



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 914 021 456
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 27 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
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: 25.02.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 27.03.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4		-669 016
Administration	3, 8, 9	241 351	261 988
Sum kostnader		241 351	-407 028
Driftsresultat		-241 351	407 028
Finansinntekter og finanskostnader			
Financial income	5	1 298	8 422
Foreign exchange gain/loss		517 756	155 332
Sum finansinntekter		519 054	163 754
Financial expenses	5	1 036 843	221 845
Sum finanskostnader		1 036 843	221 845
Netto finans		-517 789	-58 091
Ordinært resultat før skattekostnad		-759 140	348 937
Taxes	10		-91 839
Ordinært resultat etter skattekostnad		-759 140	440 776
Årsresultat		-759 140	440 776
Årsresultat etter minoritetsinteresser		-759 140	440 776
Totalresultat		-759 140	440 776



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10		
Varige driftsmidler			
Vessel	3, 4		
Vessel under construction	4	152 698 336	47 845 167
Sum varige driftsmidler		152 698 336	47 845 167
Sum anleggsmidler		152 698 336	47 845 167
Omløpsmidler			
Varer			
Fordringer			
Receivables		3 320 703	854 553
Konsernfordringer			48 420 208
Sum fordringer		3 320 703	49 274 761
Bankinnskudd, kontanter og lignende			
Bank deposits	2	4 977 247	441 688
Sum bankinnskudd, kontanter og lignende		4 977 247	441 688
Sum omløpsmidler		8 297 949	49 716 450
SUM EIENDELER		160 996 286	97 561 617
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	6, 7	100 000	100 000
Annen innskutt egenkapital		156 806 830	48 328 369
Sum innskutt egenkapital		156 906 830	48 428 369

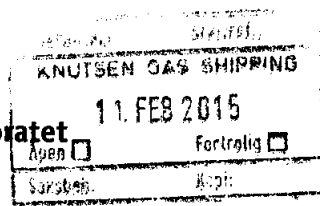


Balanse

Beløp i: NOK	Note	2020	2019
Opptjent egenkapital			
Other equity			406 322
Sum opptjent egenkapital			406 322
Sum egenkapital	6	156 906 830	48 834 691
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld		3 648 707	48 420 208
Sum annen langsiktig gjeld		3 648 707	48 420 208
Sum langsiktig gjeld		3 648 707	48 420 208
Kortsiktig gjeld			
Leverandørgjeld		48 565	142 554
Kortsiktig konserngjeld		392 183	164 164
Sum kortsiktig gjeld		440 748	306 718
Sum gjeld		4 089 455	48 726 926
SUM EGENKAPITAL OG GJELD		160 996 286	97 561 617



Skattedirektoratet



Saksbehandler
Torstein Kinden Helleland

Deres dato
30.01.2015

Vår dato
09.02.2015

Telefon
22078139

Deres referanse
Geir Tore Henriksen

Vår referanse
2015/87104

KNUTSEN OAS SHIPPING AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 30. januar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

KNOT Shuttle Tankers 30 AS	org. nr. 914 716 527
KNOT Shuttle Tankers 31 AS	org. nr. 914 750 326
Knutsen Technology AS	org. nr. 991 517 553
KNOT Shuttle Tankers 23 AS	org. nr. 913 154 576
KNOT Shuttle Tankers 28 GP AS	org. nr. 914 450 160
KNOT Shuttle Tankers 28 LP AS	org. nr. 914 450 063
KNOT Shuttle Tankers 27 AS	org. nr. 914 021 456
KNOT Shuttle Tankers 29 AS	org. nr. 914 450 055
KNOT FSO 2 AS	org. nr. 814 450 112
KNOT Shuttle Tankers 24 AS	org. nr. 914 012 902
KNOT Shuttle Tankers 25 AS	org. nr. 914 006 600
KNOT Shuttle Tankers 26 AS	org. nr. 914 021 251

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskap 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.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Skattedirektoratet innvilget i vedtak 09/867030 av 2. juni 2010, TS Shipping Invest AS samt en rekke navngitte datterselskap dispensasjon fra kravet om å utarbeide årsregnskap og -beretning på norsk språk. Konsernet ønsker nå å søke om samme dispensasjon for ytterligere et antall selskap som inngår i konsernet. Alle selskapene inngår i konsernregnskapet til TS Shipping Invest AS. Selskapene det søkes om dispensasjon for er enten eid 100 % av TS Shipping Invest AS, eller 50 % av TS Shipping Invest AS og 50 % av det nederlandske selskapet NYK Logistics Holding (Europe) B.V. Alle selskapene i konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper.

