



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 997 404 009
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNUITSEN NYK SHUTTLE TANKERS 16 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: Karl Gerhard Bråstein Dahl
Dato for fastsettelse av årsregnskapet: 10.03.2022

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, 28.03.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Freight income	2	146 067 443	156 976 577
Sum inntekter		146 067 443	156 976 577
Kostnader			
Crew-hire	6	28 423 403	28 448 780
Ordinary depreciation	5	31 193 100	31 294 602
Other operating expenses		14 161 289	14 967 692
Administration	9	6 172 055	6 314 874
Sum kostnader		79 949 847	81 025 948
Driftsresultat		66 117 596	75 950 629
Finansinntekter og finanskostnader			
Financial income	7	201 169	56 085
Foreign exchange gain/loss		1 452 408	-63 671
Sum finansinntekter		1 653 577	-7 587
Financial expenses	7	11 739 849	17 683 077
Sum finanskostnader		11 739 849	17 683 077
Netto finans		-10 086 272	-17 690 664
Ordinært resultat før skattekostnad		56 031 324	58 259 965
Taxes	13		
Ordinært resultat etter skattekostnad		56 031 324	58 259 965
Årsresultat		56 031 324	58 259 965
Årsresultat etter minoritetsinteresser		56 031 324	58 259 965
Totalresultat		56 031 324	58 259 965



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	13		
Varige driftsmidler			
Vessel	5, 10	450 889 539	482 082 639
Dry-docking	5, 10		
Sum varige driftsmidler		450 889 539	482 082 639
Sum anleggsmidler		450 889 539	482 082 639
Omløpsmidler			
Varer			
Inventories	4	1 642 353	1 280 901
Sum varer		1 642 353	1 280 901
Fordringer			
Receivables	8	2 688 647	2 526 267
Konsernfordringer		558 912	767 633
Sum fordringer		3 247 560	3 293 900
Bankinnskudd, kontanter og lignende			
Bank deposits	3	10 669 722	15 797 691
Sum bankinnskudd, kontanter og lignende		10 669 722	15 797 691
Sum omløpsmidler		15 559 635	20 372 493
SUM EIENDELER		466 449 173	502 455 131
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	11, 12	100 000	100 000



Balanse

Beløp i: NOK	Note	2021	2020
Annen innskutt egenkapital		147 375 369	171 361 903
Sum innskutt egenkapital		147 475 369	171 461 903
Opptjent egenkapital			
Other equity		56 031 324	58 259 965
Sum opptjent egenkapital		56 031 324	58 259 965
Sum egenkapital	11	203 506 692	229 721 869
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8, 10	241 736 605	267 945 524
Mortgage debt related parties	8, 10		
Sum annen langsiktig gjeld		241 736 605	267 945 524
Sum langsiktig gjeld		241 736 605	267 945 524
Kortsiktig gjeld			
Leverandørgjeld	8	2 526 594	3 268 900
Tax payable	10		
Utbytte		17 408 800	
Kortsiktig konserngjeld			571 728
Accrued interest		255 245	251 942
Other current liabilities		1 015 237	695 169
Sum kortsiktig gjeld		21 205 876	4 787 739
Sum gjeld		262 942 481	272 733 263
SUM EGENKAPITAL OG GJELD		466 449 173	502 455 131



Skattedirektoratet

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

ERNST & YOUNG AS
Postboks 20 Oslo Atrium
0051 OSLO

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

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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

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



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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



Knutsen NYK Shuttle Tankers 16 AS

Annual Report 2021



M/T "Ingrid Knutsen"

KNOT
Offshore Partners LP



KNUTSEN NYK SHUTTLE TANKERS 16 AS

REPORT OF THE BOARD OF DIRECTORS 2021

Knutsen NYK Shuttle Tankers 16 AS owns one 111,634 dwt suez-max DP2 shuttle tanker, M/T Ingrid Knutsen, delivered from Hyundai Heavy Industries (HHI) Shipyard in South Korea in 2013.

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

The company's activity

M/T Ingrid Knutsen started in 2014 on a time-charter contract to Eni Energi Marine AS subsidiary to Vår Energi for a fixed period of ten year and with charters option to take the vessel for five more years on yearly options.

Result for the year

The operating result for Knutsen NYK Shuttle Tankers 16 AS was NOK 66 117 596 in 2021 compared to NOK 75 950 629 in 2020. After net financial loss of NOK 10 086 272 in 2021, against a loss of NOK 17 690 664 in 2020, the result for the year were NOK 56 031 324 in 2021 compared to NOK 58 259 965 in 2020.

The Board of Directors suggests the result for the year transferred to other equity. The company have during the year paid out extraordinary dividend of NOK 64 837 700. In addition, the company have paid out dividend of NOK 17 408 800 in 2022.

