 94 584 878, compared to a profit of NOK 118 179 456 in 2020. Net financial expenses were NOK 75 919 010 compared to net financial expenses of NOK 101 091 999 the previous year. The result for the year is a profit of NOK 18 665 868, compared to NOK 17 087 456 in 2020. The Board of Directors suggests that the result for the year is transferred to other equity.

Net cash flow from operating activities in the company was NOK 122 268 032 (NOK 81 272 284 in 2020). The company's liquidity position was NOK 141 580 295 as of 31.12.21 (NOK 123 033 798 as of 31.12.20).



The company's short-term debt was as of 31.12.21 was 6,9 % of total debt, compared to 3,6 % as of 31.12.20. The financial position is good, and the company can as of 31.12.2021 repay current debt with its most liquid assets (current assets-inventories).

Total assets at year-end amounted to NOK 1 008 448 073 compared to NOK 1 046 895 244 in the previous year. The equity ratio was 13,7 % as of 31.12.21, compared to a 11,4 % as of 31.12.20.

The company is exposed to fluctuations in foreign exchange rates, especially EUR, as a majority of the company's income is denominated in EUR. Though, since the majority of the company's operating expenses and financial costs also are denominated in EUR, the company's foreign exchange risk is limited. The Company has entered into forward contracts in order to reduce the Company's exchange rate risk. The company has reduced the interest rate fluctuation risk through long term interest rate swaps for the entire loan balance.

The financial accounts are settled on the assumption of a going concern. The Board of Directors confirms the assumption of a going concern.

High operational standards

The requirements for safe and environmentally friendly operation of the vessel are increasing, and both the Company and the manager Knutsen OAS Shipping emphasize operational quality. The manager is ISO 9001, ISO 14001 and ISO 45001 certified and establishes each year Key Performance Indicators (KPIs) for improved safety and environmental operation.

LNG/c Cadiz Knutsen is a vessel with high technical standard. The Company and the manager allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of the vessel.

Knutsen OAS Shipping has a policy to minimize pollution to air and sea from the operations and has established a continuous program to improve environmental impact from the operations. The Board of Directors considers the working conditions as satisfactory. All certificates are valid, and Cadiz Knutsen is certified in accordance with both the ISM and ISPS codes.

Future prospects


LNG/c Cadiz Knutsen is fixed on a long-term contract with a first-class charterer and the Board of Directors has every reason to believe that 2022 will be a satisfactory year for the company.



Haugesund, 7 April 2022



Trygve Seglem
Chairman of the Board



Synnøve Seglem
Board member



Geir Tore Henriksen
Board member



Nils-Kristian Strøm
Board member



Norspan LNG II AS
Profit & Loss Account

	<u>Note</u>	2021	2020
<u>Operating Income</u>			
Freight income		168 268 357	210 340 458
Commissions		-561 467	-679 366
Other income		20 773 110	0
<i>Operating income</i>	3	<u>188 480 000</u>	<u>209 661 092</u>
<u>Operating Expenses</u>			
Crew hire	12	23 555 232	24 534 931
Other operating expenses	10	26 617 890	23 396 705
<i>Total Operating Expenses</i>		<u>50 173 122</u>	<u>47 931 636</u>
<i>Operating result before depreciation</i>		<u>138 306 878</u>	<u>161 729 456</u>
Ordinary depreciation	5	43 722 000	43 550 000
<i>Total Depreciation and Write-downs</i>		<u>43 722 000</u>	<u>43 550 000</u>
<i>Operating Result</i>		<u>94 584 878</u>	<u>118 179 456</u>
<u>Financial Income and Expenses</u>			
Financial income	6	4 579 432	6 977
Foreign exchange gain/loss		-3 951 523	-15 260 759
Financial expenses	6	-76 546 918	-85 838 217
<i>Net Financial Items</i>		<u>-75 919 010</u>	<u>-101 091 999</u>
<i>Profit for the year before tax</i>		<u>18 665 868</u>	<u>17 087 456</u>
<i>Result for the year</i>		<u>18 665 868</u>	<u>17 087 456</u>
Other equity		18 665 868	17 087 456



Norspan LNG II AS
Balance Sheet as of 31. December

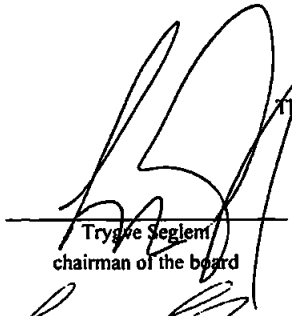
<u>ASSETS</u>	<u>Note</u>	2021	2020
<u>Fixed Assets</u>			
Vessel	5	853 438 542	895 493 289
<i>Total Fixed Assets</i>		<u>853 438 542</u>	<u>895 493 289</u>
<u>Current Assets</u>			
Inventories	4	1 510 463	1 418 065
Accounts receivable		170 659	57 631
Other receivables		11 619 724	3 243 851
Group receivable		128 389	148 610
Group contribution	8	0	23 500 000
Cash and cash equivalents	2	141 580 295	123 033 798
<i>Total Current Assets</i>		<u>155 009 530</u>	<u>151 401 955</u>
<i>TOTAL ASSETS</i>		<u>1 008 448 073</u>	<u>1 046 895 244</u>