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



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.

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.

De samme fakta og argument for dispensasjon foreligger i denne søknaden som ble vurdert ved innvilgelse av dispensasjon for konsernspissen og enkelte søsterselskap. Selskapenes aktivitet er knyttet til en internasjonal bransje hvor engelsk språk benyttes både internt i selskapene samt mot aksjonærer, og i kommunikasjon med eksterne forretningspartnere. Videre er eierkretsen begrenset.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



KNOT Knutsen
NYK Offshore
Tankers

KNOT Shuttle Tankers 27 AS

Annual Report 2020



M/T “ Live Knutsen ”



Knutsen
Group





KNOT SHUTTLE TANKERS 27 AS

REPORT OF THE BOARD OF DIRECTORS 2020

KNOT Shuttle Tankers 27 AS have signed one building contract for one 152,000 DWT suez-max DP2 shuttle tanker under construction at COSCO (Zhoushan) Shipyard Co., Ltd. in China for delivering in the 4th quarter of 2021.

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 in accordance with separate agreement.

The company's activity

The Company has entered into construction contract for one suez-max DP2 shuttle tanker at COSCO (Zhoushan) Shipyard Co., Ltd. in Zhoushan, China with hull number N728. USD 14.3 million have been paid in after signing the agreement in December 2015, total contract value is USD 100 million.

The newbuilding will be chartered to Galp Sinopec Brazil Services B.V., from delivery on a five-year time charter agreement with options up to six years and will operate in Brazil.

Result for the year

The operating result for KNOT Shuttle Tankers 27 AS was minus NOK 241 351 in 2020 compared to NOK 407 028 in 2019. After net financial loss of NOK 517 789 in 2020, against a loss of NOK 58 091 in 2019, the loss of the year was NOK 759 140 in 2020 compared to a profit of NOK 440 776 in 2019.

The Board of Directors propose to cover the loss with NOK 406 322 from other equity and the remaining NOK 352 818 from other paid in equity.

The liquidity position was NOK 4 977 247 as per 31.12.2020 compared to NOK 441 688 as per 31.12.2019.

The company's short-term debts per 31.12.2020 was 11 % of total debt (0.63 % in 2019).

Total capital was by the end of the year NOK 160 996 286, compared to NOK 97 561 617 the year before. The equity-share as of 31.12.2020 was 97 %, compared to 50 % per 31.12.2019.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the construction contract is denominated in USD. The company has not entered into any forward contracts or other agreements in order to reduce the company's foreign exchange risk, and thereby operating related market risk.

The financial accounts are made on the assumption of a going concern. The Board of Directors confirms the conditions for continued operation. The Board of the 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.



The environment safety and quality control

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.


The Company and the manager allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of vessels. There are no indications that the company pollutes the external environment significantly, and the board of directors considers the working conditions as satisfactory. All certificates are valid. The new-building will be certified in accordance with both the ISM and ISPS codes.

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.

Future prospects

The Board of directors have secured a contract for construction of a new-building and are have secured a long-term time charter contract for the vessel. The company are working on the post-delivery financing for the vessel under construction.

Haugesund, February 24, 2021



Trygve Seglem
Chairman of the Board



Takashi Domyo
Member of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



KNOT Shuttle Tankers 27 AS

Profit & Loss Account

	Note	2020	2019
<u>Operating Expenses</u>			
Administration	3, 8, 9	241 351	261 988
<i>Total Operating Expenses</i>		<u>241 351</u>	<u>261 988</u>
Write-downs	4	0	-669 016
<i>Operating Result</i>		<u>-241 351</u>	<u>407 028</u>
<u>Financial Income and Expenses</u>			
Financial income	5	1 298	8 422
Foreign exchange gain/loss		517 756	155 332
Financial expenses	5	-1 036 843	-221 845
<i>Net Financial Items</i>		<u>-517 789</u>	<u>-58 091</u>
<i>Result before taxes</i>		<u>-759 140</u>	<u>348 937</u>
Taxes	10	0	-91 839
<i>Result for the year</i>		<u>-759 140</u>	<u>440 776</u>



