



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 975 883 914
Organisasjonsform: Aksjeselskap
Foretaksnavn: TS SHIPPING INVEST AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Peter Myklebust Opsal
Dato for fastsettelse av årsregnskapet: 28.05.2021

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, 21.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	5	5 831 000	3 521 000
Sum inntekter		5 831 000	3 521 000
Kostnader			
Annen driftskostnad	15	2 368 000	2 290 000
Sum kostnader		2 368 000	2 290 000
Driftsresultat		3 463 000	1 231 000
Finansinntekter og finanskostnader			
Annen finansinntekt	12	93 573 000	236 081 000
agio		10 919 000	
Sum finansinntekter		104 492 000	236 081 000
Annen finanskostnad	12	56 970 000	114 051 000
Disagio			10 475 000
Sum finanskostnader		56 970 000	124 526 000
Netto finans		47 522 000	111 555 000
Ordinært resultat før skattekostnad		50 985 000	112 786 000
Skattekostnad på ordinært resultat	17	13 842 000	7 802 000
Ordinært resultat etter skattekostnad		37 143 000	104 984 000
Årsresultat		37 143 000	104 984 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	17	161 449 000	175 291 000
Sum immaterielle eiendeler		161 449 000	175 291 000
Finansielle anleggsmidler			
Investering i datterselskap	3	1 277 701 000	1 250 882 000
Lån til foretak i samme konsern	11	53 306 000	49 828 000
Investeringer i tilknyttet selskap	4	860 720 000	855 733 000
Lån til tilknyttet selskap og felles kontrollert virksomhet	11	48 315 000	42 333 000
Sum finansielle anleggsmidler		2 240 042 000	2 198 776 000
Sum anleggsmidler		2 401 491 000	2 374 067 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	18	472 000	425 000
Andre fordringer	11	6 326 000	1 273 000
Konsernfordringer		80 038 000	90 561 000
Sum fordringer		86 836 000	92 259 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	2	15 830 000	3 532 000
Sum bankinnskudd, kontanter og lignende		15 830 000	3 532 000
Sum omløpsmidler		102 666 000	95 791 000
SUM EIENDELER		2 504 157 000	2 469 858 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2020	2019
Innskutt egenkapital			
Selskapskapital	14	29 154 000	29 154 000
Annen innskutt egenkapital		433 935 000	433 934 000
Sum innskutt egenkapital		463 089 000	463 088 000
Opptjent egenkapital			
Annen egenkapital		1 319 530 000	1 282 386 000
Sum opptjent egenkapital		1 319 530 000	1 282 386 000
Sum egenkapital	14	1 782 619 000	1 745 474 000
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser		24 407 000	21 864 000
Sum avsetninger for forpliktelser		24 407 000	21 864 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	13	420 985 000	460 434 000
Langsiktig konserngjeld	11	185 296 000	199 793 000
Øvrig langsiktig gjeld		27 106 000	943 000
Sum annen langsiktig gjeld		633 387 000	661 170 000
Sum langsiktig gjeld		657 794 000	683 034 000
Kortsiktig gjeld			
Leverandørgjeld		1 000	6 000
Kortsiktig konserngjeld	11	63 653 000	41 342 000
Annen kortsiktig gjeld	19	92 000	1 000
Sum kortsiktig gjeld		63 746 000	41 349 000
Sum gjeld		721 540 000	724 383 000
SUM EGENKAPITAL OG GJELD		2 504 159 000	2 469 857 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	575 547 000	489 458 000
Annen driftsinntekt	4	214 201 000	138 872 000
Annen driftsinntekt	5	241 724 000	267 630 000
Sum inntekter		1 031 472 000	895 960 000
Kostnader			
Lønnskostnad	9,10	229 453 000	257 640 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	154 467 000	134 056 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8	22 709 000	34 648 000
Annen driftskostnad	15	155 644 000	141 988 000
Annen driftskostnad			366 000
Sum kostnader		562 273 000	568 698 000
Driftsresultat		469 199 000	327 262 000
Finansinntekter og finanskostnader			
Annen finansinntekt	12	98 954 000	79 622 000
Agio		21 802 000	2 670 000
Sum finansinntekter		120 756 000	82 292 000
Annen finanskostnad	12	205 866 000	205 521 000
Sum finanskostnader		205 866 000	205 521 000
Netto finans		-85 110 000	-123 229 000
Ordinært resultat før skattekostnad		384 089 000	204 033 000
Skattekostnad på ordinært resultat	17	14 880 000	1 922 000
Ordinært resultat etter skattekostnad		369 209 000	202 111 000
Årsresultat		369 209 000	202 111 000
Minoritetsinteresser		11 781 000	6 412 000
Årsresultat etter minoritetsinteresser		357 428 000	195 699 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	17	169 829 000	184 647 000
Sum immaterielle eiendeler		169 829 000	184 647 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	8	7 128 000	7 576 000
Skip, rigger, fly og lignende	8	2 638 057 000	2 802 676 000
Skip, rigger, fly og lignende	8	441 696 000	745 200 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	8	918 000	449 000
Sum varige driftsmidler		3 087 799 000	3 555 901 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	4	3 443 408 000	3 340 593 000
Lån til tilknyttet selskap og felles kontrollert virksomhet	11	48 315 000	42 333 000
Pension fund	10	0	881 000
Andre fordringer		1 365 000	1 341 000
Sum finansielle anleggsmidler		3 493 088 000	3 385 148 000
Sum anleggsmidler		6 750 716 000	7 125 696 000
Omløpsmidler			
Varer			
Varer	6	7 790 000	10 266 000
Sum varer		7 790 000	10 266 000
Fordringer			
Andre fordringer		85 147 000	32 233 000
Andre fordringer	18	18 896 000	20 038 000
Andre fordringer	11	124 340 000	75 198 000
Sum fordringer		228 383 000	127 469 000
Investeringer			
Markedsbaserte aksjer		108 000	183 000
Sum investeringer		108 000	183 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	2	308 924 000	262 131 000
Sum bankinnskudd, kontanter og lignende		308 924 000	262 131 000
Sum omløpsmidler		545 205 000	400 049 000
SUM EIENDELER		7 295 921 000	7 525 745 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	29 154 000	29 154 000
Annen innskutt egenkapital		433 935 000	433 935 000
Sum innskutt egenkapital		463 089 000	463 089 000
Opptjent egenkapital			
Annen egenkapital		3 191 035 000	2 956 691 000
Minoritetsinteresser		536 079 000	235 401 000
Sum opptjent egenkapital		3 727 114 000	3 192 092 000
Sum egenkapital	14	4 190 203 000	3 655 181 000
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser	8	6 382 000	10 208 000
Sum avsetninger for forpliktelser		6 382 000	10 208 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	13	2 614 180 000	3 369 031 000
Øvrig langsiktig gjeld	17	1 050 000	1 313 000
Øvrig langsiktig gjeld		27 106 000	109 303 000
Øvrig langsiktig gjeld	11	46 179 000	45 071 000
Sum annen langsiktig gjeld		2 688 515 000	3 524 718 000
Sum langsiktig gjeld		2 694 897 000	3 534 926 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Kortsiktig gjeld			
Leverandørgjeld		36 070 000	45 401 000
Betalbar skatt	17	307 000	328 000
Accured interest		49 497 000	59 021 000
Annen kortsiktig gjeld		93 316 000	36 850 000
Annen kortsiktig gjeld	11	7 456 000	1 637 000
Annen kortsiktig gjeld	19	224 176 000	177 899 000
Sum kortsiktig gjeld		410 822 000	321 136 000
Sum gjeld		3 105 719 000	3 856 062 000
SUM EGENKAPITAL OG GJELD		7 295 922 000	7 511 243 000



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

Saksbehandler Jan Hoelstad	Deres dato 28.10.2009	Vår dato 02.06.2010
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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

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

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

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av

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

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som et verktøy i sin kontrollvirksomhet.

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

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

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

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig. Dette inkluderer blant annet en forutsetning om at alle aksjonærer også i fortsettelsen er enig i at årsregnskap og årsberetning ikke ønskes utarbeidet på norsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Inger Johanne Stolt-Nielsen
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jan Hjelstad



TS Shipping Invest AS

Annual Report 2020





TS SHIPPING INVEST AS

DIRECTORS' REPORT 2020

GROUP AND COMPANY

TS Shipping Invest AS (TSSI) is the holding company of the shipping activities of the Trygve Seglem family. TSSI and its subsidiaries ("the Group / Knutsen") owns and operates vessels worldwide with leading market positions in the shuttle tanker segment, through Knutsen NYK Offshore Tankers AS ("KNOT"), in a joint venture with NYK and in the LNG Carrier segment, through Knutsen LNG AS. The Company also has investments in product tankers.

The Group has a strategic objective of owning and operating a fleet of a high technical and operational standard. We are committed to deliver environmentally friendly services and products at the highest Quality, Health, Security and Safety standards to meet international regulations and customer requirements. The entire fleet controlled by the Group is managed in-house and Knutsen OAS Shipping AS (LNG and product tankers), for the entire value-chain, including newbuilding supervision, chartering, vetting, crewing, technical and commercial management, financing, procurement and general administration.

