



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 890 149 952
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNUTSEN PRODUKT TANKER XII 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: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Peter Myklebust Opsal
Dato for fastsettelse av årsregnskapet: 31.05.2022

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, 06.06.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Freight income	2	99 766 510	117 252 307
Voyage related costs		669 592	-999 806
Gain sale vessel	4		
Sum inntekter		100 436 102	116 252 501
Kostnader			
Crew hire	11	39 523 651	42 204 294
Ordinary depreciation vessel		31 968 400	32 195 712
Nedskrivning av varige driftsmidler og immaterielle eiendeler		-10 877 000	22 709 000
Other operating costs	9	23 288 710	31 574 958
Sum kostnader		83 903 761	128 683 964
Driftsresultat		16 532 341	-12 431 463
Finansinntekter og finanskostnader			
Financial income	6	851 858	435 437
Sum finansinntekter		851 858	435 437
Foreign exchange gain/loss		-1 198 234	889 075
Financial expenses	6	9 239 129	11 764 840
Sum finanskostnader		8 040 896	12 653 915
Netto finans		-7 189 038	-12 218 477
Ordinært resultat før skattekostnad		9 343 303	-24 649 940
Taxes	12		
Ordinært resultat etter skattekostnad		9 343 303	-24 649 940
Årsresultat		9 343 303	-24 649 940
Årsresultat etter minoritetsinteresser		9 343 303	-24 649 940
Totalresultat		9 343 303	-24 649 940



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	12		
Varige driftsmidler			
Vessel	2, 4, 5	339 212 969	357 293 626
Dry docking	2, 4, 5		
Sum varige driftsmidler		339 212 969	357 293 626
Finansielle anleggsmidler			
Lån til foretak i samme konsern	7		
Sum anleggsmidler		339 212 969	357 293 626
Omløpsmidler			
Varer			
Inventories	3	2 029 338	1 362 672
Sum varer		2 029 338	1 362 672
Fordringer			
Accounts receivable		19 612 774	22 756 952
Other short-term receivables		7 917 244	3 639 051
Intercompany receivables	7	455 804	2 121 559
Konsernfordringer	7	21 000 000	42 000 000
Sum fordringer		48 985 822	70 517 562
Bankinnskudd, kontanter og lignende			
Bank deposits		6 745 767	6 744 277
Sum bankinnskudd, kontanter og lignende		6 745 767	6 744 277
Sum omløpsmidler		57 760 927	78 624 511
SUM EIENDELER		396 973 896	435 918 138



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		100 000	100 000
Overkurs		400 000	400 000
Annen innskutt egenkapital		199 510 298	199 510 298
Sum innskutt egenkapital		200 010 298	200 010 298
Opptjent egenkapital			
Other equity		30 343 303	
Sum opptjent egenkapital		30 343 303	
Sum egenkapital	8, 10	230 353 600	200 010 298
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5	129 078 839	175 959 327
Sum annen langsiktig gjeld		129 078 839	175 959 327
Sum langsiktig gjeld		129 078 839	175 959 327
Kortsiktig gjeld			
Leverandørgjeld		1 090 007	2 909 035
Kortsiktig konserngjeld	7	21 159 681	28 070 828
Accrued interest		1 294 832	1 682 161
Other current liabilities		13 996 936	27 286 490
Sum kortsiktig gjeld		37 541 456	59 948 513
Sum gjeld		166 620 295	235 907 840
SUM EGENKAPITAL OG GJELD		396 973 896	435 918 138



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 441760

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Brønnøysundregistrene, 16.06.2022



Organisasjonsnr: 890 149 952
KNUTSEN PRODUKT TANKER XII AS

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KNUTSEN PRODUKT TANKER XII AS

BALANSE

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Organisasjonsnr: 890 149 952
KNUTSEN PRODUKT TANKER XII AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall aksjer og aksjeeiere

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00

Omløpsmidler Startdato Sluttdato Endring

Skattemessig fremf.undersk. Startdato Sluttdato Endring

Kortsiktig gjeld Startdato Sluttdato Endring



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:

