



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 911 778 165
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT FSO 1 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

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: 27.02.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 26.05.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Operating Income	1	555 073 693	536 214 013
Other income		2 024 981	3 325 882
Sum inntekter		557 098 675	539 539 895
Kostnader			
Crew-hire	2	82 544 030	83 764 802
Ordinary depreciation	3	271 659 404	274 334 275
Commissions		6 938 421	6 702 675
Other operating expenses		53 679 714	66 810 796
Administration	2	7 812 223	7 018 790
Sum kostnader		422 633 792	438 631 338
Driftsresultat		134 464 883	100 908 557
Finansinntekter og finanskostnader			
Financial income	4	1 381 249	311 504
Foreign exchange gain/loss		-28 417 193	-8 699 818
Sum finansinntekter		-27 035 945	-8 388 314
Financial expenses	4	48 033 817	56 604 164
Sum finanskostnader		48 033 817	56 604 164
Netto finans		-75 069 762	-64 992 477
Ordinært resultat før skattekostnad		59 395 121	35 916 080
Taxes	5	13 074 258	7 844 193
Ordinært resultat etter skattekostnad		46 320 863	28 071 887
Årsresultat		46 320 863	28 071 887
Årsresultat etter minoritetsinteresser		46 320 863	28 071 887
Totalresultat		46 320 863	28 071 887



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	259 517 915	272 592 173
Sum immaterielle eiendeler		259 517 915	272 592 173
Varige driftsmidler			
Vessel	3	1 666 190 805	1 938 355 958
Sum varige driftsmidler		1 666 190 805	1 938 355 958
Sum anleggsmidler		1 925 708 720	2 210 948 131
Omløpsmidler			
Varer			
Inventories	6	2 609 943	2 135 831
Sum varer		2 609 943	2 135 831
Fordringer			
Receivables		51 072 679	757 813
Other short-term receivables		7 093 362	2 342 491
Konsernfordringer		729 048	249 053 448
Krav på innbetaling av selskapskapital		1 989	2 160
Sum fordringer		58 897 078	252 155 911
Bankinnskudd, kontanter og lignende			
Bank deposits	7	130 598 391	322 746 425
Sum bankinnskudd, kontanter og lignende		130 598 391	322 746 425
Sum omløpsmidler		192 105 412	577 038 167
SUM EIENDELER		2 117 814 132	2 787 986 298

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2022	2021
Innskutt egenkapital			
Share capital	8	100 000	100 000
Annen innskutt egenkapital		1 147 739 818	1 359 422 692
Sum innskutt egenkapital		1 147 839 818	1 359 522 692
Opptjent egenkapital			
Other equity		46 320 863	66 740 806
Sum opptjent egenkapital		46 320 863	66 740 806
Sum egenkapital	8, 9	1 194 160 681	1 426 263 499
Gjeld			
Langsiktig gjeld			
Deferred income		6 640 790	7 414 474
Sum avsetninger for forpliktelser		6 640 790	7 414 474
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5, 10	894 617 521	1 320 544 761
Langsiktig konserngjeld			1 057 074
Sum annen langsiktig gjeld		894 617 521	1 321 601 835
Sum langsiktig gjeld		901 258 311	1 329 016 309
Kortsiktig gjeld			
Leverandørgjeld		7 866 652	1 940 231
Kortsiktig konserngjeld		2 455 762	5 095 923
Accrued interest		4 170 787	14 549 257
Payables to related parties		4 662 704	8 813 481
Other current liabilities		3 239 234	2 307 598
Sum kortsiktig gjeld		22 395 140	32 706 490
Sum gjeld		923 653 451	1 361 722 799
SUM EGENKAPITAL OG GJELD		2 117 814 132	2 787 986 298



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List of Signatures Page 1/1

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Name	Method	Signed at
Domyo, Takashi	BANKID	2023-02-24 12:40 GMT+01
Seglem, Trygve	BANKID	2023-02-24 11:52 GMT+01
Dahl, Karl Gerhard B	BANKID	2023-02-24 10:08 GMT+01