We have a strong focus on technology development and are a world leading technology provider in marine transportation of compressed natural gas with our proprietary Knutsen PNG® Technology. Knutsen also has its own proprietary technology for VOC reduction during tanker loading, Knutsen KVOC® Technology, and has developed new technology for ballast water treatment for large tankers, KBAL®, which received IMO and USCG approval in 2020.

Our focus on operational excellence and technology leadership enables us to focus on high quality customers. Our customers are the oil, gas and energy majors which set the highest requirements to safety and reliability standards.

TSSI is incorporated in Norway and has its offices in Haugesund in Norway. The TSSI Group also holds offices in Madrid, Aberdeen, London, Riga, Copenhagen and Rio de Janeiro.

Profit for the year

2020 was another profitable year for the TSSI Group. The Group's total operating income amounted to NOK 1,031 million in 2020 compared to NOK 896 million in 2019. The figures for KNOT and 11 of the LNG vessels are shown as share of profit in associated companies. The operating result was NOK 646 million in 2020 compared to NOK 496 million in 2019. Ordinary profit after tax amounted to NOK 357 million in 2020 compared to NOK 196 million in 2019.

The total liquidity position (cash and cash equivalents) of the Group was NOK 309 million as per 31.12.20, compared to NOK 262 million per 31.12.19. Total short-term debt amounted to 13.23% of total debt and liabilities, compared to 8.67% in 2019. The working capital as per 31.12.20 was positive with NOK 131 million.



Total assets at year-end 2020 for the Group amounted to NOK 7,295 million compared to NOK 7,525 million in 2019. Equity capital's share of total assets as per 31.12.20 was 57.4% (48.6% as per 31.12.19).

The Group's revenue from the three 100% owned product tankers remained stable in 2020 as the vessel continue to be term time charter to Total for the full year. TSSI 50% shareholding in KNOT provided for a positive contribution to the 2020 result compared to a negative contribution in 2019. The market for LNG carriers was in general weak in 2020. The spot market did however not influence our earnings as all LNG carriers are fixed on long-term time charter contracts. The accounts for 2020 include a net impairment from the product tankers of NOK 23 million compared to a net impairment of NOK 35 million in 2019.

The Group takes an active approach in risk management of its business, with the main exposure categories being market risk mainly related to utilization of optional time charter periods and re-chartering, interest and currency risk. Market risk is to a large extent mitigated through a significant part of the fleet being on long time charter contracts to major oil- and energy companies. The operating expense element in operations is typically inflation hedged through an index adjustment of the contractual time charter rates in the fixed contracts.

Vessels are mainly financed in USD, representing a natural hedge against fluctuations in USD, which remains the nominal currency for the chartering of vessels. The Group is subject to currency risk related to operating expenses having a significant proportion of the costs in European currencies. Debt financings typically have variable interest rates, In order to reduce these risks, the Group employs hedging actively, commonly by forward contracts in relation to USD. The vessels are mainly financed in USD which gives a natural hedge against depreciation of the USD. The debt financings have variable interest rates, but a substantial part of the debt for the vessels on long-term charters is hedged through interest rates swaps.

The parent company TS Shipping Invest AS had a net profit of NOK 34 million for 2020 compared to a net profit of NOK 105 million in 2019. The unrestricted equity in TS Shipping Invest AS as of 31.12.2020 amounted to NOK 1,621 million. The board of directors recommends that the result for the year is transferred to other equity. Total assets of the parent company amount to NOK 2,504 million per year-end 2020 compared to NOK 2,470 million in 2019. Total short-term debt amounted to 8.8% of total debt and liabilities as per year-end 2020 compared to 5.7% in 2019.

The Financial Statements have been prepared under the assumption of going concern, and the board of directors confirms that this assumption is in accordance with the Norwegian Accounting Act § 3-3.

The company's activities

The Group is undergoing a period of fleet expansion based on long-term contract awards. long-term The expansion is made in partnerships with leading industrial companies and institutional investors. The philosophy behind this investment strategy is to capitalize on the Group's ability to win, develop and manage high quality shipping projects with a long-term horizon that permits a project finance style financing strategy. It is an objective of the group to ensure that the projects can support themselves on a stand-alone basis.



By partnering with institutional investors, mostly on a project-to-project basis, the TSSI Group is able to develop its shipping activities and strengthen its position as a major owner and operator in the Shuttle- and LNG segments while maintaining a prudent financial profile. Our partners are leading industry players and institutional investors that share our long-term focus.

Offshore loading tankers:

TSSI Group's investments in offshore loading tankers are consolidated into Knutsen NYK Offshore Tankers AS ("KNOT"). KNOT is jointly owned 50/50 with the Japanese shipping Group NYK through NYK Holding (Europe) B.V.

The Group's first shuttle tankers were ordered in 1984. Since then, Knutsen OAS Shipping, and now KNOT, has been a leader in the technical development of shuttle tankers. As of 31 December 2020, KNOT has technical and commercial management of 28 shuttle tankers and two FSO's in operation and five shuttle tankers under construction. Seventeen of the shuttle tankers which KNOT operates are owned by the associated company KNOT Offshore Partners LP (KNOP) which is listed on the New York Stock Exchange and where KNOT is the Sponsor, General Partner and the largest owner with ownership at year-end of about 28 per cent.

The KNOT fleet transports oil from offshore oil fields in North Europe, South America, and West Africa. The vessels operate in a demanding trade with frequent offshore loadings and subsequent port calls, requires high quality and stable operations.

Offshore loading and dynamically positioned oil tanker vessels are KNOT's main strategic focus and the Group is actively involved in the technical development of this type of tankers commonly referred to as shuttle tankers. Despite the reduced investment activity within offshore oil and gas, the level of activity in fields where offshore loading is required has been stable.

In addition to the shuttle tankers, KNOT owns and operate two floating storage and offloading ("FSO") vessels. M/T Jorunn Knutsen has operated at Equinor Energy AS operated Åsgard field offshore Norway without any off-hire since start-up in 2000. In 2018, KNOT completed the conversion of M/T Hanne Knutsen from shuttle tanker to FSO. The project constitutes the largest single vessel investment made by the Group. The vessel commenced a long-term contract with Equinor Energy AS at the Martin Linge field offshore Norway, where she is expected to be located for the next decades.

In January 2020, the Group ordered two LNG fuelled shuttle tankers which will be employed on long-term contracts to ENI Trading & Shipping S.p.A. The two new 124,000 DWT LNG fuelled shuttle tankers are under construction at Daewoo Shipbuilding & Marine Engineering Co. Ltd shipyard in Korea with delivery mid-2022. The vessels will operate in the North Sea under time-charter contracts for up to 10-year period. These vessels will be able to significantly reduce emissions of CO₂ equivalents compared to conventional oil-fuelled shuttle tankers, through using LNG as the primary fuel and further utilize energy recovered from volatile organic compounds. For peak shaving and energy optimization during both sailing and DP operations a battery package will be installed.

In May 2020, the Group was awarded one new long-term charter with a subsidiary of PetroChina Company Limited. The new DP2 shuttle tanker is under construction at COSCO



shipyard in China, with delivery scheduled for 2nd quarter 2022. The vessel is expected to operate in Brazil under a time charter contract for a up to 10-year period.

In June 2020, the Group was awarded one new long-term charter with a subsidiary of Galp Sinopec Brazil Services B.V. The new DP2 shuttle tanker is under construction a COSCO shipyard in China, with delivery scheduled for 4th quarter 2021. The vessel is contracted to operate in Brazil under an up to 11-year time charter period.

The Group took delivery of M/T Tove Knutsen from the Korean shipyard in September 2020 and the sister vessel M/T Synnøve Knutsen in October 2020. M/T Tove Knutsen has after testing and approval started on an up to 20-year time-charter contract with a subsidiary of Equinor ASA for operation in Brazil. On 31 December the vessel was sold to listed entity KNOP. M/T Synnøve Knutsen has after positioning and testing in Brazil in 2021 replaced M/T Sallie Knutsen on an existing charter contract with a subsidiary of Petrobras in Brazil. The vessel will start the long-term contract with the Equinor subsidiary end 2021.

In February 2021, the Group took delivery of M/T Tuva Knutsen from COSCO shipyard in China and the vessel commenced on a long-term time-charter contract with a subsidiary of Total for operation in Brazil.

During 2020 The Group sold the 24-year-old M/T Gerd Knutsen and the 23-year-old M/T Elisabeth Knutsen, both for further trading after the vessels were redelivered from long-term charter agreements.

LNG Carriers:

Since entering the LNG carrier segment in 2004, Knutsen has become a leading owner and operator of LNG Carriers globally. As of year-end 2020, Knutsen OAS Shipping AS operates 14 LNG carriers and with a further 11 LNG carriers on order. All 25 vessels are subject to long-term fixed time charter contracts.

Predominantly investment grade end-users continue to dominate the seaborne transportation of natural gas (LNG). This fundamental characteristic of the LNG industry suits the Group's strategy of basing its shipping activities on long-term contracts typically with a firm period of minimum 7 years while the vessels themselves typically service off take contracts of 20 years or longer reflected in optional periods.