- TS Shipping Invest AS org. nr: 975 883 914
- samt følgende datterselskap:
- Knutsen Atlantic Chartering AS org. nr: 984 963 262
- Knutsen Bøyelaster II KS org. nr: 959 321 752
- Knutsen Bøyelaster III KS org. nr: 959 505 349
- Knutsen Bøyelaster VI KS org. nr: 971 585 579
- Knutsen Bøyelaster VIII KS org. nr: 979 539 649
- Knutsen Bøyelaster IX KS org. nr: 979 685 521
- Knutsen Bøyelaster XI KS org. nr: 986 224 610
- Knutsen Canadian Chartering AS org. nr: 984 963 270
- Knutsen Kjemikalie Tanker KS org. nr: 953 058 995
- Knutsen Kjemikalie Tanker II KS org. nr: 955 298 640
- Knutsen Kjemikalie Tanker III KS org. nr: 876 795 922
- Knutsen Kjemikalie Tanker IV KS org. nr: 982 741 092
- Knutsen Kjemikalie Tanker V KS org. nr: 983 452 884
- Knutsen Kyst LNG KS org. nr: 984 616 848
- Knutsen Newfoundland Chartering AS org. nr: 990 356 963
- Knutsen O.A.S Shipping AS org. nr: 832 529 982
- Knutsen Offshore KS org. nr: 893 435 832
- Knutsen Product Tankers KS org. nr: 983 453 007
- Knutsen Produkt Tanker IV KS org. nr: 961 068 355
- Knutsen Produkt Tanker V AS org. nr: 979 976 445
- Knutsen Produkt Tanker VI AS org. nr: 965 870 105
- Knutsen Produkt Tanker IX AS org. nr: 983 857 191
- Knutsen Produkt Tanker X AS org. nr: 985 990 921
- Knutsen Produkt Tanker XI AS org. nr: 990 149 941
- Knutsen Produkt Tanker XII AS org. nr: 890 149 952
- Knutsen Produkt Tanker XIII AS org. nr: 891 028 342
- Knutsen Produkt Tanker XIV AS org. nr: 991 133 518

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- Knutsen Shuttle Tankers 2 AS org. nr: 992 593 903
- Knutsen Shuttle Tankers XII KS org. nr: 991 959 610
- Knutsen Shuttle Tankers 13 AS org. nr: 868 286 962
- Knutsen Shuttle Tankers Pool AS org. nr: 982 302 536
- Knutsen Terminal Tanker AS org. nr: 945 404 191
- TS Shipping Invest 2 AS org. nr: 992 826 762
- TS Shipping Invest 3 AS org. nr: 993 010 650

Bakgrunn:

TS Shipping Invest AS med datterselskap er gjennom selskapet Seglem Holding AS 100 % eid av Trygve Seglem og hans familie. Alle selskapene driver virksomhet innen internasjonal shipping. Konsernet omfatter også flere utenlandske datterselskap, og engelsk er arbeids- og rapporteringsspråk for hele konsernet. Selskapenes virksomhet er finansiert gjennom flere norske og internasjonale banker. Ettersom finansieringen i all hovedsak gjøres via syndikerte banklån, er det et krav fra bankene at regnskapet oversettes til engelsk språk.

Konsernet 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 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 alle selskapene eies av samme familie, og denne ønsker at årsregnskapet utarbeides på engelsk språk. 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 selskapene i TS Shipping Invest konsernet 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.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Inger Johanne Stolt-Nielsen
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jan Hoelstad



Skattedirektoratet

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- 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. Ettersom 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

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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.

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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.

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underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jan Hjelstad



KNUTSEN PRODUKT TANKER XII AS

ANNUAL REPORT

2021



“LIV KNUTSEN”

“BIRGIT KNUTSEN”

“ELI KNUTSEN”



KNUTSEN PRODUKT TANKER XII AS

REPORT OF THE BOARD OF DIRECTORS 2021

The company owns three 16.500 tdw product chemical tankers delivered in 2009 and 2010.

The company has no direct employees. Knutsen OAS Shipping AS in Haugesund is the company's manager and operates the vessels in accordance with a separate management agreement.

Operation of the vessels

The company has three vessels as of 31 December 2021. All three vessels are chartered to first class charterer, Total (CSSA).

Eli Knutsen is serving a 12 month charter with Total in direct continuation with the same charterer ending September 2022. Liv Knutsen is serving a 12 month charter with Total in direct continuation with the same charterer ending November 2022. Birgit Knutsen is in 2022 serving 7 one month options charter followed by a 12 months option charter in direct continuation, with Total.

All three vessels have been trading well with a satisfactory operational performance in 2021.