KNOT Shuttle Tankers 27 AS
Balance Sheet as of 31. December

<u>Assets</u>	Note	2020	2019
<u>Fixed assets</u>			
Vessel under construction	4	152 698 336	47 845 167
<i>Total Fixed Assets</i>		<u>152 698 336</u>	<u>47 845 167</u>
<u>Current Assets</u>			
Receivables		3 320 703	854 553
Group contributions		0	48 420 208
Bank deposits	2	4 977 247	441 688
<i>Total Current Assets</i>		<u>8 297 949</u>	<u>49 716 450</u>
<i>TOTAL ASSETS</i>		<u>160 996 286</u>	<u>97 561 617</u>

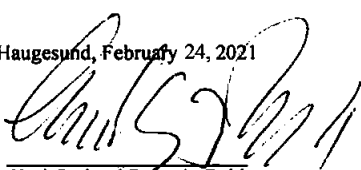


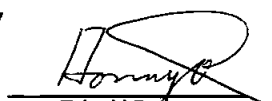
KNOT Shuttle Tankers 27 AS
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	Note	2020	2019
<u>Equity</u>			
Share capital	6, 7	100 000	100 000
Other paid-in equity		156 806 830	48 328 369
<i>Total capital paid-in</i>		<u>156 906 830</u>	<u>48 428 369</u>
Other equity		0	406 322
<i>Total Shareholders' Equity</i>	6	<u>156 906 830</u>	<u>48 834 691</u>
<u>Long Term Liabilities</u>			
Long-term debt to group companies		3 648 707	48 420 208
<i>Total Long Term Liabilities</i>		<u>3 648 707</u>	<u>48 420 208</u>
<u>Current Liabilities</u>			
Accounts payable		48 565	142 554
Current liabilities group		392 183	164 164
<i>Total Current Liabilities</i>		<u>440 748</u>	<u>306 718</u>
<i>Total liabilities</i>		<u>4 089 455</u>	<u>48 726 926</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>160 996 286</u>	<u>97 561 617</u>


Trygve Sejerem
chairman of the board

Haugesund, February 24, 2021


Karl Gerhard Bråstein Dahl
member of the board


Takashi Dohyo
member of the board



KNOT SHUTTLE TANKERS 27 AS

CASHFLOW STATEMENT

	2020	2019
Total generated from operations 1)	-759 140	-320 079
Change in working capital	<u>-2 332 118</u>	<u>-493 693</u>
Net cashflow from operations	<u>-3 091 258</u>	<u>-813 772</u>
Invested in vessel	<u>-104 853 170</u>	<u>-47 175 300</u>
Net cashflow from investments	<u>-104 853 170</u>	<u>-47 175 300</u>
Group contribution	157 251 488	0
Net change in debt to group companies	<u>-44 771 501</u>	<u>48 420 208</u>
Net cashflow from financing	<u>112 479 987</u>	<u>48 420 208</u>
Net cashflow for the year	4 535 559	431 136
+ Cash balance per 01.01.	<u>441 688</u>	<u>10 553</u>
= Cash Balance per 31.12.	<u>4 977 247</u>	<u>441 688</u>
1) Generated from operations:		
Result before tax	-759 140	348 937
+ Reversed impairment	<u>0</u>	<u>-669 016</u>
= Total generated from operations	<u>-759 140</u>	<u>-320 079</u>



KNOT SHUTTLE TANKERS 27 AS

Notes to the Financial Statement 31.12.2020

1 Accounting Principles

The financial Statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small business in Norway.

Current Assets/Current Liabilities

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

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

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

Yard instalments paid on newbuildings are gradually recorded as fixed assets as the instalments are paid. All costs regarding construction supervision, construction financing (including building loan interest, arrangement fees, provision of guarantees), purchases beyond the yard contract regarding the individual

Newbuilding contracts are valued in accordance with the lower value of capitalized value and fair value (including TC contracts entered by the newbuilding), if the loss is not considered as temporary.

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 portion of the dry-docking expenses are included in the profit and loss statement under "Other operating expenses".

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



Tax

The company is taxed based on the Norwegian tonnage tax regime from 2020 as a qualifying company in the KNOT group. The tonnage tax regime have a list of requirements that companies have to fulfill to qualify for election of the regime, such as minimum 3% direct or indirect ownership in vessels that perform transportation only. The company are restricted to what assets, liabilities and business they can participate in, and the same will apply for underlying companies and/or partnerships.