Norspan LNG II AS
Balance Sheet as of 31. December

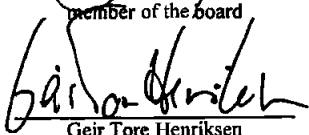
<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2021	2020
<u>Equity</u>			
Skare capital		300 000	300 000
Other capital paid-in		117 378 166	117 378 166
<i>Total capital paid-in</i>		<u>117 678 166</u>	<u>117 678 166</u>
Other equity		20 420 830	1 754 961
<i>Total Shareholders' Equity</i>	<i>9, 11</i>	<u>138 098 995</u>	<u>119 433 127</u>
<u>Long Term Debt</u>			
Deferred tax	13	131 063	163 828
Mortgage debt	7	810 536 337	870 371 520
Debt to group companies	8	0	23 545 539
<i>Total Long Term Debt</i>		<u>810 667 400</u>	<u>894 080 887</u>
<u>Current Liabilities</u>			
Accounts payable		11 133 661	2 420 623
Accrued interest		25 804 651	28 988 196
Tax payable	13	32 765	40 957
Intercompany liabilities		4 757 011	151 381
Other current liabilities		17 953 590	1 780 073
<i>Total Current Liabilities</i>		<u>59 681 678</u>	<u>33 381 229</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>1 008 448 073</u>	<u>1 046 895 244</u>

Haugesund, 7 April 2022
The board of Norspan LNG II AS


Trygve Seglem
chairman of the board


Synnøve Seglem
member of the board


Nils Kristian Aagaard Strøm
member of the board


Geir Tore Henriksen
member of the board



NORSPAN LNG II AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	81 020 471	79 403 272
Change in working capital	<u>17 747 561</u>	<u>1 869 012</u>
Net cashflow from operations	<u>98 768 032</u>	<u>81 272 284</u>
Invested in vessel	0	-1 354 507
Dry-Docking	-1 667 253	0
Group contribution	<u>0</u>	<u>90 000 000</u>
Net cashflow from investments	<u>-1 667 253</u>	<u>88 645 493</u>
Received group contribution	23 500 000	0
Repayment mortgage debt	-78 508 743	-80 660 797
Change in other long term debt	<u>-23 545 539</u>	<u>-64 890 264</u>
Net cashflow from financing	<u>-78 554 282</u>	<u>-145 551 061</u>
Net cashflow for the year	18 546 497	24 366 716
+ Cash balance per 1.1	<u>123 033 798</u>	<u>98 667 082</u>
= Cash Balance per 31.12.	<u>141 580 295</u>	<u>123 033 798</u>

1) Generated from operations:

Result before tax	18 665 868	17 087 456
Currency -gain/+loss long term debt	17 098 770	17 253 615
Amorized debt issuance cost	1 574 790	1 579 104
Ordinary depreciation	43 722 000	43 550 000
Tax paid	-40 957	-66 904
= Total generated from operations	<u>81 020 471</u>	<u>79 403 272</u>



NORSPAN LNG II AS

Notes to the Financial Statement 31.12.2021

1 **Accounting Principles**

The financial statement is prepared in accordance with the fundamental accounting principles as laid out by the Norwegian Accounting Act of 1998 and generally accepted accounting standards.

Income

The income from the time charter is denominated in EUR and income is accounted for when earned.

Inventories

Inventories are valued to market value as the principle of lower of cost and market is considered as unpractical.

Current Assets/Current Liabilities

Fixed assets are intended for long-term ownership and use by the company. 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 the nominal value at the time of entering.

Receiv This does not regard current items denominated in foreign currency which are valued at the exchange rate as at year end.
Repayment mortgage debt

Fixed Assets and Dry-Docking

The total cost of the vessel is capitalised and depreciated with 2.5 % annual linear depreciation.

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. In the Profit & Loss statement the portion of the dry-docking expenses is included under "Other operating expenses". Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed.

The fixed assets are valued according to the lowest of the depreciated value and the market value unless the fall in value is assumed to be temporary.

Transactions in Foreign Currency

The income received in EUR is recorded at the rate of exchange on the day the transaction is carried out.

All current assets and current liabilities in foreign currency are registered at the rate of exchange as per 31.12. Realized foreign exchange gains and losses are registered as financial items.