2021 has as 2020 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 all vessels as well as the staff of the manager and the charterer's for establishing good guidelines and operational procedures in order to keep the vessels and everyone onboard safe.

The vessels have 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 income of NOK 100 436 102 in 2021 compared to NOK 116 252 501 in 2020. The company had an operating result (EBIT) of NOK 16 532 341 compared to an operating loss of 12 431 463 in 2020.

After net financial expenses of NOK 7 189 038 (NOK 12 218 477 in 2020), the result for the year was NOK 9 343 303 (loss of NOK 24 649 940 in 2020).

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

Company's equity is NOK 230 353 600.



Total cash flow from operating activities in the company was NOK 13 849 989 (NOK 35 630 340 in 2020). The company's cash on deposits as per 31.12.21 were NOK 6 745 767 (NOK 6 744 277 as per 31.12.20).

Short-term debt as of 31.12.21 was 22,5 % of total debt, compared to 25,4 % as of 31.12.20. The company can pay off short-term debt as of 31.12.21 with its most liquid assets (current assets net of inventory).

The company is exposed to fluctuating foreign exchange rates, especially USD, as most of the company's income is denominated in USD. However, as most of the company's operating expenses and financial costs also are denominated in USD, the company's foreign exchange risk is reduced. The company is also exposed to interest-rate risk due to variable interest rates.

The accounts have been prepared on a going concern basis, and the Board of Directors confirms that the going concern assumption is in place.

High operational standards

The requirements for safe and environmentally friendly operation of the vessels have first priority, 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.

The Company and the manager allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of the vessels. 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 all three vessels are certified in accordance with both the ISM and ISPS codes.



Future prospects

The market for product chemical tankers has continued to be challenging. We have every reason to believe that we will obtain satisfactory charters based on the vessels' operational performance. The Board of Directors believe that 2022 will be satisfactory year for the company.

Haugesund, 7 April 2022


Trygve Seglem
Chairman/Managing Director


Nils Kristian Strøm
Board member


Geir Tore Henriksen
Board member



Knutsen Produkt Tanker XII AS

Profit & Loss Account

	<u>Note</u>	2021	2020
<u>Operating Income</u>			
Freight income	2	99 766 510	117 252 307
Voyage related costs		669 592	-999 806
<i>Net operating income</i>		<u>100 436 102</u>	<u>116 252 501</u>
<u>Operating Expenses</u>			
Crew hire	11	39 523 651	42 204 294
Other operating costs	9	23 288 710	31 574 958
<i>Total Operating Expenses</i>		<u>62 812 361</u>	<u>73 779 252</u>
<i>Operating result before depreciation</i>		<u>37 623 741</u>	<u>42 473 249</u>
Ordinary depreciation vessel		31 968 400	32 195 712
Impairment		-10 877 000	22 709 000
<i>Total depreciation</i>	4	<u>21 091 400</u>	<u>54 904 712</u>
<i>Operating result</i>		<u>16 532 341</u>	<u>-12 431 463</u>
<u>Financial Income and Expenses</u>			
Financial income	6	851 858	435 437
Foreign exchange gain/loss		1 198 234	-889 075
Financial expenses	6	9 239 129	11 764 840
<i>Net Financial Items</i>		<u>-7 189 038</u>	<u>-12 218 477</u>
<i>Result before taxes</i>		<u>9 343 303</u>	<u>-24 649 940</u>
<i>Result for the year</i>		<u>9 343 303</u>	<u>-24 649 940</u>



Knutsen Produkt Tanker XII AS

Balance Sheet as of 31. December

<u>EIENDELER</u>	<u>Note</u>	2021	2020
<u>Fixed Assets</u>			
Vessel	2, 4, 5	339 212 969	357 293 626
<i>Total Fixed Assets</i>		<u>339 212 969</u>	<u>357 293 626</u>
<u>Current Assets</u>			
Inventories	3	2 029 338	1 362 672
Accounts receivable		19 612 774	22 756 952
Other short-term receivables		7 917 244	3 639 051
Intercompany receivables	7	455 804	2 121 559
Group contributions	7	21 000 000	42 000 000
Bank deposits		6 745 767	6 744 277
<i>Total Current Assets</i>		<u>57 760 927</u>	<u>78 624 511</u>
TOTAL ASSETS		<u>396 973 896</u>	<u>435 918 138</u>