The Group's focus on operational excellence and its devotion to health and safety for its employees ensured strong performance throughout 2020. The pandemic handling has been very challenging for the entire industry with respect to crew changes, associated travel and provisions supply. The ordinary operating expenses have increased due to additional cost of overtime, increased travel expenses, expenses related to quarantine requirements and cost for supplies. Fewer crew changes and less travel have not weighed up for this additional cost. Training has been put on hold and this is accepted by flag and class and will be a focus area as soon as COVID-19 related restrictions are lifted. In addition, COVID-19 has caused delays and off-hire associated with the drydocking of the four LNG TFDE vessels.

Of the 14 LNG carriers in operation at year-end 2020, two are owned 100% by the Group, four are co-owned 50/50 with Norspan Gas Carriers AS while five of the vessels are jointly owned



50/50 with NYK through Knutsen NYK LNG Holding AS ("KNLH"). One vessel is co-owned with Klaveness Marine Holding AS and one is owned 74% of TSSI Group and 26% of Klaveness Invest AS.

The 14th vessel is Traiano Knutsen a 180.000 m3 LNG carrier that was delivered July 2020 from Hyundai Heavy Industries in South Korea. The vessel commenced a long-term charterer to the Italian Energy company Encl S.p.A. The vessel is owned in a joint venture with Offshore Merchant Partners AS

The Group had per year end 2020 in total 11 LNG Carriers under construction for delivery in 2021-2024. All vessels are ordered on the back of long-term time charter contracts to first class charterers with minimum periods of 7 to 10 years.

The 30.000 m3 LNG carrier Ravenna Knutsen was delivered in February 2021 and will be employed on a short-term contract as a frontrunner before entering a 12-year time charter contract with the Italian energy company Edison S.p.A. The vessel is owned in a joint venture with Klaveness Invest AS.

The Group has seven 174,000 m3 LNG carriers under construction at Hyundai Samho Heavy Industries in South Korea. These seven vessels will enter minimum 7 years' time charter contracts with a company within The Royal Dutch Shell Group. Deliveries are scheduled from 2022 to 2024.

The Group has two 174,000 m3 LNG carriers under construction at Hyundai Heavy Industries in South Korea. The two vessels will enter minimum 10 years' time charter contracts with a company within Polskie Górnictwo Naftowe i Gazownictwo S.A., the Polish state-controlled oil and gas company Deliveries are scheduled for 2022.

The 11th vessel under construction is a 5,000 m3 LNG bunkering vessel contracted for Shell to be built at the Armon yard in Spain for delivery in 2022.

LNG demand continues to see growth rates far beyond global GDP growth. A key driver is the requirement to reduce CO2 emissions and improve local air quality by switching from coal to cleaner natural gas. The rapid demand growth is reflected in a corresponding high tender activity for long-term transportation contracts. The Group continues to grow in the LNG segment through winning awards for long-term contracts to first class charterers. Combined with the Group's strong track record in newbuilding supervision and operations, the solid contract backlog ensures ample access to debt and equity capital to finance the expansion. During 2020, the Group expanded its group of institutional equity partners for the LNG business segment with CapeOmega Gas Transportation AS (a part of Partners Group) and Jakob Hatteland Holding AS. The Group has a strong preference to expand through equity partnership with strong financial long-term oriented investors instead of increasing its financial leverage.

Product tankers:

The operations of the product fleet have been satisfactory with focus on safe, efficient and cost-effective operations. The general market for product tankers has been weak in 2020. The operating results of our vessels are still not satisfactory. The Group operated 3 product tankers in 2020 and all 3 are on time charter contracts with Total as of 31.12.2020.



Marine Technology:

The Group has developed its proprietary technical solution for marine transportation of compressed natural gas (CNG). This Knutsen proprietary solution is named PNG[®] (Pressurised Natural Gas). The company has previously made progress in commercialising the PNG[®] solution together with its venture partners and potential customers. The economic downturn of the past years has generally affected parties involved in the exploration of gas and in combination with the current low natural gas market prices, the activity has been low. However, throughout 2020 studies have been performed on behalf of an oil major by applying the PNG technology for transportation of high TVP crude oil from offshore fields and transportation of pressurised CO₂.

The Group has also developed a proprietary system for handling emissions (Volatile Organic Compounds) from offshore crude oil loading. This technology is named KVOC[®] and has been installed on more than 45 shuttle and ordinary tankers. KVOC[®] is a passive installation, considerably less expensive both to install and operate than alternative technologies in the market. Knutsen VOC KS is now actively working with the classification companies, international maritime organisations and governments in order to secure international recognitions and classification for KVOC[®]. Throughout 2020 the technology has been improved with a new, 2nd generation design, and scheduled for installation on two shuttle tankers in 2021.

Based on the technology of KVOC[®], the Group has developed a Ballast Water Treatment system. The first installation of the new system was on board the shuttle tanker Gijon Knutsen during the summer of 2011. All tests were performed according to IMO rules and the type approval was achieved in 2012. The Group has high expectations for the Ballast Water Treatment System called KBAL[®]. Due to the more stringent requirements from USCG the system has since then been subject to further improvements, and qualification testing for USCG and revised G8 IMO approval commenced in the autumn of 2018. Revised IMO G8 approval was granted in June 2020 and USCG approval was granted in November 2020.

Safety and quality control

Safety and environmental compliance are our top operational priorities. Our vessels are operated in a manner intended to protect the safety and health of our employees, the general public and the environment. We actively manage the risks inherent in our business and are committed to eliminating incidents that threaten the safety and integrity of our vessels, such as groundings, fires, collisions and petroleum spills. We are also committed to reducing emissions and waste generation. We have established key performance indicators to facilitate regular monitoring of our operational performance. We set targets on an annual basis to drive continuous improvement, and we review performance indicators monthly to determine if remedial action is necessary to reach our targets.

The Group has established overall guidelines to ensure that the Group's activities shall be executed professionally and in accordance with national and international rules and regulations as well as internal and external standards and proactive actions shall be taken to avoid injuries, loss of life and material damages. In addition, the Group's operations shall be planned, and attention shall be made on executing activities and operations so that the environmental consequences are minimized.



Environment, Social and Governance (ESG) issues

The Group's HSSE & QA system is in accordance with international requirements and standards, and the Group maintains all necessary certificates for its operation of activities. Knutsen OAS Shipping AS and KNOT Management AS are certified according to the ISO 9001-2015, ISO 14001-2015 and OHSAS 18001 standards. Special attention is placed on preventive activities. Any deviation from implemented procedures is reported and processed in the HSSE & QA system.

The Group has an active approach regarding implementation and development of technology and operational procedures for reducing emissions to water and air. The Group has developed its own system for reducing VOC emissions (oil vapour) in connection with loading of tankers. The Group has also developed its own Ballast Water Treatment System which it plans to further commercialize in the years to come. The Group is also establishing a comprehensive Energy Efficiency Management System for the vessels and has implemented a system for ECO Care actions in order to reduce fuel consumption and consequential emissions.

Our customers set the highest requirements to safety and reliability. We are therefore pleased that our clients have acknowledged the quality of our management system and operation by confirming our high score in the 2019 OCIMF Tanker Management Self-Assessment scheme. Rising concerns about our industry's environmental footprint is increasing demands for low-emitting energy efficient services and technologies, and the regulations related to emissions, pollution, and energy efficiency are tightening. We welcome these ambitions, and we are ready to contribute with solutions and practices that will help our industry reach and exceed its targets.

Knutsen reports on ESG topics in accordance with The Norwegian Shipowner's Association's Guidelines for the shipping and offshore industries as published in February 2020. The ESG topics identified by the Association allows the company to report on issues that are material to the shipping industry and that are relevant to both internal and external stakeholders.

The Guidelines are based on the following internationally recognized reporting frameworks, including The Global Reporting Initiative (GRI), The Sustainability Accounting Standards Board (SASB) and the 17 Sustainable Development Goals (SDGs).

Knutsen endorses the Poseidon Principles and assists banks who request information associated with the initiative. These principles aim to communicate relevant information to lenders, lessors, and financial guarantors allowing them to follow the Poseidon Principles when assessing and disclosing the climate alignment of their portfolios by providing measurement of carbon intensity and an assessment of company climate alignment, as well as accountable data using the IMO's standard for collecting data on fuel consumption from ships.

The Group has produced ESG reports for both the shuttle tanker and LNG segments, starting for the year 2019.



Working environment and gender equality

The Group is an equal opportunity employer and strives to provide a working environment free of discrimination and harassment for employees regardless of location. All applicants will be considered for employment without attention to race, colour, religion, sex, sexual orientation, gender, national origin or disability. When we employ it is based on business needs, job requirements and individual qualifications and not any considerations that are outside the protection of the laws and regulations in the locations in which we operate. In total, the share of women is 1.96 % onboard the vessels. For the land-based employees the share of women is 30.7 % in KOAS and 25.7% in KNOT. The members of the Board of Directors are four men and one woman.

In a traditionally male-dominated business, we strive to progress in all aspects of diversity. This is an ongoing process and focus area for the Group.

Working environment is considered to be good. There have been no reports of injuries or accidents in the workplace.

Sick leave among overall crew was in 2020 at 1,55 % for the KOAS operated fleet (0.98 % in 2019) and 1.53% for the KNOT operated fleet (1.0 % in 2019). For onshore employees in KOAS and KNOT, the sick leave was 2.9 % in 2020 (3.1 % in 2019) and 2.1 % (2.8% in 2019) respectively. The working environment, both on land and aboard ships is considered to be satisfactory. There were no significant accidents or incidents in 2020, and the objectives for the year regarding health and safety were achieved.