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KNOT Knutsen
NYK Offshore
Tankers

KNOT FSO 1 AS

Annual Report 2022



M/T “ Hanne Knutsen ”



**Knutsen
Group**



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KNOT FSO 1 AS

REPORT OF THE BOARD OF DIRECTORS 2022

KNOT FSO 1 AS (the Company) charter M/T Hanne Knutsen on a lease, operation and maintenance agreement as a FSO to Equinor Energy AS ("Equinor" or the "Charterer") for the Martin Linge oil and gas field. There are no employees in the Company, and the daily operations are managed by KNOT Management AS in Haugesund in accordance with separate agreements.

The Company's activities

The Company's FSO M/T Hanne Knutsen started on a 95 months charter with further four 12-months options in Charterer's option 16 November 2018. The FSO started to receive petrochemicals from the production unit at the field in the middle of 2021. The Martin Linge field was officially opened 27 January 2022.

KNOT Management AS is manager for the Company and the FSO.

Result for the year

The total operating income ended on NOK 557 098 675 for the year, up from NOK 539 539 895 in 2021. The operating result for KNOT FSO 1 AS was NOK 134 464 883, compared to NOK 100 908 557 last year. The company's net financial expenses was NOK 75 069 762, compared to net expenses of NOK 64 992 477 the year before. The result for the year shows a profit of NOK 46 320 863, compared to NOK 28 071 887 in 2021.

Total cash flow from operational activities in the Company was NOK 295 899 044. The liquidity position was NOK 130 598 391 as per 31.12.2022 where of NOK 35 498 208 is deposited on escrow accounts as security for the senior facility agreement and certain guarantees.

The Company's short-term debt per 31.12.2022 was 2,4 % of total debt. Equity was by the end of the year NOK 1 194 160 681, the equity-share as of 31.12.2022 was 56 %.

The Company's income is denominated in NOK, although the Company is partly naturally hedged through the NOK 676 875 000 tranche of the credit facility the Company is exposed to foreign exchange risks as part of the operation expenses are denominated in USD, EUR and GBP and in addition to the USD tranche of the credit facility.

The Company is exposed to changes in interest rates levels as it has long term debt carrying floating interest rate. The Company manages its interest rate exposure through interest rates swap agreements covering parts of the Company's interest rate exposure.



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The financial accounts are made on the assumption of a going concern and the Board of Directors confirms the assumption of going concern. The Board of Directors is of the opinion that the financial statements give a true and fair reflection of the Company's assets and liabilities as well as financial strength and profitability.

Environment, safety and quality control

The requirements for safety and operation of ships are increasing, and the company, the group and the manager KNOT Management AS are concerned with operational excellence. The company vessel consists of modern ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ship is maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources into quality assurance and there are strict requirements for safety systems and the operation of the ship.

The operation of the vessel can affect the external environment through emissions of air and water and the company, and the manager therefore has a high focus on health, environment, and safety work. The company and manager are concerned with environmental considerations when implementing projects, and environmental considerations are included in all stages from planning and implementation from operation, maintenance, sorting and recycling. The manager and the crew focus on minimizing energy consumption and reducing the pollution from energy generation on the vessel from the daily operation. The requirements for environment and safety in the operations of vessels are increasing, and both the company, the manager and the Knutsen NYK Offshore Tankers Group emphasize operational quality. There have been no accidents linked to operations that have had serious consequences for crew, the environment, or assets in 2022.

The company has no employees and thus no working environment. The company aims to be a workplace where there is no discrimination related to gender, ethnicity, religion, or disability. The board of directors considers the working conditions satisfactory. The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board of Directors are all men. There have not been taken out any board of directors' liability insurance.

The company and the other companies in the Norwegian part of the group regularly carries out risk-based due diligence assessments in accordance with the obligations pursuant to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (LOV-2021-06-18-99) section 4. The due diligence assessments cover the operations in the company. The account for these due diligence assessments and other obligations pursuant to the Act's section 5 will be included in a report here www.knutsenoas.com within 30 June 2023.