Knutsen Produkt Tanker XII AS

Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2021	2020
Equity			
Share capital		100 000	100 000
Share premium reserve		400 000	400 000
Other paid-up equity		199 510 298	199 510 298
<i>Total paid-in capital</i>		<u>200 010 298</u>	<u>200 010 298</u>
Other equity		30 343 303	0
<i>Total retained earnings</i>		<u>30 343 303</u>	<u>0</u>
<i>Total Shareholders' Equity</i>	<i>8, 10</i>	<u>230 353 600</u>	<u>200 010 298</u>
Long Term Debt			
Liabilities to financial institutions	5	129 078 839	175 959 327
<i>Total Long Term Debt</i>		<u>129 078 839</u>	<u>175 959 327</u>
Current Liabilities			
Accounts payable		1 090 007	2 909 035
Accrued interest		1 294 832	1 682 161
Intercompany debt	7	21 159 681	28 070 828
Other current liabilities		13 996 936	27 286 490
<i>Total Current Liabilities</i>		<u>37 541 456</u>	<u>59 948 513</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>396 973 896</u>	<u>435 918 138</u>

Haugesund, 7 April 2022


Frygve Seglem
Chairman of the Board/CEO
Nils Kristian Strøm
Board member
Geir Tore Henriksen
Board member



KNUTSEN PRODUKT TANKER XII AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	31 146 578	30 968 598
Change in working capital	<u>-17 296 589</u>	<u>4 661 742</u>
Net cash flow from operations	<u>13 849 989</u>	<u>35 630 340</u>
Vessel	-2 716 415	-11 495 043
Dry-docking	-294 328	-17 331 392
Net consideration sale vessel	0	0
Net cash flow from investments	<u>-3 010 742</u>	<u>-28 826 434</u>
Net repaid/drawn mortgage debt	-47 592 363	-47 592 363
Group contribution received	42 000 000	0
Change inter-company balances	<u>-5 245 392</u>	<u>40 611 404</u>
Net cash flow from financing	<u>-10 837 755</u>	<u>-6 980 959</u>
Net cash flow for the year	1 492	-177 054
+ Cash balance per 1.1	<u>6 744 277</u>	<u>6 921 332</u>
= Cash Balance per 31.12.	<u>6 745 767</u>	<u>6 744 277</u>

1) Generated from operations:

Profit/Loss before tax	9 343 303	-24 649 940
Ordinary depreciation	31 968 400	32 195 712
Write downs	-10 877 000	22 709 000
Amorized debt issuance cost	711 875	713 826
Loss of sale vessel	0	0
- Foreign exchange gain mortgage debts	<u>0</u>	<u>0</u>
= Total generated from operations	<u>31 146 578</u>	<u>30 968 598</u>



Knutsen Produkt Tanker XII AS

Notes to the Financial Statement 31.12.2021

1 Accounting principles

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

Current assets/current liabilities

Fixed Assets are intended for longterm ownership and use. Other assets are classified as current assets. Current liabilities have maturity 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 registered at nominal value at the time of entering.

Fixed assets are valued at cost but can be written down to fair value unless impairment is assumed to be temporary. Long-term liabilities are stated at nominal value at the time of entering.

This principle is not used for current items in foreign currency, which are valued at the rate of exchange at the year-end.

Fixed Assets and Dry-Docking

The total cost of the vessel is capitalised at delivery and depreciated linearly over the expected life time.

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.

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

Inventories

Inventories are valued at market price as the lower of cost and market value is considered as unpractical.

Income

The income from the charter parties and spot is denominated in USD, and income is recorded in the Profit & Loss account when actually earned.

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 foreign exchange loss are registered as financial items.

The debt is valued at the historical rate, to the extent that future net nominal income flow from contracts in the same currency 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. If expectations of future nominal cash flows are significantly lower than the long-term debt in the same currency the unrealized foreign exchange loss and gains on the entire long-term debt is recorded, and the entire long-term debt is valued at the exchange rate as per 31.12.

Realized and any unrealized foreign exchange gain and losses are recognized under financial income/expenses. Foreign exchange gain 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.

If the intention of the contracts is to hedge the company's exposure against fluctuations in interest rates and foreign exchange rates, then the income and expenses related to the hedging and the corresponding items in the balance sheet are classified in the same manner.

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.

Receivables

Trade and other receivables are recorded at a face value less provision for doubtful debts. The provision is made on the basis of an individual assessment of the receivables.