The company aims to provide a workplace where there is full equality between women and men, in the financial year the company have this distribution:

Gender share on group levels					
Company	Group and description	Women	Men	Share women	Total
	Total TS Shipping Invest AS	33	258	11 %	291
Knutsen OAS Management AS	Total Knutsen OAS Management AS	26	59	31 %	85
	Group 1 - Directors, VP's	3	5	38 %	8
	Group 2 - Department and Fleet Managers	0	8	0 %	8
	Group 3 - Vessel Superintendents, project managers	1	23	4 %	24
	Group 4 - Specialists	4	11	27 %	15
	Group 5 - Support functions	19	11	63 %	30
	Total Knutsen OAS Shipping AS	4	151	3 %	155
Knutsen OAS Shipping AS	Group 1 - Leaders on board, Captains, Chief Officers, Chief Engineers	1	89	1 %	90
	Group 2 - Seamen	3	62	5 %	65
	Total Knutsen OAS ML AS	3	48	6 %	51
Knutsen OAS ML AS	Group 1 - Leaders on board, Captains, Chief Officers, Chief Engineers	0	9	0 %	90
	Group 2 - Seamen	3	39	8 %	65



Company	Permanent employees		Temporary employees		Parental leave (average weeks)		Part time			
	Women	Men	Women	Men	Women	Men	Actual		Involuntarily part time	
Knutsen OAS Management AS	25	59	1	0	34	10	4	2	0	0
Knutsen OAS Shipping AS	4	151	0	0	0	24	0	0	0	0
Knutsen OAS ML AS	3	48	0	0	0	32	0	0	0	0
Total	32	258	1	0	34	22	4	2	0	0

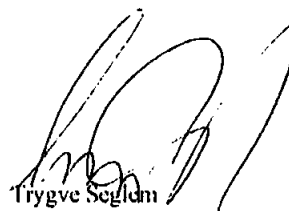
Future prospects

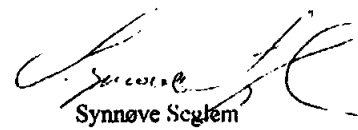
The Board of Directors regards the future prospects as promising. With the advanced LNG fleet and substantial contract coverage the TSSI Group is well positioned to further build its leading market presence in its segments. The Group expects to expand on the firm contract backlog that as of 31.12.20 stood at USD 5.1 billion for the LNG segment, and which including extension options, surpasses USD 10 billion.

The Group actively works on a number of new projects through KNOT for offshore loading tankers and through KOAS for LNG carriers as well as projects for the emission treatment system KVOC® and the new Ballast Water Treatment System. Thus, the Board of Directors has reason to believe that 2021 will be a satisfactory year for the Group.

Haugesund, April 8, 2021


Øyvind Holte
Chairman of the Board


Trygve Sjøstem
Deputy chairman /
General Manager


Synnøve Sjøstem
Board member


Kjell Jacobsen
Board member


Georg Scheel
Board member



TS SHIPPING INVEST GROUP

BALANCE SHEET

31.12.2020	31.12.2019		Note	31.12.2020	31.12.2019
Company				Group	
Amounts in NOK 1.000				Amounts in NOK 1.000	
ASSETS					
NON CURRENT ASSETS					
Intangible assets					
161 449	175 291	Deferred tax asset	17	169 829	184 647
<u>161 449</u>	<u>175 291</u>	Total intangible assets		<u>169 829</u>	<u>184 647</u>
Tangible assets					
0	0	Property and plant	8	7 128	7 576
0	0	Vessels	8	2 638 057	2 802 676
		Vessels under construction	8	441 696	745 200
0	0	Equipment, and other tangible assets	8	918	449
<u>0</u>	<u>0</u>	Total tangible assets		<u>3 087 799</u>	<u>3 555 901</u>
Financial assets					
1 277 701	1 250 882	Investment in group companies	3	0	0
53 306	49 828	Loans to group companies	11	0	0
860 720	855 733	Investments in associates	4	3 443 408	3 340 593
48 315	42 333	Loans to associates	11	48 315	42 333
0	0	Pension fund	10	0	881
0	0	Other long term receivables		1 365	1 341
<u>2 240 043</u>	<u>2 198 776</u>	Total financial assets		<u>3 493 089</u>	<u>3 385 147</u>
<u>2 401 492</u>	<u>2 374 067</u>	Total non current assets		<u>6 750 716</u>	<u>7 125 694</u>
CURRENT ASSETS					
0	0	Inventories	6	7 790	10 266
Receivables					
0	0	Accounts receivable		85 147	32 233
472	425	Other receivables	18	18 896	20 038
6 326	1 273	Current receivables associates and related party	11	124 340	75 198
80 038	90 561	Current group receivables		0	0
<u>86 837</u>	<u>92 259</u>	Total receivables		<u>228 383</u>	<u>127 469</u>
0	0	Short term investments		108	183
15 830	3 532	Cash and cash equivalents	2	308 924	262 131
<u>102 667</u>	<u>95 791</u>	Total current assets		<u>545 205</u>	<u>400 049</u>
<u>2 504 159</u>	<u>2 469 858</u>	TOTAL ASSETS		<u>7 295 921</u>	<u>7 525 743</u>



TS SHIPPING INVEST GROUP

BALANCE SHEET

31.12.2020	31.12.2019		Note	31.12.2020	31.12.2019
Company				Group	
Amounts in NOK 1.000				Amounts in NOK 1.000	
EQUITY AND LIABILITIES					
EQUITY					
Owners equity					
29 154	29 154	Issued capital	14	29 154	29 154
433 935	433 935	Other paid-in capital		433 935	433 935
<u>463 089</u>	<u>463 089</u>	Total owners equity		<u>463 089</u>	<u>463 089</u>
Accumulated profits					
1 319 530	1 282 386	Other equity		3 191 035	2 956 691
<u>1 319 530</u>	<u>1 282 386</u>	Total accumulated profits		<u>3 191 035</u>	<u>2 956 691</u>
0	0	Minority interest		536 079	235 401
<u>1 782 619</u>	<u>1 745 476</u>	Total equity	14	<u>4 190 203</u>	<u>3 655 181</u>
LIABILITIES					
Provisions					
24 407	21 864	Provision for obligations group company		0	0
0	0	Deferred income and contract provisions	8	6 382	10 208
<u>24 407</u>	<u>21 864</u>	Total provisions		<u>6 382</u>	<u>10 208</u>
Other non current liabilities					
420 985	460 434	Long term tax payable	17	1 050	1 313
185 296	199 793	Mortgage debt	13	2 614 180	3 369 031
27 106	943	Group debt	11	0	0
	0	Other long term debt		27 106	109 303
<u>633 386</u>	<u>661 170</u>	Other long term liabilities associates	11	46 179	45 071
		Total other non current liabilities		<u>2 688 515</u>	<u>3 524 717</u>
Current liabilities					
1	6	Accounts payable		36 070	45 401
0	0	Accrued interest		49 497	59 021
63 653	41 342	Current group payable	11	0	0
0	0	Public duties payable		93 316	36 850
0	0	Current tax payable	17	307	328
0	0	Current payable associates	11	7 456	16 137
93	1	Other current liabilities	19	224 176	177 899
<u>63 748</u>	<u>41 349</u>	Total current liabilities		<u>410 821</u>	<u>335 636</u>
<u>721 541</u>	<u>724 383</u>	Total Liabilities		<u>3 105 718</u>	<u>3 870 561</u>
<u>2 504 159</u>	<u>2 469 858</u>	TOTAL EQUITY AND LIABILITIES		<u>7 295 921</u>	<u>7 525 743</u>



Haugesund, April 8th 2021

Øyvind Holte
Chairman

Trygve Seglem
Deputy Chairman/ Managing Director

Synnøve Seglem
Board member

Kjell Jacobsen
Board Member

Georg Scheel
Board Member



TS SHIPPING INVEST AS

CASHFLOW STATEMENT

2020	2019		2020	2019
Company			Group	Group
Amounts in NOK 1 000			Amounts in NOK 1,000	
		Cash flow from operating activities		
50 985	112 786	Profit/ (loss) before income taxes	384 088	204 033
0	0	Loss/ (profit) sale of fixed assets	0	366
0	0	Loss/ (profit) sale of financial assets	-64 794	-24 351
0	0	Depreciation and write downs of fixed assets	177 176	168 704
2 543	2 658	Change in provisions	-3 826	-3 826
27 821	59 921	Net Write-down financial fixed assets	0	0
-53 843	-207 743	Distribution from subsidiaries	0	0
0	0	Write-down long-term receivables	0	0
0	0	Result from associated companies	-214 201	-138 872
0	0	Change in pension liability	881	-280
-14 171	5 399	Unrealized foreign exchange profit(s)/gain(s)	-27 209	5 399
0	0	Income tax payable	-591	-362
1 124	2 263	Amortization debt issuance cost	-4 570	-23 755
27 821	60 448	Changes in accounts receivable, accounts payable and other	-20 640	101 396
42 280	35 732	Net cash flow from operating activities	226 315	288 451
		Cash flow from investing activities		
0	0	Invested in property, plant and equipment	-487 682	-624 744
0	0	Sale of property, plant and equipment	0	132 902
0	0	Deconsolidation of business	-14 142	0
0	0	Aquisition of business	0	-60 024
0	0	Cash from aquisition	0	43 270
-4 987	0	Net invested in associated entities	-9 991	
-54 641	7 182	Net invested in equities and shares	0	-486 565
-9 460	-47 863	Change in long-term receivables	-6 007	290 692
53 843	117 992	Distribution from subsidiaries	0	0
0	0	Received distributions associates	99 070	99 056
-15 245	77 311	Net cash flow from investing activities	-418 752	-605 415
		Cash flow from financing activities		
0	0	Drawdown mortgage debt	8 800	1 693 389
-26 403	-90 374	Repayment of borrowings	-239 523	-1 369 189
11 665	-19 333	Change in other long-term debt	26 692	143 268
0	0	Capital paid inn minorities	446 096	0
0	0	Dividends paid to minorities	-2 834	-2 669
-14 737	-109 707	Net cash flow from financing activities	239 230	464 799
12 298	3 336	Net change in cash and cash equivalents	46 793	147 836
3 532	196	Cash and cash equivalents at 01.01	262 131	114 295
15 830	3 532	Cash and cash equivalents at 31.12	308 924	262 131