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

Tonnage tax is classified as an operating expense in the profit and loss statement.

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

Cash flow statement

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

2 Bank deposits

The company doesn't have restricted bank funds per 31.12.



3 Contracts

The company has secured employment of the vessel with a 5 year fix time charter contract with charters option to extend the contract with up to 6 years to Galp Sinopec Brazil Services B.V. from delivery ex yard in China in the 1st quarter of 2022.

The company have secured a building contract on a suez-max DP2 shuttle tanker under construction at Cosco (Zhoushan) Shipyard Co. Ltd, China with hull no N728. USD 14.3 million have been paid under the contract and the contract sum with changes amounting to USD 100 million. In addition to the contract sum, construction supervision and company-specific adjustment to construction contracts are incurred.

KNOT Management AS is appointed as manager for the company. The company have agreed an agreement regulating building supervision and management of the construction of the vessel with the related party Knutsen OAS Shipping AS.

Knutsen NYK Offshore Tankers AS have committed to inject the required equity for the construction of the vessel and startup of the time charter contract as well as working capital for the company and the company is working with securing long term post-delivery financing of the vessel with assistance from KNOT Management AS.

4 Fixed Assets

Vessel under construction

	<u>2020</u>	<u>2019</u>
Book value 01.01.	47 845 167	851
Additions	104 853 170	47 175 300
Reversed Impairment	0	669 016
Book value 31.12.	<u>152 698 336</u>	<u>47 845 167</u>

5 Financial Income and -Expenses

	<u>2020</u>	<u>2019</u>
Financial Income:		
Other interest income	1 298	8 422
Total financial income	<u>1 298</u>	<u>8 422</u>
Financial expenses:		
Interest expenses to group companies	1 028 976	215 415
Other financial expenses	7 867	6 430
Total financial expenses	<u>1 036 843</u>	<u>221 845</u>



6 Equity

Specification of the equity per 31.12.

	Share capital	Other paid in equity	Other equity	Total equity
Equity 01.01.	100 000	48 328 369	406 322	48 834 691
Result for the year	0	-352 818	-406 322	-759 140
Group contribution received	0	108 831 280	0	108 831 280
Equity 31.12.	100 000	156 806 830	0	156 906 830

Share capital consist of 100 shares à NOK 1,000

Knutsen NYK Offshore Tankers AS owns all the shares in the company. Financial statements for the group can be obtained at company's registered office, Smedasundet 40, 5529 Haugesund.

7 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.

8 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):	2020	2019
Audit	20 500	0
Tax advice	0	0
Other services besides audit	0	0
	20 500	0

9 Employees

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.



10 Tax

The company is taxed based on the shipping tax regime after entrance to the regime in 2020. This means that companies are not taxed on the basis of its operating results. There are however ordinary tax of 22% on the company's net financial income. At the same time the company is within the tonnage tax scheme, the tonnage tax is calculated, which in 2020 amounted to NOK 0. Tonnage tax is classified as an operating expense.

Specification on the temporary differences:

	31.12.20	Change	31.12.19
Loss carried forward	-4 472 832	4 472 832	0
Temporary differences	-4 472 832	4 472 832	0
Calculated deferred tax	984 023	-984 023	0
Deferred tax in balance	0	0	0

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

Tax cost

	2020
Net financial Items	-517 789
Non-taxable currency gain	-401 583
Non-deductable interest	798 098
Deductable financial items	-4 462 937
Income supplement for high equity ratio	111 379
Taxable income before loss carried forward	-4 472 832
Loss carried forward	4 472 832
Taxable income	0
Tax payable	0
Change deferred tax/(tax benefit)	0
Tax calculated	0



Statsautoriserte revisorer
Ernst & Young AS

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Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 27 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 27 AS, which comprise the balance sheet as at 31 December 2020, the profit and loss accounts, statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Other information

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

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

Responsibilities of management for the financial statements

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

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

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

Independent auditor's report – KNOT Shuttle Tankers 27 AS

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Opinion on registration and documentation

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

Oslo, 24 February 2021
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The auditor's report is signed electronically

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

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Independent auditor's report – KNOT Shuttle Tankers 27 AS

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Oppdragsansvarlig partner

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MAGNUS HEGERTUN BIRKELAND

Partner

På vegne av: EY

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