Consolidation

The Company does not prepare consolidated financial statements as the group is included in the TS Shipping Invest AS group. Accounting for the Group can be obtained at the company office, Smedasundet 40, 5529 Haugesund.

Cash flow statement

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



2 Contracts

The company owned four 16,500 dwt product/chemical tankers after the merger of four single purpose shipowning companies in 2011. The four vessels are sister vessels built at Jiangnan Shipyard in Shanghai, China. The vessels were delivered between June 2009 and June 2010.

The four vessels are:

Eli Knutsen is serving a 12 month charter with Total in direct continuation with the same charterer ending September 2022.

Liv Knutsen is serving a 12 month charter with Total in direct continuation with the same charterer ending November 2022.

Birgit Knutsen is in 2022 serving 7 one month options charter followed by a 12 months option charter in direct continuation, with Total.

Louise Knutsen was sold March 2019

Knutsen OAS Shipping acts as manager for the company in accordance with a separate management agreement.

3 Inventories

Inventories amounting to NOK 2 029 338 (NOK 1 362 672 in 2020) refer to lube oil as per 31.12.

4 Fixed Assets and Dry-Docking

<u>Vessel</u>	<u>2021</u>	<u>2020</u>
Historical value 1.1.	829 393 807	817 898 763
Accumulated depreciation 1.1.	387 381 375	360 398 375
Accumulated write-downs 1.1.	116 605 270	94 166 270
Book value 1.1.	325 407 160	363 334 118
Additions	2 716 415	11 495 043
Annual depreciation	23 752 000	26 713 000
Reversal of impairment	10 877 000	0
Impairment	0	22 709 000
Book value 31.12.	315 248 574,42	325 407 161

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

<u>Dry-docking</u>	<u>2021</u>	<u>2020</u>
Historical value 1.1.	68 868 178	51 536 785
Accumulated depreciation dry docking 1.1.	36 981 711	31 498 999
Book value 1.1.	31 886 467	20 037 786
Dry-docking expensed	294 328	17 331 392
Dry-docking disposal	0	-4 269 712
Annual depreciation	8 216 400	1 213 000
Book value 31.12.	23 964 394,44	31 886 466
Book value vessel 31.12.	339 212 969	357 293 626



5 Mortgage debt and financial instruments

Specification of loan:

	USD	Historical rate	Rate used 31/12	NOK
USD-loan	15 360 124	8,5207	8,5207	130 879 007
Deferred debt issuance costs				-1 800 167
				<u>129 078 839</u>

Current portion

USD-loan	5 585 500	8,8363	8,8363	49 355 150
Deferred debt issuance costs				-711 875
				<u>48 643 274</u>

Corresponding figures 2020:

USD-loan	20 945 623	8,5207	8,5207	178 471 370
Current portion	5 585 500	8,5375	8,5375	47 686 203

The USD/NOK exchange rate at the year-end was 8,8363 (8,5375 in 2020).

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 31.12.2021 the not recorded foreign exchange loss (i.e. off-balance) is NOK 4,8 million compared to a loss of NOK 0,35 million as per 31.12.2020.

The company's outstanding debt is secured through first priority mortgage in the vessel, assignment of earnings, bank deposit, receivables together with guarantee liabilities from the owners.

Book value of mortgaged assets is MNOK 339 (MNOK 357 in 2020).

Estimated outstanding debt per 31.12.2021 is USD 0 million.

The Company has entered into interest rate hedging contracts of its loan at the year end. Hence it reduced its exposure to interest rate fluctuations in the market. The mark to market value of the interest rate swaps kept off balance were USD - 555 514.

6 Financial income and -expenses

	2021	2020
Financial Income:		
Interest income from group	0	0
Distribution DNK	851 851	0
Interest income	6	435 437
	<u>851 858</u>	<u>435 437</u>
Financial expenses:		
Interest expenses	4 823 369	8 764 928
Interest rate swap	-88 691	749807,28
Unrealised interest rate swap	2 212 468	325 490
Interest expenses to group	784 087	95 422
Guarantee expenses group	754 793	1 068 667
Other financial expenses	753 104	760 525
	<u>9 239 129</u>	<u>11 764 840</u>



7 Inter-company balances

<u>Group contributions</u>	<u>2021</u>	<u>2020</u>
Group contribution from TS Shipping Invest AS	21 000 000	42 000 000

<u>Receivables</u>	<u>2021</u>	<u>2020</u>
Knutsen OAS Shipping AS	444 720	2 120 295
TS Shipping Invest AS	0	0
KNOT Shuttle Tankers 27 AS	9 820	0
KNOT Shuttle Tankers 32 AS	1 264	1 264
	<u>455 804</u>	<u>2 120 295</u>

<u>Short-term debt</u>	<u>2021</u>	<u>2020</u>
TS Shipping Invest AS	21 158 374	28 070 828
KNOT Shuttle Tankers 24 AS	1 307	0
	<u>21 159 681</u>	<u>28 070 828</u>

8 Equity

Specification of the equity per 31.12.

	<u>Share capital</u>	<u>Share premium</u>	<u>Additional paid-in capital</u>	<u>Other equity</u>	<u>Total equity</u>
Equity 1.1	100 000	400 000	199 510 298	0	200 010 298
Result for the year				9 343 303	9 343 303
Group contribution				21 000 000	21 000 000
Equity 31.12.	<u>100 000</u>	<u>400 000</u>	<u>199 510 298</u>	<u>30 343 303</u>	<u>230 353 600</u>

The company's share capital consists of 1 000 shares of NOK 100, all with equal rights.
All shares are owned by TS Shipping Invest AS.

9 Remuneration

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

The company have not given any loan or guarantees to any leading persons or board member during the year.

<u>Auditor's fee (excl. VAT):</u>	<u>2021</u>	<u>2020</u>
Auditing	85 620	30 750
Tax consultancy	0	0
Other consulting services	0	0
	<u>85 620</u>	<u>30 750</u>

10 Shares owned by Board members and affiliates

Trygve Seglem controls a 100% interest through TS Shipping Invest AS.

11 Employees

The company has no employees and thereby no pension liabilities (under the OTP regulation). The company rents all personnel from Knutsen OAS Shipping and Columbia Shipmanagement LTD in accordance with separate management agreement.



12 Tax

The company is subject to taxation in accordance with the Norwegian Tonnage Tax System as from 01.01.2007. Its operating result will no longer be taxable. An ordinary tax of 22 % will be estimated on basis of the companies 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 2021 amounted to NOK 88 695 (95 499 in 2020.) Tonnage tax is classified as an operating expense.

Several requirements are outlined for a company to be governed by the scheme such no direct employees, only owing vessels or shares in shipping companies and only certain types of financial assets.

Temporary differences related to financial items are netted towards calculation of deferred tax/tax benefits, i.e. 22% of net temporary differences. The financial treatment follows the general accounting principles for capitalising of such items.

Specification of deferred tax basis:

	<u>31.12.2021</u>	<u>Change</u>	<u>31.12.2020</u>
Loss carried forward	-165 094 967	3 663 801	-161 431 166
Total temporary differences	<u>-165 094 967</u>	<u>3 663 801</u>	<u>-161 431 166</u>
Deferred tax (benefit) calculated	-36 320 893	-806 036	-35 514 857
Deferred tax (benefit) capitalised	<u>0</u>	<u>0</u>	<u>0</u>

The Company has no deferred tax asset in a balance because it is not likely that the company will exploit this in the future.

<u>Tax cost</u>	<u>2021</u>	<u>2020</u>
Net Financial Items	-7 189 038	-12 218 477
Non-taxable dividend DNK	-826 296	0
Non-tax deductible interest cost	5 428 783	8 504 647
Non-taxable foreign exchange gain/loss	-1 077 250	156 709
Taxable financial result	<u>-3 663 801</u>	<u>-3 557 121</u>
Loss carried forward	3 663 801	3 557 121
Taxable result	<u>0</u>	<u>0</u>
Tax payable, 22%	0	0
Change in deferred tax	0	0
Tax cost	<u>0</u>	<u>0</u>



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders Meeting of Knutsen Produkt Tanker XII AS

Opinion

We have audited the financial statements of Knutsen Produkt Tanker XII AS (the Company), which comprise the balance sheet as at 31 December 2021, the profit & loss accounts 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 and the general manager) are 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 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, 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, 31 May 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report - Knutsen Produkt Tanker XII AS 2021

A member firm of Ernst & Young Global Limited

Permeo Dokumentnr: 11 CKX-1 P01-1-5BQXU-QL01E-1YXWJ-EST7F



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo" - sikker digital signatur.
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Magnus Hegertun Birkeland

Statsautorisert revisor

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