TS Shipping Invest Group

Notes to the Financial Statement 2020

Note 1. Accounting principles

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

Consolidation principles

The consolidated accounts comprise total financial performance and financial position when the parent company TS Shipping Invest AS and its ownership shares in other companies are presented as one financial unit. Companies where the Group has controlling interest are consolidated 100% according to the purchase method.

The consolidated accounts comprise TS Shipping Invest AS and the subsidiaries listed in Note 3. The consolidated accounts are constructed based on the same principles, by securing that the subsidiary follow the same accounting principles as the parent company. Internal transactions, receivables and liabilities are eliminated.

In the case of acquisition of subsidiaries, the purchase price of the shares is eliminated in the parent company against the subsidiary's equity at the time of acquisition. If the purchase price is more or less than the market value of the vessels and there are charter agreements attached to the vessels then the surplus is recorded as an intangible assets and the negative value recorded as a liability. The difference between the cost price assigned to the various assets in the subsidiaries and the book value of those assets at the time of acquisition is added to those assets to which the excess value refers. Any additional amount of the cost price is capitalised as goodwill.

Investment in subsidiaries and associated companies

Shares in subsidiaries and associated companies are valued according to the cost method in the financial statement of the parent company.

In the consolidated Group accounts the equity method is used for investments in companies where the Group has significant influence (normally 20% to 50%). Any surplus value is linearly depreciated over the vessel's life. If the remaining lifetime of the asset is uncertain then the surplus value is depreciated over 5 years in line with goodwill. Depreciation of surplus value and share of the company's result is classified under share of result in limited partnership and recorded as increase (reduction in case of a deficit) of investment in associated companies. Investments in associated companies are recorded as liabilities in case the share of the result and surplus value has reduced the value of the investment to negative, and the Group has a liability to increase the capital, has decided to continue to investment or has a loan to the company which would be written off in case of a windup. The liability will never be recorded higher than the value at stake for the Group. Share of result in associated companies is closely tied in with the ordinary activity of the Group and thus classified under operating income.

Income

The income from the charter parties is in USD and NOK, and income is recorded to the Profit & Loss account when actually earned. Sales incomes are reported net of VAT and discounts.

Income- and voyage related costs are expensed according to the percentage part of the voyage completed at the time of reporting. A voyage estimate is based on actual figures of completed voyages and estimates for started, not finished voyages. A normal voyage starts and ends with discharging. Unless the vessel is declared off-hire, due to technical or other circumstances related to the owner, the time is always allocated to a voyage.

Income from contracts is calculated linearly over remaining contract period and recorded as freight income or reduction of freight income. In case there is a significant change of a contract then the contract value is revised and the adjustment is recorded as adjustment of other operating costs. If the contract is acquired in connection with an asset transaction and the contract liability is reduced then the adjustment is recorded as other operating income.

Current assets/current liabilities

Current assets are valued at the lower of historical and market value in the balance sheet. Current liabilities are in the same manner valued at nominal value. This principle is not used for current items in foreign currency, which are valued at the rate of exchange at the year-end.

Tax

Tax calculated and reported to the Profit & Loss account includes both tax payable during the period, and the change in deferred tax. Deferred tax is treated as long-term debt provisions in the balance sheet.

Deferred tax is calculated with 22% based on temporary differences existing at the year-end between financial and taxable values, and the taxable deficit carried forward. Tax increasing and -reducing temporary differences, which will or can be reversed in the same period, are netted. Deferred tax on surplus values in relation to acquisition of subsidiaries is not netted.

Deferred tax related to acquisitions is calculated to nominal values according to Norwegian common practice according to "NRS Resultatskatt".



Fixed assets and dry-docking

The total cost of the vessel is capitalised and depreciated over the life expectancy of the vessel. The Group's life expectancy is 25 years for shuttle, product and chemical tankers, while LNG carriers are expected to last for 40 years.

Dry-docking expenses are capitalised and depreciated 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 new building, 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 total cost of property is capitalised and depreciated over the life expectancy of the property. The Group's life expectancy is 50 years from takeover. Inventory, office equipment etc. are capitalised and depreciated over the life expectancy of the assets. The Group's life expectancy is 3 years from takeover.

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.

By actual value is meant recoverable value, i.e. the highest of net sales value and cash flow value. Consequently fixed assets are not capitalised to a value that exceeds the value it can recover, either by sale or by continued use. Net sales value is the value the vessel, inclusive any freight contracts, can be sold at after deducting any sales related expenses. Cash flow value is the present value of the future cash flows the fixed asset will generate, including cash flows related to scrapping/decommissioning.

Write-offs are reversed if the foundation for them are no longer present. The value of the asset will then be the same as if no write-offs had occurred.

Transactions in foreign currency

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

All current assets and current liabilities in foreign currencies 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 mortgage debt is valued at the historical rate, to the extent that future net nominal income flow 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.

Financial instruments

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

The company aims at reducing the exposure to fluctuations in interest rates and currency exchange rates, and therefore has entered into financial hedging contracts to cover this exposure. Revenues and expenses related to these hedging contracts and the corresponding items in the balance sheet are classified in the same manner.

Forward contracts not classified as hedging instruments are recognised to market value.

Shares

The company's shares in stock listed companies are classified as current assets, and are valued on a portfolio basis to market values at the year-end.

The group's investment in stocks and shares with an owner share below 20%, without a controlling interest, but for long-term ownership, are classified as fixed assets and valued according to the cost method.

Gains or losses from the realisation of shares are included under financial items in the Profit & Loss account. Dividends- and other payouts received from the companies are treated as financial income.

New building contracts

Yard instalments paid on the new buildings are gradually recorded as fixed assets as payments are actually paid. Interest on construction loans are capitalised.

Research and development

Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs is amortized linearly over its useful life. Research costs are expensed as incurred.



Pensions

The pension scheme for seafarers was converted into a defined contribution scheme pension (ITP) in 2020 and meets the Norwegian requirements for a Mandatory Company Pension (OTP).

Accounting for business combinations

All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Inventories

Inventories are valued at the lower of cost and market value. Write-downs for expected obsolescence are undertaken.

Cash flow analysis

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

Note 2 Bank deposits

The bank accounts for the vessel owning subsidiaries and associated companies have certain restrictions in terms of how the funds are used due to various loan financing covenants. Restricted cash is NOK 13,95 million of the group's cash deposit per. 31.12.20.