Future prospects

KNOT FSO 1 AS has agreed contract for lease, operation and maintenance of a FSO with Equinor for the Martin Linge field. The Board of Directors is confident with the



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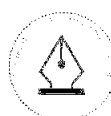
operation of the FSO in 2022. Based on the operation in 2022 and the long-term contract with Equinor the Board of Directors of KNOT FSO 1 AS expects 2023 to be a satisfactory year for the vessel and the Company.

Haugesund, February 24, 2023

Trygve Seglem
Chairman of the Board

Karl Gerhard Bråstein Dahl
Member of the Board

Takashi Domyo
Member of the Board



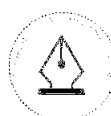
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KNOT FSO 1 AS
Profit & Loss Account

	Note	2022	2021
<u>Operating Income</u>			
Operating Income	1	555 073 693	536 214 013
Other income		2 024 981	3 325 882
<i>Total Operating income</i>		<u>557 098 675</u>	<u>539 539 895</u>
<u>Operating Expenses</u>			
Commissions		6 938 421	6 702 675
Crew-hire	2	82 544 030	83 764 802
Other operating expenses		53 679 714	66 810 796
Administration	2	7 812 223	7 018 790
<i>Total Operating Expenses</i>		<u>150 974 388</u>	<u>164 297 063</u>
<i>Operating result before depreciation</i>		<u>406 124 287</u>	<u>375 242 832</u>
Ordinary depreciation	3	271 659 404	274 334 275
<i>Total depreciation</i>		<u>271 659 404</u>	<u>274 334 275</u>
<i>Operating Result</i>		<u>134 464 883</u>	<u>100 908 557</u>
<u>Financial Income and Expenses</u>			
Financial income	4	1 381 249	311 504
Foreign exchange gain/loss		-28 417 193	-8 699 818
Financial expenses	4	-48 033 817	-56 604 164
<i>Net Financial Items</i>		<u>-75 069 762</u>	<u>-64 992 477</u>
<i>Result before taxes</i>		<u>59 395 121</u>	<u>35 916 080</u>
Taxes	5	13 074 258	7 844 193
<i>Result for the year</i>		<u>46 320 863</u>	<u>28 071 887</u>



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KNOT FSO 1 AS

Balance Sheet as of 31. December

<u>Assets</u>	Note	2022	2021
Fixed assets			
Deferred tax assets	5	259 517 915	272 592 173
Vessel	3	<u>1 666 190 805</u>	<u>1 938 355 958</u>
<i>Total Fixed Assets</i>		<u>1 925 708 720</u>	<u>2 210 948 131</u>
Current Assets			
Inventories	6	2 609 943	2 135 831
Receivables		51 072 679	757 813
Other short-term receivables		7 093 362	2 342 491
Intercompany receivables		729 048	2 044
Group contributions		0	249 051 404
Receivables from related parties		1 989	2 160
Bank deposits	7	<u>130 598 391</u>	<u>322 746 425</u>
<i>Total Current Assets</i>		<u>192 105 412</u>	<u>577 038 167</u>
TOTAL ASSETS		<u>2 117 814 132</u>	<u>2 787 986 298</u>



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KNOT FSO 1 AS
Balance Sheet as of 31. December