Total cash flow from operating activities in the company was NOK 99 397 366, NOK 107 712 279 in 2020. The liquidity position was NOK 10 669 722 as per 31.12.2021 compared to NOK 15 797 691 as per 31.12.2020. The company's ability to finance its investments is good. The outstanding mortgage loan is at the end of 2021 USD 40 423 612, USD 44 946 136 at the end of 2020.

The company's short-term debt per 31.12.2021 was 8.1 % of total debt (1.8 % in 2020).

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

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

Total capital was by the end of the year NOK 466 449 173, NOK 502 455 131 at the end of 2020. The equity-share as of 31.12.2021 was 44 %, compared to 46 % as of 31.12.2020.

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



Statements give a true picture of the company's assets and liabilities, financial position, and results.

The environment safety and quality control

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

The company is not aware of any significant pollution to the external environment, and the Board of Directors considers the working conditions on-board the vessel as satisfactory. M/T Ingrid Knutsen are certified in accordance with both ISM code and the ISPS code.

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

Prospects

M/T Ingrid Knutsen is operated on a long-term charter with Vår Energi Marine AS. The charterer and trading area are well known for the manager and the Board of Directors. The Board of Directors expect that 2022 will be a stable profitable year for the company.

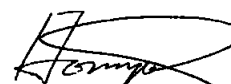


Trygve Seglem
Chairman of the Board/CEO

Haugesund, March 10, 2022



Karl Gerhard Bråstein Dahl
Member of the Board



Takashi Domyo
Member of the Board



Knutsen NYK Shuttle Tankers 16 AS

Profit & Loss Account

	<u>Note</u>	2021	2020
<u>Operating Income</u>			
Freight income	2	146 067 443	156 976 577
<i>Total Operating income</i>		<u>146 067 443</u>	<u>156 976 577</u>
<u>Operating Expenses</u>			
Crew-hire	6	28 423 403	28 448 780
Other operating expenses		14 161 289	14 967 692
Administration	9	6 172 055	6 314 874
<i>Total Operating Expenses</i>		<u>48 756 747</u>	<u>49 731 346</u>
Ordinary depreciation	5	31 193 100	31 294 602
<i>Operating Result</i>		<u>66 117 596</u>	<u>75 950 629</u>
<u>Financial Income and Expenses</u>			
Financial income	7	201 169	56 085
Foreign exchange gain/loss		1 452 408	-63 671
Financial expenses	7	-11 739 849	-17 683 077
<i>Net Financial Items</i>		<u>-10 086 272</u>	<u>-17 690 664</u>
<i>Result before taxes</i>		<u>56 031 324</u>	<u>58 259 965</u>
Taxes	13	0	0
<i>Result for the year</i>		<u>56 031 324</u>	<u>58 259 965</u>



Knutsen NYK Shuttle Tankers 16 AS

Balance Sheet as of 31. December

<u>Assets</u>	<u>Note</u>	2021	2020
<u>Fixed assets</u>			
Vessel	5, 10	450 889 539	482 082 639
<i>Total Fixed Assets</i>		<u>450 889 539</u>	<u>482 082 639</u>
<u>Current Assets</u>			
Inventories	4	1 642 353	1 280 901
Receivables	8	2 688 647	2 526 267
Current receivables group		558 912	767 633
Bank deposits	3	10 669 722	15 797 691
<i>Total Current Assets</i>		<u>15 559 635</u>	<u>20 372 493</u>
<i>TOTAL ASSETS</i>		<u>466 449 173</u>	<u>502 455 131</u>



Knutsen NYK Shuttle Tankers 16 AS

Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2021	2020
<u>Equity</u>			
Share capital	11, 12	100 000	100 000
Other paid-in capital		147 375 369	171 361 903
<i>Total capital paid-in</i>		<u>147 475 369</u>	<u>171 461 903</u>
Other equity		56 031 324	58 259 965
<i>Total Shareholders' Equity</i>	11	<u>203 506 692</u>	<u>229 721 869</u>
<u>Long Term Debt</u>			
Mortgage debt	8, 10	241 736 605	267 945 524
<i>Total Long Term Liabilities</i>		<u>241 736 605</u>	<u>267 945 524</u>
<u>Current Liabilities</u>			
Accounts payable	8	2 526 594	3 268 900
Accrued interest		255 245	251 942
Current liabilities group		0	571 728
Dividends		17 408 800	0
Other current liabilities		1 015 237	695 169
<i>Total Current Liabilities</i>		<u>21 205 876</u>	<u>4 787 739</u>
<i>Total liabilities</i>		<u>262 942 481</u>	<u>272 733 263</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>466 449 173</u>	<u>502 455 131</u>