Note 3. Shares in subsidiaries, TS Shipping Invest AS

	Total share capital NOK 1 000	Direct owner- and voting share	Direct and indirect owner share	Number	Face value	Equity 31.12. NOK 1.000	Last yrs result NOK 1 000	Book value in TSS1 AS NOK 1.000
Global Noges S L.	EUR 624	100 %	100 %	623 600	EUR 1	47 266	131	10 065
Knutsen Ballastwater AS	200	100 %	100 %	100	2 000	11 998	-8 943	20 310
Knutsen Subsea Solutions AS	100	100 %	100 %	100	1 000	2 500	983	2 500
Knutsen Kjemikalie Tanker AS	1 500	100 %	100 %	1 500	1 000	2 002	110	1 869
Knutsen Kjemikalie Tanker II AS	2 234	100 %	100 %	2 233 943	1	70	10	43
Knutsen LNG AS	100	100 %	100 %	1 000	100	1 382 160	115 179	978 175
Knutsen Kyst LNG AS	500	0 %	100 %	500	1 000	5 467	-6	0
Knutsen Kyst LNG KS	5 000	0 %	100 %	100	125 000	29 594	3 738	0
Norspan LNG II AS	300	0 %	100 %	2 000	150	119 433	17 087	0
Norspan LNG III AS	100	0 %	74 %	425	100	298 816	45 627	0
Norspan LNG 15 AS	100	100 %	100 %	100	100	-237	-300	0
Norspan LNG 16 AS	30	0 %	100 %	1 000	30	90 090	1 370	0
Norspan LNG 17 AS	30	0 %	100 %	1 000	30	98 390	-1 331	0
Norspan LNG 18 AS	30	0 %	100 %	1 000	30	98 415	-1 306	0
Norspan LNG 20 AS	30	0 %	100 %	1 000	30	89 918	-1 048	0
Norspan LNG 21 AS	30	0 %	100 %	1 000	30	89 917	-1 047	0
Norspan LNG 22 AS	30	0 %	100 %	1 000	30	125	85	0
Norspan LNG 23 AS	30	0 %	100 %	1 000	30	126	86	0
Norspan LNG 24 AS	30	0 %	100 %	1 000	30	10 538	-94	0
Norspan LNG 25 AS	30	0 %	100 %	1 000	30	159	119	0
Knutsen Marine Services AS	1 300	99 %	100 %	1 000	1 300	7 747	-50	7 802
Knutsen OAS Crewing AS	100	0 %	99 %	100	1 000	610	996	0
Knutsen OAS España S.L.	EUR 100	65 %	65 %	100 000	EUR 1	26 820	3 406	3 423
Knutsen OAS Management AS	500	0 %	99 %	500	1 000	2 851	3 578	0
Knutsen OAS ML AS	100	100 %	100 %	100 000	1	194,54	-7	356
Knutsen OAS Offshore AS	1 000	100 %	100 %	1 000	1 000	846	-2 214	2 705
Knutsen OAS Shipping AS	1 000	99 %	99 %	1 000	1 000	41 649	33 987	39 345
Knutsen OAS (UK) Limited	GBP 1 800	100 %	100 %	1 800 000	GBP 1	8 029,39	1 026	7 349
Knutsen Pressurized Natural Gas KS	2 500	89 %	90 %	100	50 000	-27 692	-2 827	0
Knutsen Produkt Tanker XII AS	100	100 %	100 %	1 000	100	200 010	-24 650	199 657
Knutsen Technology AS	100	100 %	100 %	1 000	100	531	410	200
Knutsen VOC AS	300	100 %	100 %	3 000	100	803	503	938
Knutsen VOC KS	320	75 %	85 %	100	8 000	17 218	-1 417	2 963
								1 277 701

All of the Norwegian subsidiary companies have the same company address as the parent company, which is the same address as the general manager, Smedasundet 40, Haugesund. Global Noges S.L. is managed by Knutsen OAS España S.L. in Madrid, Spain, and Knutsen OAS (UK) Ltd. has its office in Aberdeen, Britain.

Due to loss of equity and weak cashflow in some of the subsidiaries in the TSS1 Group, TS Shipping Invest AS has committed themselves to provide these subsidiaries with sufficient cash until or 31st of December 2021 (to fulfill the going concern assumption). Following companies are included:

Knutsen Pressurized Natural Gas KS
Knutsen Ballastwater AS

Note 4. Long-term shareholdings

Shares in associated companies, TS Shipping Invest AS

	Ownership and voting share	Number of shares	Face value	Share capital NOK 1 000	Equity 31.12. NOK 1 000	Last yrs result NOK 1 000	Book value NOK 1 000
Knutsen NYK Offshore Tankers AS	50,0 %	106 782 956	15	1 601 744	4 417 473	147 537	855 733
Knutsen Scale Gas S.L.	50,0 %	1 003 600	EUR 1	EUR 1 003	EUR 986	EUR -17	4 987
Net booked value TS Shipping Invest AS							860 720

Knutsen NYK Offshore Tankers AS has the same address as the TS Shipping Invest AS, which is Smedasundet 40, Haugesund. Knutsen Scale Gas S.L. Calle Valaque 150 - 4 izquierda 28002 Madrid, Spain.



Stock and shares in associated companies, TS Shipping Invest Group

	Total paid in capital NOK 1 000	Ownership and voting share	Number	Face value	Book value 1.1. NOK 1 000	Last yrs share of result NOK 1.000	Book value 31.12 NOK 1 000
Canship Ugland Limited	CAD 1 000	49 %	490	1	8 299	243	8 299
Knutsen NYK Offshore Tankers AS	1.601.744	50 %	53 391 478	15	1 775 508	87 740	1 812 596
Knutsen NYK LNG Holding AS	150 000	50 %	200 000	750	946 424	63 517	931 081
Norspan LNG AS	10 000	50,0 %	500	200	135 316	18 091	163 675
Norspan LNG V AS	10 000	50,0 %	500	100	135 752	-22 722	105 041
Norspan LNG VI AS	10 000	50,0 %	500	100	123 269	-4 897	114 191
Norspan LNG VII AS	10 000	50,0 %	500	100	130 260	11 443	130 817
Norspan LNG XII AS	800	50 %	100 000	1	59 579		63 617
Norspan LNG XIII AS	3 000	50,0 %	1 000 000	3		0	53 092
Norspan LNG 14 AS	200	50 %	100 000	1	24 332	-33	24 043
Norspan LNG 19 AS	6 000	50 %	100 000	30	0	-58	29 830
Knutsen Scale Gas S.L	EUR 1 003 600	50 %	1 003 600	EUR 1	0	0	5 272
Knutsen Philippines INC	PHP 2 000 000	25,0 %	1 000	PHP 1 000	1 853	0	1 853
Net booked value associated companies in TS Shipping Invest Group					3 340 593	153 323	3 443 408

NOTE 5 Segment information, TS Shipping Invest Group

Figures in NOK 1 000

OPERATING SEGMENT

The Group's activities are divided into LNG carriers, Shuttle- and Product Tankers, Ship Management, Research and Development. The Shuttle tankers activity is organized in Knutsen NYK Offshore Tankers AS, jointly owned with NYK Logistics Holding B.V. LNG activity is year-end 14 LNG carriers in operation and 11 under construction of which 4 are co-owned with Norspan Gas Carriers AS while 5 of the vessels are jointly owned with NYK through Knutsen NYK LNG Holding AS ("KNLH"). Klavness Ship Investments AS is the co-owner in two of the vessels under construction and two in operation. The groups share of result from these segments is reported as share of profit in associated companies, it is referred to note 4 for further details. This is consistent with management reporting.

2020

Segment	Freight income and other income	Share of profit in associated companies	Operating income	
LNG Carriers, Norway	57 %	459 294	126 218	585 512
Product Tankers, mainly Europe	11 %	116 253		116 253
Management, Norway, UK, Spain	20 %	207 597	243	207 840
Research & Development, and other income, Norway	3 %	34 127		34 127
Offshore Tankers	9 %	-	87 740	87 740
Total	100 %	817 271	214 201	1 031 472

2019

Segment	Freight income and other income	Share of profit in associated companies	Operating income	
LNG Carriers, Norway	59 %	369 979	160 789	530 768
Chemical Tankers, mainly Europe	13 %	119 113		119 113
Management, Norway, UK, Spain	25 %	221 190	877	222 067
Research & Development, and other income, Norway	5 %	46 806		46 806
Offshore Tankers	-3 %	-	-22 794	-22 794
Total	100 %	757 088	138 872	895 960

Note 6 Inventories and spare parts, TS Shipping Invest Group

Inventories and spare parts summarize to NOK 10 177 000 (NOK 10 266 000 in 2019) refer to the vessels' lube oil and stores with NOK 2 822 000 and NOK 2 822 000 for spare parts per 31.12.19. For vessels on T/C contracts, bunkers and bunkers stock are for charterers' account.

Note 7 Contract provisions, TS Shipping Invest Group

Figures in NOK 1 000

Contract provisions	2020	2019
Historical cost 01.01	48 470	48 470
-Accumulated amortization 01.01	38 263	34 437
Book Value 01.01	10 208	14 033
Booked reduction in income	3 826	3 826
Book Value 31.12	6 382	10 208



Note 8. Fixed Assets, TN Shipping Invest Group

Figures in NOK 1 000

	2020	2019
Vessels		
Historical cost 01.01	3 623 260	2 509 835
Accumulated depreciation 01.01	859 204	716 028
Book Value 01.01	2 731 645	1 761 397
Translation adjustment	-33 737	0
Additions/reductions	27 819	1 113 424
Ord. depreciation	130 203	108 528
Write downs	22 709	34 648
Book Value 31.12.	2 572 815	2 731 645
Dry-docking vessels		
Historical cost 01.01.	168 939	96 914
Accumulated depreciation 01.01.	97 909	73 282
Book Value 01.01.	71 031	23 632
Additions/reductions	17 331	72 026
Ord. depreciation	23 121	24 627
Book Value 31.12.	65 242	71 031
Net vessels	2 638 057	2 802 676
Vessels under construction		
Book Value 01.01	745 200	177 641
Additions/reductions	441 696	567 559
Deconsolidation Norspan LNG XIII AS	-745 200	0
Book Value 31.12	441 696	745 200
Property		
Historical cost 01.01	10 604	10 049
Accumulated depreciation 01.01.	3 028	2 371
Book Value 01.01.	7 576	7 678
Additions/reductions	-240	555
Ord. depreciation	208	657
Book Value 31.12.	7 128	7 576
Other assets		
Historical cost 01.01.	10 710	10 710
-Accumulated depreciation and write-down 01.01.	10 262	10 017
Book Value 01.01	449	693
Additions/reductions	1 406	
Ord. depreciation	936	244
Book Value 31.12	918	449

Note 9. Crew Hire

Knutsen OAS Shipping AS is responsible for the operation of most of the vessels in the Group, thus the manning of the Group vessels. Knutsen OAS Offshore AS is responsible for the crew on the offshore unit - MT Jorunn Knutsen /FSU Åsgard C. Knutsen OAS Crewing AS is responsible for handling of the Group's Eastern European seafarers and Nordic seafarers who are not members of the social security system in Norway.