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

Realized and unrealized foreign exchange loss are recorded as financial expenses. Foreign exchange profit is recorded as a financial income when actually realized.

Financial Instruments

The treatment of foreign exchange and interest rate instruments in the accounts depends on the intention behind the agreement.

The contracts entered by the company aim to reduce the exposure of the company towards fluctuations in the interest rate and the exchange rate. Thus, the contracts can be regarded as hedging transactions. Hence, the income and expenses related to the hedging and the corresponding items in the balance sheet are classified in the same manner.



Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments

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.

The tax cost in the profit and loss statement consists only of the principal's tax payable and changes in deferred tax.

Taxation of remaining partners share of profits in the internal partnership is carried out on a individual basis.

Accounts receivable

Accounts receivable are recorded at nominal value, net of provisions for doubtful debts. Any provision for doubtful debts is made based on evaluation of each receiveable.

2 Bank deposits

The company does not have any restricted funds as at 31.12

3 Vessel Contracts

The company's LNG carrier Cadiz Knutsen entered at delivery in 2004 into a 25 year fixed contract with the Spanish utility company Union Electrica Fenosa SA, now part of Spanish energy group Gas Natural Fenosa SA.

Knutsen OAS Shipping AS operates LNG/c Cadiz Knutsen on behalf of the company in accordance with a separate management agreement.

4 Inventories

Inventories amounting to NOK 1 510 463 refer to lube oil and stores as per 31.12.2021 (NOK 1 418 065 per 31.12.2020). Due to the fact that the vessel is contracted on a time charter, bunkers and bunkers stock are for charterers' account.



5 **Fixed Assets and Dry-Docking**

	<u>2021</u>	<u>2020</u>
Vessel		
Historical value 1.1.	1 453 810 621	1 452 456 114
Acc. Depreciation 1.1	580 123 055	542 921 055
Book Value 1.1	873 687 565	909 535 058
Addition	0	1 354 507
Ordinary annual depreciation	37 212 000	37 202 000
Book value 31.12.	836 475 565	873 687 565

The useful life of the vessel is estimated to 40 years, and the vessel is depreciated accordingly.

	<u>2021</u>	<u>2020</u>
Dry-Docking		
Capitalised dry-docking 1.1	34 176 791	34 176 791
Acc Expensed 1.1	47 715 766	41 367 766
Book Value 1.1	21 805 724	28 153 724
Addition	1 667 253	0
Expensed during the year	6 510 000	6 348 000
Capitalised 31.12.	16 962 977	21 805 724
Book value vessel 31.12.	853 438 542	895 493 289

6 **Financial Income and -Expenses**

	<u>2021</u>	<u>2020</u>
Financial Income:		
Interest income	0	6 977
Interest income associated companies	0	0
Dividend	4 579 411	0
Other financial income	21	0
Total financial income	4 579 432	6 977
Financial expenses:		
Interest expenses	73 800 518	84 274 315
Other financial expenses	2 746 401	1 563 902
Total financial expenses	76 546 918	85 838 217



7 Mortgage Debt and Financial Instruments

	EUR	Historical rate	Rate used	
			31/12	NOK
EUR-loan	102 153 032	8,052	9,9888	822 487 793
Deferred debt issuance costs				-11 948 800
				<u>810 538 994</u>
Current portion				
EUR-loan	8 039 174			80 301 701
Deferred debt issuance costs				-1 574 790
				<u>78 726 911</u>
Corresponding figures for 2020				
EUR-loan	109 779 824	8,052	10,5053	883 895 107
Deferred debt issuance costs				-13 523 590
				<u>870 371 518</u>
Current portion				
EUR-loan	7 626 792			80 121 738
Deferred debt issuance costs				-1 579 104
				<u>78 542 634</u>

The EUR/NOK exchange rate at the year-end was 9,9888 (10,5053 in 2020).

Interest on the company's debt is hedged during the charter period.

Security for the loan is made through a first priority mortgage in the vessel and transportation of income. Book value of mortgaged assets is NOK 853 million (NOK 895 million pr. 31.12.2020).

Estimated outstanding debt per 31.12.2026 is EUR 57,1 million.

The Company's mortgage debt was refinanced in 2019 and has final maturity in 2029.

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in EUR (cash flow hedge). Loans in EUR are used as hedging instrument. The profit and loss impact of the hedging instrument (loan in EUR) 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 EUR exceed debt in EUR. Therefore it is not recognized foreign exchange gains/losses on EUR debt on the basis of the year-end exchange rate. Per 31.12.2021 the not recorded foreign exchange loss (i.e. off-balance) is NOK 211,5 million compared to a loss of NOK 211,5 million as per 31.12.2020. Mark to market loss on interest swaps have not been taken into account with a loss of EUR 26 281 778 (loss of EUR 34 456 943 in 2020).