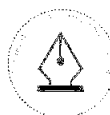
<u>Shareholders Equity and Liabilities</u>	Note	2022	2021
Equity			
Share capital	8	100 000	100 000
Other paid-in capital		<u>1 147 739 818</u>	<u>1 359 422 692</u>
<i>Total capital paid-in</i>		<u>1 147 839 818</u>	<u>1 359 522 692</u>
Other equity		46 320 863	66 740 806
<i>Total Shareholders' Equity</i>	8, 9	<u>1 194 160 681</u>	<u>1 426 263 499</u>
Long Term Liabilities			
Deferred income		6 640 790	7 414 474
Mortgage debt	5, 10	894 617 521	1 320 544 761
Debt to group companies		<u>0</u>	<u>1 057 074</u>
<i>Total Long Term Liabilities</i>		<u>901 258 311</u>	<u>1 329 016 309</u>
Current Liabilities			
Accounts payable		7 866 652	1 940 231
Accrued interest		4 170 787	14 549 257
Intercompany liabilities		2 455 762	5 095 923
Payables to related parties		4 662 704	8 813 481
Other current liabilities		<u>3 239 234</u>	<u>2 307 598</u>
<i>Total Current Liabilities</i>		<u>22 395 140</u>	<u>32 706 490</u>
<i>Total liabilities</i>		<u>923 653 451</u>	<u>1 361 722 799</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>2 117 814 132</u>	<u>2 787 986 298</u>

Haugesund, February 24, 2023,

Trygve Seglem
chairman of the board

Karl Gerhard Bråstein Dahl
member of the board

Takashi Domyo
member of the board



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KNOT FSO 1 AS

CASHFLOW 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.

	2022	2021
Result before tax	59 395 121	35 916 080
+ Ordinary depreciation	271 659 404	274 334 275
+Deferred income	-773 684	-1 547 368
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	29 226 154	9 828 615
+ Financial expenses - liabilities to financial institutions	2 970 081	2 970 081
= Total generated from operations	362 477 076	321 501 684
+ Net received on current assets	-56 266 682	4 386 867
+ Net received on current liabilities	-10 311 350	-28 739 738
Net cashflow from operations	295 899 044	297 148 814
<u>Cashflow from investments</u>		
Upgrading of vessel	505 749	0
Net cashflow from investments	505 749	0
<u>Cashflow from financing</u>		
Repayment of liabilities to financial institutions	-458 123 475	-265 673 231
Debt to group companies, net	-1 057 074	-88 103 744
Equity received - group contribution received	249 051 404	0
Dividend paid-out	-278 423 681	0
Net cashflow from financing	-488 552 826	-353 776 975
Net cashflow for the year	-192 148 032	-56 628 161
+ Bank deposits per 01.01.	322 746 425	379 374 586
= Bank deposits per 31.12.	130 598 391	322 746 425
As of locked-up bank funds	35 498 208	228 190 765



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KNOT FSO 1 AS

Notes to the Financial Statement 31.12.2022

Accounting Principles

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

Going concern

The financial accounts are made on a going concern basis. The Board of Directors confirms the conditions for continued operation. The Board of Directors is of the opinion that the financial statements give a true and fair reflection of the company's assets and liabilities as well as financial strength and profitability.

Transactions in Foreign Currency

Transactions in foreign currency is recorded at the rate of exchange on the day the transaction is carried out. Assets and liabilities in foreign currencies, that are not used for hedging purposes, are valued at the exchange rate on the date of the balance. Time charter hire in foreign currency for a calendar month is recorded at the rate of exchange on the first day with contract revenue of the month.

Related party transactions

The Company has undertaken several agreements and transactions with group companies and/or related parties. The level of fees are based on market terms and are in accordance with the arm's length principle. Ship management fee includes services like technical management, crewing management, IT and energy management.

1 Contracts

MT Hanne Knutsen has after completed conversion to FSO started up mid November 2018 on a 95 months fixed plus four 12 months options in charterer's choice as FSO at the Martin Linge field for Equinor Energy AS as operator for the license.

The income from the time charter contract is received in norske kroner, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

KNOT Management AS is appointed as manager for the company and the vessel.

2 Employees and remuneration

The company has no employees and thereby no pension liabilities (under the new OTP regulation). KNOT Management AS manages the Company in accordance with a separate management agreement. The company hires the crew from related crewing companies in accordance with separate crewing agreements.