Knutsen OAS España S.L. handles the manning for the 10 LNG vessels in the Group under Canarian flag, and have their own personnel to take care of the manning for these vessels, in addition to business development in Spain.

Knutsen OAS (UK) Ltd. have hired personnel to operate business development in Britain. Knutsen OAS Management AS handles the manning of Knutsen OAS Shipping AS so that they can focus on management on behalf of all the companies in the Group.

In addition to the above mentioned manning plan, the ship owning companies will hire crew from several external manning companies.

Note that its only the above mentioned companies that employ personnel, thus the only companies with pension scheme, which is in accordance to their respective countries tariff scale. The Norwegian companies Knutsen OAS Shipping AS, Knutsen Kyst LNG KS, Knutsen Subsea Solutions AS, Knutsen OAS Offshore AS, Knutsen OAS MI. AS and Knutsen OAS Management AS have compulsory pension scheme in accordance with the Norwegian law on required compulsory pension ("Lov om obligatorisk tjenestepensjon").

<u>Specification</u>	2020	2019
Salaries etc	184 076	159 681
Social security fees	16 469	15 703
Other salary related benefits, incl. hire of personnel	38 926	87 868
Public contribution, net wage scheme	-10 017	-5 612
Total	229 453	257 640



Note 10. Pension schemes - TS Shipping Invest Group

Figures in NOK 1 000

	2020	2019
Pension cost for the year		
Gross pension obligation	0	8 458
Estimated return on plan assets	0	-3 734
Estimate deviation	0	-153
Administration costs	0	794
Employers' national insurance	0	778
Current year total pension cost	0	6 143
Pension costs charged to ship-owning associated company	0	-6 192
Annual pension costs Group	0	-49

Specification of the booked pension obligation for the Group

Pension fund	0	79 826
Pension obligation	0	-87 416
Employers' national insurance	0	-1 070
Net pension obligation	0	-8 661
Irredeemable variance incl. employers' national insurance	0	14 491
Change of scheme due to new law	0	-4 950
Booked net pension obligation	0	881

Number of persons in the pension scheme:

Pension scheme in DNB Life Insurance for employees	164
Pension scheme in DNB Life Insurance for retired personnel	47

Economical assumptions

Return on plan assets	3,80 %
Discount rate	2,30 %
Annual wage growth	2,25 %
Annual growth in G	2,00 %
Employers' national insurance	14,10 %

Pension regulation	0,50 %
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Booked value is 0 pr 31.12.2020, the pension scheme for seafarers was converted into a defined contribution scheme pension (JTP) in 2020 and meets the Norwegian requirements for a Mandatory Company Pension (CTP). The group has a contribution plan for its onshore employees.

Note 11. Receivables and -liabilities associated companies

Interest is calculated on all intercompany accounts in accordance with the loan agreements. TS Shipping Invest AS and the Groups receivables and liabilities are due in 1 year and forward, but settlement is usually within 5 years



Note 12 Financial income and expenses

Figures in NOK 1 000

	TS Shipping Invest AS		TS Shipping Invest Group	
	2020	2019	2020	2019
Financial income:				
Interest from Group companies	4 915	3 074	0	88
Interest from associated companies	113	3 116	4 643	38 122
Other interest income	82	58	233	995
Group contribution	50 118	89 693	0	0
Share dividend	265	118 050	0	0
Profit/ sale of shares/partnership	3 725	0	64 794	24 351
Pay-out from limited partnership	0	0	0	0
Guarantee commission	29 284	13 498	29 284	16 066
Guarantee commission group	4 874	7 449	0	0
Reversed write downs	196	1 143	0	0
Total financial income	93 573	236 081	98 954	79 622
Financial expenses:				
Interest paid to Group companies	4 152	9 845	0	0
Interest paid to associated companies		5	2 870	10 500
Other interest expenses	29 632	43 059	199 171	193 442
Write-offs and losses	19 668	61 064	0	0
Guarantee commission	3 499	0	3 499	1 105
Other financial expenses	18	79	326	473
Total financial expenses	56 970	114 081	205 866	205 521

Note 13 Mortgage debt and financial instruments

Figures in USD/NOK 1 000

	Foreign currency	NOK
TS Shipping Invest AS		
USD Loan	48 000	409 800
GBP Loan	959	11 185
Deferred debt issuance costs		0
Net loan		420 985
Figures from 2019		
USD Loan	51 000	449 698
GBP Loan	1 024	11 861
Deferred debt issuance costs		-1 124
Net loan		460 434
Net current portion		
USD Loan	6 100	59 500
GBP Loan	959	11 185
Deferred debt issuance costs		0
Net current portion		70 685
Figures from 2020		
USD Loan	6 000	52 906
GBP Loan	65	719
Deferred debt issuance costs		-1 124
Net current portion		52 501

The USD facility has in January 2021 been extended to January 2024 with semiannual instalments of USD 3 050 000

The NOK/USD exchange rate at 31.12.2020 was 8,5375 (8,8176 per 31.12.19), and the NOK/GBP exchange rate at the year-end was 11,666 (11,5856 per 31.12.19)

Foreign exchange gain/loss on the portion of the debt exceeding the income is entered as income/cost. Accumulated unrealised foreign exchange gain per 31.12.2020 is estimated to MNOK 0,4 (loss MNOK 13,8 in 2019).

Mortgage debt is secured in shares and stocks owned directly or indirectly in Knutsen Kjemikalie Tanker AS, Knutsen Kjemikalie Tanker II AS, Knutsen LNG AS, Knutsen Kyst LNG ES/AS and Norspan LNG III AS and Knutsen OAS (UK) Ltd. property in Aberdeen, Britain. Book value for these assets were MNOK 987 (MNOK 987 in 2019)



TS Shipping Invest Group

Figures in USD/NOK 1.000

	Foreign currency	NOK
USD-loan	182 658	1 540 798
GBP-loan	959	11 185
EUR-loan	109 780	1 077 940
NOK-loan		8 360
Deferred debt issuance costs		-24 103
Net loan		<u>2 614 180</u>
Current position:		
USD-loan	19 860	169 559
GBP-loan	959	11 185
EUR-loan	7 627	80 122
NOK-loan		880
Deferred debt issuance costs		-3 263
Net loan		<u>258 483</u>
Figures from 2019		
USD-loan	260 073	2 455 581
GBP-loan	1 024	11 861
EUR-loan	117 655	947 302
Deferred debt issuance costs		-45 713
Net loan		<u>3 369 032</u>
USD-loan	20 261	178 649
EUR-loan		753
GBP-loan	65	77 842
Deferred debt issuance costs	7 878	-6 757
Net loan		<u>250 487</u>

The NOK/USD exchange rate at the year-end was 8,5375 (8,8176 per. 31.12.19), the NOK/EUR exchange rate at the year-end was 10,5053 (9,8407 per. 31.12.19), and the NOK/GBP exchange rate at the year-end was 11,666 (11,5856 per. 31.12.19)

Mortgage debt is secured through stocks in subsidiaries and associated companies and real estate. The mortgage debt in the vessel owning companies is secured through mortgages in the vessels in addition to assignment of the vessels' earnings. Book value of mortgaged assets is NOK 2 645 million (NOK 2 810 million in 2019). TS Shipping Invest AS has put up security and guaranties related to the debt, interest rate swaps and new building commitments in the associated ship owning companies.

Foreign exchange gain/loss on the portion of the USD-debt exceeding the income is entered as income/cost. The portion of the foreign exchange loss not recorded to the Profit & Loss is estimated to MNOK 94 (MNOK 52,8 in 2019).

Of the group's outstanding debt 82 % is secured through long-term interest rate swaps or fixed interest debt to hedge future cash flow. The interest swaps is included in the interest expenses and the liabilities is not taken into the balance sheet.

	Foreign currency	NOK
Outstanding debt per 30.06.2025 is estimated to:	USD 82 637 500	705 517 656
	EUR 67 541 232	709 540 907
	NOK	3 960 000
		<u>1 419 018 564</u>

The company seek to reduce market risk and financial risk by use of long term contracts and financial instruments. Though, since a substantial part of the company's revenues, investments and debt also are denominated in the same currency, this limits the company's foreign exchange risk.



Note 14. Kapital

Figures in NOK 1 000

Specification of equity per 31.12.2020

TS Shipping Invest AS

	Share capital	Other paid-in capital	Other equity	Total equity
Equity 01.01	29 154	433 935	1 282 386	1 745 475
Result for the year	0	0	37 143	37 143
	0	0		0
Equity 31.12	29 154	433 935	1 319 530	1 782 619

Share capital consist of 22 600 shares with face value NOK 1 290.

All shares have the same right to vote and is owned by the parent company Seglem Holding AS.