Trygve Seglem
chairman of the board

Haugesund, March 10, 2022

Karl Gerhard Bråstein Dahl
member of the board

Takashi Domyo
member of the board



KNUTSEN NYK SHUTTLE TANKERS 16 AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	100 703 141	106 922 032
Change in working capital	<u>-1 305 775</u>	<u>790 247</u>
Net cashflow from operations	<u>99 397 366</u>	<u>107 712 279</u>
Invested in vessel	<u>0</u>	<u>0</u>
Net cashflow from investments	<u>0</u>	<u>0</u>
Paid installments on mortgage debt	-39 687 635	-43 508 377
Paid-out dividend	<u>-64 837 700</u>	<u>-62 118 600</u>
Net cashflow from financing	<u>-104 525 335</u>	<u>-105 626 977</u>
Net cashflow for the year	-5 127 970	2 085 302
+ Cash balance per 01.01.	<u>15 797 691</u>	<u>13 712 389</u>
= Cash Balance per 31.12.	<u>10 669 722</u>	<u>15 797 691</u>

1) Generated from operations:

Result before tax	56 031 324	58 259 965
+Amortization of deferred debt issuance costs	1 007 179	1 075 185
+Realized profit/loss on foreign exchange	12 471 538	16 292 280
+Ordinary depreciation	31 193 100	31 294 602
= Total generated from operations	<u>100 703 141</u>	<u>106 922 032</u>



KNUTSEN NYK SHUTTLE TANKERS 16 AS

Notes to the Financial Statement 31.12.2021

1 Accounting Principles

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

Income

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

Inventories

Inventories are valued according to the net realisable value principle.

Other non Current 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 shuttle tankers is estimated to 23 years from delivery as newbuilding. We use extended life or reduced life if there are commercial or technical indications that the 23 year profile for that specific entity is not correct, i.e. fixed charter contracts above 23 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.

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.



Interest-bearing loan and borrowings

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

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

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

Tax

The company have elected to be taxed based on the Norwegian tonnage tax regime. 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.

Transactions in Foreign Currency

The income received in USD is recorded at the rate of exchange on the day the transaction is carried out. Income and expenditure in foreign currency are converted with the exchange rate at the time of the transaction.

We use hedge accounting for long term debt in foreign currencies. The expected net future nominal cash-flow in the same currency from chartering out vessel is the hedging instruments. The realized foreign exchange gain and -losses are booked together with the hedging instrument. We book realized- and unrealized foreign exchange gain/-loss for any uneffective part of the debt in foreign currencies over financial items.

Cash flow statement

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



Related party transactions

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

2 Contracts

The company has secured employment of the vessel, M/T Ingrid Knutsen, with a 10 year fix time charter contract with 5 one year options to Vår Energi Marine AS, (a subsidiary of Vår Energi) after arriving the North Sea and completed shuttle tanker testing. The vessel started on the charter contract February, 2014.

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

3 Bank deposits

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

4 Inventories

Inventories refer to lube oil as per 31.12.

5 Fixed Assets

<u>Vessel</u>	<u>2021</u>	<u>2020</u>
Historical value 1.1.	651 118 141	651 118 141
Accumulated depreciation 1.1.	184 321 246	158 267 470
Book value 1.1.	466 796 895	492 850 671
Annual depreciation	25 952 274	26 053 776
Book value 31.12.	440 844 621	466 796 895

The economic life of the vessels is estimated to 23 years, and is depreciated accordingly.

<u>Dry-docking</u>	<u>2021</u>	<u>2020</u>
Capitalised dry-docking	26 354 113	26 354 113
Accumulated depreciation dry-docking 1.1.	11 068 370	5 827 544
Capitalised dry-docking 1.1.	15 285 742	20 526 568
Annual depreciation	5 240 826	5 240 826
Book value 31.12.	10 044 917	15 285 743
Total vessel	450 889 539	482 082 639

The company changed in third quarter 2021 the useful life estimate for M/T Ingrid Knutsen from 25 years to 23 years due to prevailing longer-term market trends. The company updated at the same time the estimated net sales price at the end of estimated life from NOK 0 at 25 years to estimated net sales price at end of the new estimated end of life.



6 Salary and social costs

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

7 Financial Income and -Expenses

	<u>2021</u>	<u>2020</u>
Financial Income:		
Dividend	201 144	0
Other interest income	25	56 085
Total financial income	<u>201 169</u>	<u>56 085</u>
Financial expenses:		
Interest expenses	9 816 180	15 309 551
Guarantee expenses group	1 784 073	2 170 484
Other financial expenses	139 596	203 042
Total financial expenses	<u>11 739 849</u>	<u>17 683 077</u>

8 Balances with related parties

	<u>2021</u>	<u>2020</u>
<u>Accounts payable</u>		
Luky KS	0	1 264
KNOT Management Denmark A/S	72	0
KNOT Management AS	184 084	203 468
Knutsen OAS Crewing AS	0	73 738
Knutsen OAS Shipping AS	1 433 897	2 164 959
	<u>1 618 052</u>	<u>2 443 428</u>
<u>Receivables</u>		
Knutsen OAS Shipping AS	138 918	0
Knutsen Ballastvann IS	339 074	302 979
Knutsen OAS Crewing AS	356 382	0
	<u>834 373</u>	<u>302 979</u>

9 Remuneration

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

Auditors remuneration (excl. VAT):	<u>2021</u>	<u>2020</u>
Audit	18 819	37 638
Other services besides audit	0	0
	<u>18 819</u>	<u>37 638</u>



10 Mortgage Debt and Financial Instruments

<u>31-12-21</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate per 31.12</u>	<u>NOK</u>
USD-loan - first priority	40 423 612	8,1556	6,0179	243 265 255
Deferred debt issuance costs				-1 528 649
				<u>241 736 605</u>
Current portion:				
USD-loan	4 522 524			27 216 097
Deferred debt issuance costs				-937 860
				<u>26 278 238</u>
<u>31-12-20</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate per 31.12</u>	<u>NOK</u>
USD-loan - first priority	44 946 136	8,1556	6,0179	270 481 352
Deferred debt issuance costs				-2 535 828
				<u>267 945 524</u>
Current portion:				
USD-loan	4 522 524			27 216 097
Deferred debt issuance costs				-1 007 184
				<u>26 208 913</u>

Estimated outstanding debt per year end 2026 is USD 18 million.

The USDNOK exchange rate at the year-end was 8,8363 (8,5375 i 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 114 million compared to a loss of NOK 113 million as per 31.12.2020.

Security for the loan is made through a first priority mortgage in the vessel, transportation of income, pledged bank deposit, factoring agreement, pledged shares in the company and guarantees from the owner.

Book value of mortgaged assets is NOK 466 million (NOK 502 million in 2020).

The company has aimed to reduce the market risk by entering financial contracts. The company has entered long term freight contracts in USD, with the intention of having income, vessel investment and loans in the same currency in order to minimize the effects of exchange rate fluctuations.



11 Equity

Specification of the equity per 31.12.

	Share capital	Other paid-in equity	Other equity	Total equity
Equity 01.01.	100 000	171 361 903	58 259 965	229 721 869
Extraordinary dividend paid out	0	-17 064 600	-47 773 100	-64 837 700
Paid-out dividend 2022	0	-6 921 935	-10 486 865	-17 408 800
Result for the year	0		56 031 324	56 031 324
Equity 31.12.	100 000	147 375 369	56 031 324	203 506 692

Share capital consist of 100 shares à NOK 1 000, all the shares is owned by KNOT Shuttle Tankers AS.

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

12 Shares Owned by Board Members and Affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the company Knutsen NYK Offshore Tankers AS, which controls 30,47% of KNOT Offshore Partners LP.

13 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which amounted to NOK 112 867 (NOK 112 867 last year). Tonnage tax is classified as an operating expense.

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

	31.12.2021	Change	31.12.2020
Deductibel interest carried forward	-5 228 046	0	-5 228 046
Loss carried forward	-39 839 209	-2 142 670	-37 696 539
Basis for deferred tax (benefit)	-45 067 255	-2 142 670	-42 924 585
Deferred tax (benefit)	0	0	0

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

Taxable result tonnage tax scheme:

	2021	2020
Net financial result	-10 086 272	-17 690 664
Non-taxable currency gain	-1 498 445	-168 442
Non-deductable interest cost	9 637 157	14 998 218
Other non-deductable items	-195 110	0
Taxable income before loss carried forward	-2 142 670	-2 860 887
Change in loss carried forward	2 142 670	2 860 887
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0



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Medlemmer av Den norske Revisorforening

To the Shareholders' Meeting of Knutsen NYK Shuttle Tankers 16 AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Knutsen NYK Shuttle Tankers 16 AS (the company) which comprise the balance sheet as at December 31, 2021, the statement of income 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 statutory requirements, and
- the financial statements present fairly in all material respects the financial position of the Company as at December 31, 2021 and (of) its financial performance and its 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International 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 information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report and for the other information presented with the financial statements 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.

Responsibilities of the management for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view 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.



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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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

Oslo, 10 March 2022
Ernst & Young AS

Johan Lid Nordby
State Authorised Public Accountant
(This document is signed electronically)

Independent auditor's report - Knutsen NYK Shuttle Tankers 16 AS

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"By my signature I confirm all dates and content in this document."

Johan Nordby

Statsautorisert revisor

On behalf of: Ernst & Young AS

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