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):	2022	2021
Audit	69 485	85 620

3 Fixed Assets

The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of a FSO is estimated to 25 years from delivery as newbuilding. We use extended life or reduced life if there are commercial or technical indications that the 25 year profile for that specific entity is not correct, i.e. fixed charter contracts above 25 year age, commercial restrictions or technical conditions or requirements. Equipment or part of the vessels with a material cost or specific use that have another estimated life is evaluated separately.

Expenses in connection with main class and special survey and intermediate survey are capitalised and expensed over the period till the next class and survey to take into account that the vessel is classified to operate for an additional period. Main class is carried out every 5th year. Intermediate survey is carried out 30-36 months after special survey. In the case of a newbuilding or second hand acquisition, we estimate a portion of the total cost of the vessel to be allocated to the class cost and to be capitalised separately. Other expenses to repair and maintenance of the vessel are expensed when the work is executed.

<u>Vessel</u>	2022	2021
Historical value 01.01.	4 667 492 098	4 667 492 098
Accumulated depreciation and impairment 01.01.	2 760 655 022	2 492 841 895
Book value 01.01.	1 906 837 075	2 174 650 202
Disposals cost price	505 749	0
Annual depreciation	265 138 256	267 813 127
Book value 31.12.	1 641 193 070	1 906 837 075

<u>Dry docking</u>	2022	2021
Historical value 01.01.	51 902 354	51 902 354
Accumulated depreciation and impairment 01.01.	20 383 472	13 862 324
Capitalised dry-docking 01.01.	31 518 882	38 040 030
Annual depreciation	6 521 148	6 521 148
Book value 31.12.	24 997 734	31 518 882
Total book value vessel 31.12.	1 666 190 805	1 938 355 958



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4 Financial Income and Expenses

	2022	2021
Financial Income:		
Interest income from group companies	767 933	0
Other interest income	613 315	1 451
Dividend	0	310 053
Total financial income	1 381 249	311 504
Financial Expenses:		
Interest expenses	46 153 947	53 576 529
Interest expenses to group companies/related parties	3 441	1 118 368
Guarantee fee to group companies	1 283 694	1 424 600
Other financial expenses	592 735	484 666
Total financial expenses	48 033 817	56 604 164

5 Tax

Deferred tax/-benefits are calculated based on the temporary differences existing at the year-end between financial

	31.12.2022	Change	31.12.2021
Temporary differences			
Temporary difference vessel	-402 094 388	-65 038 185	-467 132 573
Temporary difference debt	10 871 312	2 970 083	13 841 395
Sum temporary differences	-391 223 076	-62 068 102	-453 291 178
Deficit earned forward	-788 403 812	2 639 658	-785 764 154
Base for deferred tax calculation	-1 179 626 888	-59 428 444	-1 239 055 331
Deferred tax/(benefit) based on 22 % tax rate	-259 517 915	13 074 258	-272 592 173

In the following a specification of the differences between the result before tax, and the basis for tax calculation is given.

	2022	2021
Result before taxes	59 395 121	35 916 080
Change in temporary differences	-62 068 102	-114 286 802
Non-deductible items	33 323	-260 659
Deficit earned forward	2 639 658	-170 420 023
Group contribution	0	249 051 404
Tax base	0	0
Calculation of tax expenses		
Tax effect of group contribution	0	54 791 309
Change deferred tax/(tax benefit) 22 % tax rate	-13 074 258	-62 635 502
Tax calculated	-13 074 258	-7 844 193

6 Inventories

Specification of inventories per 31.12.

	2022	2021
Lube oil	2 609 943	2 135 831

7 Bank deposits

As of 31.12.2022 the Company had deposited NOK 14 on a debt service reserve account, NOK 22 488 541 and USD 1 313 231 on pledged retention accounts as security for the "senior secured financing agreement".

8 Equity

Specification of the equity per 31.12.