TS Shipping Invest Group

	2020	2019
Majority's equity per 01.01	3 419 781	3 255 395
Purchase of minority interest	-9 871	0
Result for the year	357 427	195 698
Conversion associated companies to subsidiaries		8 202
Conversion difference, foreign subsidiary and investments	-113 212	-39 514
Majority's equity per 31.12.	3 654 124	3 419 781
Minority's equity per 01.01.	235 401	231 658
Paid in minority interests	446 096	0
Paid to minority interests	-1 074	0
Subsidiary changed to associated company	-160 986	0
Majority paid out minority interests	4 861	-2 669
Result	11 781	6 412
Minority's equity per 31.12.	536 079	235 401
Total equity	4 190 203	3 655 181

Note 15. Remuneration

TS Shipping Invest AS

The group has paid NOK 775 000 to the Board of directors during 2020.

Auditors' fee recorded to the Profit & Loss account is specified below:

TS Shipping Invest Group

The group has paid NOK 775 000 to the Board of directors during 2020

	TS Shipping Invest AS		TS Shipping Invest Group	
	2020	2019	2020	2019
Auditors' fee (VAT not included)				
Audit fees relates to statutory audit of accounts	454 562	256 250	971 919	1 352 915
Other certification	0	0	112 375	0
Fee for tax services primarily relates to tax compliance and restructuring services	0	0	37 090	
Other assurance services relates to attestation services and accounting consultations on :	0	0	100 982	235 603
	454 562	256 250	1 222 366	1 588 518

Note 16. Shares owned by Board Members and Affiliates

TS Shipping Invest AS

Trygve Seglem owns 70 % through Seglem Holding AS and controls 100 % of the vote giving shares in the Seglem Holding AS
Synnøve Seglem owns 15 % through Seglem Holding AS and controls 0 % of the vote giving shares in the Seglem Holding AS.



Note 17 Tax

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

Figures in NOK 1 000

	TS Shipping Invest AS		TS Shipping Invest Group	
	2020	2019	2020	2019
Profit before tax	50 985	112 545	384 088	204 033
Non-deductible items	-113 904	-148 008	-451 444	-212 770
Change Temporary differences	62 919	35 463	67 356	8 737
Basis for tax calculation after Group contribution	0	0	0	0
Calculation of tax expenses				
Tax payable tonnage tax regime	0	0	44	0
Currency effect tax payable	0	0	18	0
Change in deferred tax (22%)	13 842	-7 802	14 818	1 922
Tax calculated	13 842	-7 802	14 880	1 922

	TS Shipping Invest AS			TS Shipping Invest Group		
	2020	Change	2019	2020	Change	2019
Temporary differences:						
Business assets/equipment	0	0	0	-516	10	-527
Limited partnership shares	-14 596	2 516	-17 113	0	0	0
Current assets	0	0	0	0	0	0
Pensions	0	0	0	0	-2 867	2 867
Liabilities	0	0	0	0	1 932	-1 932
Long term debt	0	-1 124	1 124	0	-1 124	1 124
Gain and loss account	18 332	-4 583	22 914	19 401	-4 850	24 251
Deficit carried forward	-737 594	66 109	-803 703	-790 831	74 256	-865 087
Financial deficit carried forward	0	0	0	0	0	0
Deferred tax basis	-733 859	62 919	-796 778	-771 946	67 356	-839 303
Deferred tax	161 449	13 842	-175 291	-169 828	14 818	-184 647
	22 %		22 %	22 %		22 %

Entering the tonnage tax in 2017 resulted in an entrance tax for Norspan LNG II AS and Norspan LNG III AS, which is payable with 20% of the balance each year.

Entrance tax

	2020	2019
Opening balance gain/loss account	5 967	7 458
Short-term tax payable basis (20%)	1 193	1 492
Long-term tax payable basis (80%)	4 773	5 967
Incoming balance long-term	-1 313	-1 641
Tax payable short-term in balance sheet, 22% tax rate	263	328
Tax payable long-term in balance sheet, 22% tax rate	1 050	1 313
Tax costs calculated	0	0

Note 18 Other current receivables

	TS Shipping Invest AS		TS Shipping Invest Group	
	2020	2019	2020	2019
Other receivables	472	425	18 896	20 037
	472	425	18 896	52 271



Note 12. Other current liabilities

	TS Shipping Invest AS		TS Shipping Invest Group	
	2020	2019	2020	2019
Other short term liability	0	0	76 483	77 500
Customers paid in advance	0	0	79 877	24 114
Dividend	0	0	349	272
Other payables and accruals	93	1	67 468	76 013
	<u>93</u>	<u>1</u>	<u>224 176</u>	<u>177 899</u>

Note 20 Related party information

Related parties

Knutsen NYK Offshore Tankers AS (KNOT) is owned 50% by TS Shipping Invest AS and 50% by NYK Logistics Holding(Europe) B V. Norspan LNG I & V-VII is owned 50%-50% with Norspan Gas Carriers AS an equal partner. Norspan LNG IV AS and Norspan LNG VIII - XI AS is owned 50% by TS Shipping Invest group and 50% by Nippon Yusen Kabushiki Kaisha (NYK) through Knutsen NYK LNG Holding AS.

TS Shipping Group performs ship management for associated companies and has also issued guarantees as securities for loan agreements and charter parties. All services between related parties are based on an arm's length principle with pricing based on costs incurred and allowing for a profit margin.

Management agreements

Ship-management services fee from Norspan LNG I-XIII	Total TNOK 42 906
Hire adm. service to Norspan LNG I-14	Total TNOK 6 348
New building supervision fee from Norspan LNG XII -19	Total TUSD 3 800
Hire project personnel to KNOT	Total TUSD 567
New building supervision fee from KNOT	Total TUSD 5 381
Hire crew to KNOT Group	Total TUSD 21 293
Hire administration services to KNOT	Total TUSD 5 736
Hire administration services to KNOP	Total TUSD 634
Guarantee commissions from associates	Total TNOK 29 284
Hire of property from Seglen Eiendom Group	Total TNOK 8 056

A number of the Contracts of Affreightment (CoA) of which are operated with KNOT vessels are formally entered into by either Knutsen OAS Shipping AS and/or Knutsen OAS (UK) Ltd with end users. The CoA is formally not transferred but the economic effect of the contracts have been transferred to the operating entities in KNOT, and a process has in 2011 started up to agree memorandum to the original agreements that the contracts have been transferred to KNOT group.

Guarantees

TS Shipping Invest AS have issued guarantees as security for loan agreements and charter parties entered into by the operating companies. The performance guarantees have not been priced. In addition TSSI has guaranteed for the completion of the bareboat agreement in Norspan LNG XI - XIII. TSSI has provided a guarantee to Cosco Shipping Heavy Industri(Zhoushan) CO., LTD for yards installments for KNOT Shuttle Tankers 27 AS, Knot Shuttle Tankers 31 AS and KNOT Shuttle Tankers 37 AS.

TSSI Loan Guarantee overview

(numbers per 31.12.20 all amounts in mill.)

Company	Currency	Amount
Knutsen NYK Offshore Tankers AS	USD	18,0
Smøstønder 40 AS	NOK	63,1
Knutsen Product Tankers XII AS	USD	20,9
Total	USD	38,9
Total	NOK	63,1

Company	Currency	Amount	Related Vessel	Fix contract end
NORSPAN LNG I AS	EUR	10,0	Bilbao Knutsen	2024
NORSPAN LNG II AS	EUR	26,0	Cádiz Knutsen	2029
NORSPAN LNG III AS	USD	18,1	Iberica Knutsen	2029
NORSPAN LNG IV AS	USD	20,0	Sestao Knutsen	2032
NORSPAN LNG V AS	USD	52,0	Barcelona Knutsen	2030
NORSPAN LNG VI AS	USD	39,0	Sevilla Knutsen	2030
NORSPAN LNG VII AS	USD	40,0	Valencia Knutsen	2030
NORSPAN LNG XI AS	USD	170,0	Adriano Knutsen	2029
NORSPAN LNG XII AS	USD	168,7	Rius Baixas Knutsen	2026
NORSPAN LNG XIII AS	USD	177,2	Trentino Knutsen	2027
NORSPAN LNG 14 AS	EUR	28,3	ND8232	2033
Knutsen Kyst LNG KS	USD	7,525		2024
Total	USD	685,0		
Total	EUR	64,3		



FSM - Guarantee services - Interest rate swaps

(numbers per 31.12.20, all amounts in mill.)

<u>Company</u>	<u>Currency</u>	<u>Amount</u>	<u>Related Vessel</u>	<u>Fix contract end</u>
Norspan LNG AS	EUR	50,0	Bilbao Knutsen	2024
Norspan LNG II AS	EUR	50,0	Cadiz Knutsen	2029
Norspan LNG V AS	USD	32,0	Barcelona Knutsen	2030
Norspan LNG VI AS	USD	34,0	Sevilla Knutsen	2030
Norspan LNG VII AS	USD	44,0	Valencia Knutsen	2030
Total	USD	116,0		
Total	EUR	100		



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of TS Shipping Invest AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TS Shipping Invest AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2020, the income statement, 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 and the Group as at 31 December 2020 and their 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 and the Group 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 and Chief Executive Officer (management) 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.

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 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;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 - TS Shipping Invest 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, 16 April 2021
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The auditor's report is signed electronically

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report - TS Shipping Invest AS

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