8 Receivables and liabilities - associated companies

<u>Group Contribution</u>	2021	2020
Knutsen LNG AS	0	23 500 000
Total	0	23 500 000
<u>Short-term receivables associated companies</u>		
Knutsen O.A.S. Shipping AS	128 389	148 610
Total	128 389	148 610
<u>Short-term liabilities associated companies</u>		
Knutsen LNG AS	4 696 117	0
Total	4 696 117	0
<u>Long-term liabilities associated companies</u>		
Knutsen LNG AS	0	23 545 539
Total	0	23 545 539



9 **Equity**

Specification of the equity per 31.12.

	Share capital	Other capital times	Share premium account	Uncovered loss/ Other equity	Total equity
Equity 1.1	300 000	113 500 000	3 878 166	1 754 959	119 433 127
Result for the year				18 665 868	18 665 868
Equity 31.12.	300 000	113 500 000	3 878 166	20 420 827	138 098 995

Share capital consists of 2 000 shares at NOK 150 each, Shareholders as at 31.12.20 were:

Share ownership	Ownership	No shares	Nominal value	Share class
Knutsen LNG AS	100 %	2 000	150	Ordinary
Total	100 %	2 000		

10 **Remuneration**

No remuneration is paid to the Board members or Managing Director during the year.

Remuneration to the auditor (not including VAT):	2021	2020
Audit	53 300	33 825
Other services besides audit	0	0
	53 300	33 825

11 **Shares Owned by Board Members and Affiliates**

Trygve Seglem controls through Knutsen LNG AS 100 % of the company.

Financial statements for the group can be obtained at company's registered office, Smedasundet 40, 5529 Haugesund.

12 **Crew Hire**

The company has no own employees and thereby no pension liabilities (under the new OTP regulation). All crew is hired from Knutsen OAS España S.L.



13 Tax

The company has entered into the Norwegian Tonnage Tax regime with effect from 1.1.2017.

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating results. There are however ordinary tax of 22% on the company's net financial income. At the same time the company is within the tonnage tax scheme, the tonnage tax is calculated, which in 2021 amounted to NOK 132 495 and in 2020 amounted to NOK 132 495. Tonnage tax is classified as an operating expense.

Temporary differences relating to financial items are assessed when calculating deferred tax / benefit, which is 22% of net temporary differences. The accounting treatment follows the general valuation rules for capitalization.

Entering the tonnage tax in 2017 resulted in an entrance tax.

Entrance tax

	2021	2020
Opening balance gain/loss account	744 672	930 840
Short-term tax payable basis (20%)	148 934	186 168
Long-term tax payable basis (80%)	595 738	744 672
Incoming balance long-term	163 828	204 785
Tax payable short-term in balance sheet, 22% tax rate	32 766	40 957
Tax payable long-term in balance sheet, 22% tax rate	131 062	163 828
Tax costs calculated	0	0

The company should meet certain requirements to be within the scheme, such as only ownership of ship/ shares in the shipping companies, and only own certain types of financial assets.

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

Deferred tax asset is not recognised due to uncertainty of future sufficient taxable income with in the tonnage tax regime to utilize the deferred tax asset.

	2021	Change	2020
Loss carried forward	-552 070 380	-30 376 783	-521 693 597
Basis for deferred tax (benefit)	-552 070 380	-30 376 783	-521 693 597
Deferred tax (benefit)	-121 455 484	-6 682 901	-114 772 582
Deferred tax (benefit) booked	0	0	0

Taxable result tonnage tax scheme:

	2021	2020
Net financial items	-93 017 779	-118 345 615
Non taxable dividend	-4 442 029	0
Foreign exchange gain/loss, not taxable	21 454 777	29 530 877
Non-deductible interest	11 506 035	17 169 203
Change interest rate swaps	34 122 213	34 122 213
Taxable income before loss carried forward	-30 376 783	-37 523 321
Change in loss carried forward	30 376 783	37 523 321
Taxable income	0	0
Tax payable	0	0
Currency effect on tax payable	0	0
Change in deferred tax	0	0



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Norspan Lng II AS

Opinion

We have audited the financial statements of Norspan Lng II AS (the Company), which comprise the balance sheet as at 31 December 2021, the profit and loss account and statement 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 comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 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 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 requirements of the 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

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on 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 board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

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

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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 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 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 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 the board of directors 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.

Bergen, 8 April 2022
ERNST & YOUNG AS

Trine H. Bjerkvik
State Authorised Public Accountant (Norway)

Independent auditor's report – Norspan LNG II AS 2021

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TRINE HANSEN BJERKVIK

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