	Share capital	Additional paid-in capital	Other Equity	Total equity
Equity 01.01	100 000	1 359 422 692	66 740 806	1 426 263 499
Result for the year	0	0	46 320 863	46 320 863
Dividend given	0	-211 682 875	-66 740 806	-278 423 681
Equity 31.12.	100 000	1 147 739 818	46 320 863	1 194 160 681

Share capital consist of 100 shares à NOK 1 000

The company is a wholly owned subsidiary of KNOT FSO AS. Both companies are consolidated into Knutsen NYK Offshore Tankers Group. Financial statements for the group can be obtained at company's registered office, Smedasundet 40, 5529 Haugesund.

9 Shares Owned by Board Members and Affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50% of the parent company Knutsen NYK Offshore Tankers AS.



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10 Mortgage Debt and Financial Instruments

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.

	Currency	Outstanding currency amount	Accounting balance	
			2022	2021
Senior facility NOK-tranche			676 875 000	1 062 500 000
Senior facility USD-tranche	USD	23 076 922	228 613 832	271 886 156
Debt issuance cost			-10 871 312	-13 841 395
Liabilities to financial institutions			894 617 521	1 320 544 761

The company has aimed to reduce the market risk by entering financial contracts. The company has entered long term freight contracts in NOK, with the intention of having income, vessel investment and loans in the same currency in order to minimize the effects of exchange rate fluctuations. The company has also entered into interest rate swap contracts to reduce the effects of exchange rate fluctuations. The company has entered agreements on fixed rates on NOK 350 million and USD 12,3 million. Mark to market loss on interest swaps have not been taken into account with NOK 14 million (NOK 4 million last year).

Amounts due within 12 months of the balance sheet date:

Mortgage debt	273 463 711	266 877 231
Debt issuance cost	-2 970 081	-2 970 081
Liabilities to financial institutions	270 493 630	263 907 150

Repayment profile USD loan

0 - 12 months	6 153 848	7 692 309
13 - 24 months	6 153 848	6 153 848
25 - 36 months	6 153 848	6 153 848
37 - 48 months	4 615 379	6 153 848
49 - 60 months	0	4 615 378
After 60 months	0	0
	23 076 923	30 769 231

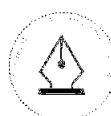
Repayment profile NOK loans

0 - 12 months	212 500 000	385 625 000
13 - 24 months	212 500 000	212 500 000
25 - 36 months	212 500 000	212 500 000
37 - 48 months	39 375 000	212 500 000
49 - 60 months	0	39 375 000
After 60 months	0	0
	676 875 000	1 062 500 000

The exchange rate at the year-end USD/NOK 9,9066 8,8363

Security for the loans is through a first priority mortgage in the vessel, a sharepledge in owners share in the company, assignment in earnings and insurances, accounts pledges and factoring agreement.

Book value of mortgaged assets is NOK 1797 million.



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Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregister NO 976 389 387 MVA
Statsautoriserte revisorer
Ernst & Young AS

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Postboks 1156 Sentrum, 0107 Oslo

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Tlf: +47 24 0

www.ey.no
Medlemmer :

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT FSO 1 AS

Opinion

We have audited the financial statements of KNOT FSO 1 AS (the Company), which comprise the balance sheet as at 31 December 2022, 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 2022 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.

Oslo, 27 February 2023
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The auditor's report is signed electronically

Magnus Hegertun Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report – KNOT FSO 1 AS 2022

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Magnus Hegertun Birkeland

Statsautorisert revisor

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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 28.06.2013	Var dato 05.08.2013
Telefon 22078139	Deres referanse Geir Tore Henriksen	Var referanse 2009/867030

TS SHIPPING INVEST AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsregnskap på engelsk språk

Det vises til deres brev av 28. juni 2013 der det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

KNOT Shuttle Tankers 12 AS	org. nr. 999 328 024
KNOT FSO AS	org. nr. 911 772 531
KNOT FSO 1 AS	org. nr. 911 778 165
KNOT FSO 2 AS	org. nr. 911 782 189

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 opplysningene som vedtaket baserer seg på 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 med en rekke datterselskaper har i tidligere vedtak fått 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.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om

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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 kan gis, 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 saken.

Med hilsen

Inger Johanne Stolt-Nielsen
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland