



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 920 610 455
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 33 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl
Dato for fastsettelse av årsregnskapet: 25.02.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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

Brønnøysundregistrene, 29.08.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Freight income	2	72 401 556	132 846 344
Sum inntekter		72 401 556	132 846 344
Kostnader			
Crew-hire	9	33 430 725	30 218 839
Ordinary depreciation	12	72 768 015	60 141 689
Other operating expenses		19 940 025	21 515 489
Administration	6	5 501 721	6 478 293
Sum kostnader		131 640 486	118 354 310
Driftsresultat		-59 238 930	14 492 034
Finansinntekter og finanskostnader			
Financial income	4	100 045	319 437
Foreign exchange gain/loss		-194 502	1 753 231
Sum finansinntekter		-94 457	2 072 669
Financial expenses	4	7 933 439	16 643 512
Sum finanskostnader		7 933 439	16 643 512
Netto finans		-8 027 896	-14 570 843
Ordinært resultat før skattekostnad		-67 266 826	-78 809
Taxes	10		
Ordinært resultat etter skattekostnad		-67 266 826	-78 809
Årsresultat		-67 266 826	-78 809
Årsresultat etter minoritetsinteresser		-67 266 826	-78 809
Totalresultat		-67 266 826	-78 809



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	12	410 538 758	475 041 593
Sum varige driftsmidler		410 538 758	475 041 593
Sum anleggsmidler		410 538 758	475 041 593
Omløpsmidler			
Varer			
Fordringer			
Receivables	5	13 847 582	14 298 669
Konsernfordringer		30 287 228	
Sum fordringer		44 134 810	14 298 669
Bankinnskudd, kontanter og lignende			
Bank deposits	3	1 516 990	20 252 186
Sum bankinnskudd, kontanter og lignende		1 516 990	20 252 186
Sum omløpsmidler		45 651 800	34 550 856
SUM EIENDELER		456 190 557	509 592 449
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	8	200 000	200 000
Overkurs		111 652 855	111 652 855
Annen innskutt egenkapital		140 932 790	104 451 791
Sum innskutt egenkapital		252 785 646	216 304 646



Balanse

Beløp i: NOK	Note	2021	2020
Other equity			
Sum egenkapital	7	252 785 646	216 304 646
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11	191 698 868	260 197 897
Langsiktig konserngjeld			22 218 844
Sum annen langsiktig gjeld		191 698 868	282 416 741
Sum langsiktig gjeld		191 698 868	282 416 741
Kortsiktig gjeld			
Leverandørgjeld	5	9 350 623	9 619 773
Kortsiktig konserngjeld		2 110 695	1 006 586
Accrued interest		21 708	49 298
Other current liabilities		223 018	195 405
Sum kortsiktig gjeld		11 706 044	10 871 061
Sum gjeld		203 404 912	293 287 802
SUM EGENKAPITAL OG GJELD		456 190 557	509 592 449



Skatteetaten

TS SHIPPING INVEST AS
Postboks 2017
5504 HAUGESUND

Vår dato
13.02.2019

Din/Deres dato
11.01.2019

Saksbehandler
Henning Stokke

800 80 000
Skatteetaten.no

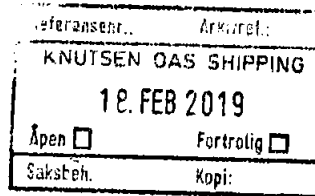
Din/Deres referanse
Petter M Opsal

Telefon
800 80 000

Org.nr
974761076

Vår referanse
2019/5238778

Postadresse
Postboks 9200 Grønland
0134 OSLO



Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk

Vi viser til deres brev av 11. januar 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- | | |
|------------------------------|-------------|
| • KNOT Shuttle Tankers 36 AS | 921 657 595 |
| • KNOT Shuttle Tankers 33 AS | 920 610 455 |
| • KNOT Shuttle Tankers 37 AS | 921 657 633 |
| • KNOT Shuttle Tankers 35 AS | 821 065 852 |
| • KNOT Shuttle Tankers 38 AS | 921 684 789 |
| • KNOT Shuttle Tankers 39 AS | 921 684 762 |
| • KNOT Shuttle Tankers 34 AS | 921 065 698 |
| • Knutsen OAS ML AS | 920 992 153 |
| • Norspan LNG 14 AS | 921 118 546 |
| • Norspan LNG 15 AS | 921 968 450 |

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering selskapene nevnt ovenfor dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

Bakgrunn

Fra søknaden gjengis:

TS Shipping Invest AS ønsker å omfatte flere av selskapene i konsernet til å kunne utarbeide regnskaper og årsberetning på engelsk fra og med regnskapsåret 2018. Alle selskapene i konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper.

Brukerne av regnskapene er hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften (ansatte, kunder, leverandører etc.). Aksjonærstrukturen er begrenset. Noen av selskapene eies 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. De aller fleste av selskapenes kunder og leverandører og andre brukere har engelsk som sitt naturlige språk / forretningspråk. Dette gjelder også konsernets långivere.



Skattedirektoratets vurdering

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

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

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

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

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

Som nevnt ovenfor er det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapenes eierkrets er begrenset. I tillegg opererer selskapene i en internasjonal bransje, og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

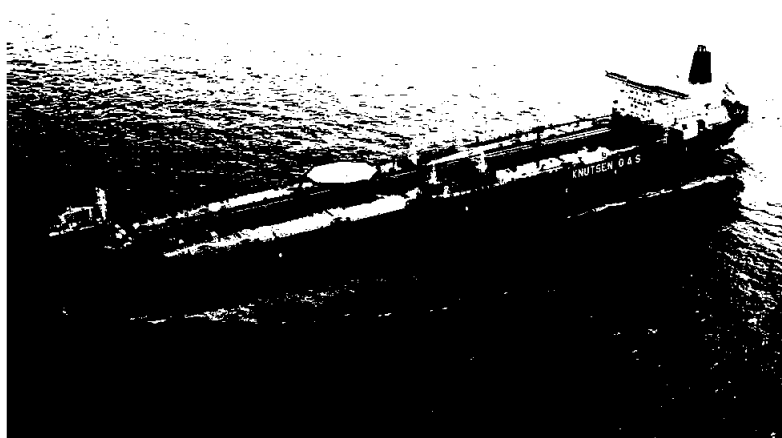
Side 2 / 2



KNOT Knutsen
NYK Offshore
Tankers

KNOT Shuttle Tankers 33 AS

Annual Report 2021



M/T “Heather Knutsen”



Knutsen
Group



NYK GROUP



KNOT SHUTTLE TANKERS 33 AS

REPORT OF THE BOARD OF DIRECTORS 2021

KNOT Shuttle Tankers 33 AS owns one 148 644 DWT Suez-max DP2 shuttle tanker, M/T Heather Knutsen, delivered from Samsung Heavy Industries in 2005.

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

The company's activities

M/T Heather Knutsen is operated in the pool of shuttle tankers in Knutsen Shuttle Tankers Pool AS and has operated in the North Europe shuttle tanker and tanker market in 2021.

Profit for the year

The operating result for KNOT Shuttle Tankers 33 AS was minus NOK 59 238 930 in 2021, compared to NOK 14 492 034 in 2020. After a net financial loss of NOK 8 027 896 against a net financial loss of NOK 14 570 843 the previous year, the result for the year became minus NOK 67 266 826, compared to minus NOK 78 809 in 2020.

The loss is covered by other paid in equity.

Total cash flow from operating activities in the company was minus NOK 17 570 800 compared to NOK 40 794 765 in 2020.

The company's liquidity position was NOK 1 516 990 as of 31.12.21 compared to NOK 20 252 186 per 31.12.20.

The company's short term debts per 31.12.2021 was 6% of total debt, compared to 4% as of 2020. The financial position is satisfactory, and the company can as of 31.12.2021 pay short term debt by using its most liquid assets (current assets-inventories).

The total capital was by the end of the year NOK 456 million, compared to NOK 510 million the year before. The equity share as of 31.12.21 was 55 %, compared to 42 % per. 31.12.2020.

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

The company is also exposed to changes in the interest rate level, as it has long term debt carrying floating interest rate.

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



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

Environment, safety and quality control

The requirements for environment and safety in the operations of the vessels are increasing, and both the company and the Knutsen NYK Offshore Tankers group emphasize operational quality.

The company, the manager and the group allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of the vessel. There are no indications that the company pollutes the external environment significantly, and the board of directors considers the working conditions as satisfactory. All certificates are valid. M/T Heather Knutsen is certified in accordance with both the ISM and ISPS codes.

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

Future prospects


The manager and the directors will start the process of refinancing the outstanding loan with mortgage in the vessel early in 2022 in order to get a full refinancing of the balloon falling due later in 2022.

M/T Heather Knutsen is operated in North Europe through Knutsen Shuttle Tankers Pool AS, lifting the charterers oil on different offshore oil fields. Based on the operation of the vessel in 2021 and the employment in Knutsen Shuttle Tankers Pool AS, the Board of Directors of KNOT Shuttle Tankers 33 AS expects 2022 to be another challenging year for the vessel and the company.

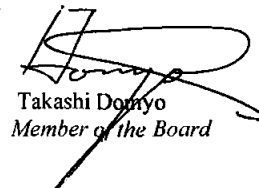
Haugesund, February 24, 2022



Trygve Sjøglen
Chairman of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



Takashi Donryo
Member of the Board



KNOT Shuttle Tankers 33 AS

Profit & Loss Account

	<u>Note</u>	2021	2020
<u>Operating Income</u>			
Freight income	2	72 401 556	132 846 344
<i>Total Operating income</i>		<u>72 401 556</u>	<u>132 846 344</u>
<u>Operating Expenses</u>			
Crew-hire	9	33 430 725	30 218 839
Other operating expenses		19 940 025	21 515 489
Administration	6	5 501 721	6 478 293
<i>Total Operating Expenses</i>		<u>58 872 471</u>	<u>58 212 621</u>
Ordinary depreciation	12	72 768 015	60 141 689
<i>Operating Result</i>		<u>-59 238 930</u>	<u>14 492 034</u>
<u>Financial Income and Expenses</u>			
Financial income	4	100 045	319 437
Foreign exchange gain/loss		-194 502	1 753 231
Financial expenses	4	-7 933 439	-16 643 512
<i>Net Financial Items</i>		<u>-8 027 896</u>	<u>-14 570 843</u>
<i>Result before taxes</i>		<u>-67 266 826</u>	<u>-78 809</u>
Taxes	10	0	0
<i>Result for the year</i>		<u>-67 266 826</u>	<u>-78 809</u>



KNOT Shuttle Tankers 33 AS
Balance Sheet as of 31. December

<u>Assets</u>	<u>Note</u>	2021	2020
<u>Fixed assets</u>			
Vessel	12	410 538 758	475 041 593
<i>Total Fixed Assets</i>		<u>410 538 758</u>	<u>475 041 593</u>
<u>Current Assets</u>			
Receivables	5	13 847 582	14 298 669
Intercompany receivables		30 287 228	0
Bank deposits	3	1 516 990	20 252 186
<i>Total Current Assets</i>		<u>45 651 800</u>	<u>34 550 856</u>
<i>TOTAL ASSETS</i>		<u>456 190 557</u>	<u>509 592 449</u>

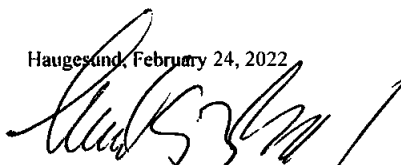


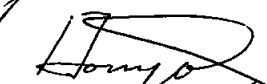
KNOT Shuttle Tankers 33 AS
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2021	2020
<u>Equity</u>			
Share capital	8	200 000	200 000
Share premium		111 652 855	111 652 855
Other paid-in capital		140 932 790	104 451 791
<i>Total capital paid-in</i>		<u>252 785 646</u>	<u>216 304 646</u>
Other equity		0	0
<i>Total Shareholders' Equity</i>	7	<u>252 785 646</u>	<u>216 304 646</u>
<u>Long Term Debt</u>			
Liabilities to financial institutions	11	191 698 868	260 197 897
Debt to group companies		0	22 218 844
<i>Total Long Term Debt</i>		<u>191 698 868</u>	<u>282 416 741</u>
<u>Current Liabilities</u>			
Accounts payable	5	9 350 623	9 619 773
Accrued interest		21 708	49 298
Intercompany liabilities		2 110 695	1 006 586
Other current liabilities		223 018	195 405
<i>Total Current Liabilities</i>		<u>11 706 044</u>	<u>10 871 061</u>
<i>Total liabilities</i>		<u>203 404 912</u>	<u>293 287 802</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>456 190 557</u>	<u>509 592 449</u>


Trygve Seglem
chairman of the board

Haugesund, February 24, 2022


Karl Gerhard Bråstein Dahl
member of the board


Takashi Domyo
member of the board



KNOT Shuttle Tankers 33 AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	11 430 357	75 262 119
Change in working capital	-29 001 157	-34 467 354
Net cashflow from operations	-17 570 800	40 794 765
<u>Cashflow from investments</u>		
Additions to drydock	261 258	-46 969 920
Additions to vessel	-8 526 438	-13 847 557
Net change in loan to/from group companies	0	15 718 500
Net cashflow from investments	-8 265 180	-45 098 978
<u>Cashflow from financing</u>		
Received group contribution	103 747 825	104 530 600
Net change in debt to group companies	-22 347 341	-54 554 339
Net drawn mortgage debt	-74 299 700	-82 708 995
Net cashflow from financing	7 100 784	-32 732 734
Net cashflow for the year	-18 735 196	-37 036 947
+ Cash balance per 01.01	20 252 186	57 289 133
= Cash Balance per 31.12.	1 516 990	20 252 186

1) Generated from operations:

Result before tax	-67 266 826	-78 809
+Foreign exchange loan to group companies/from group companies	128 497	984 783
+Amortized debt issuance cost	1 639 131	1 643 621
+Ordinary depreciation	72 768 015	60 141 689
+Foreign exchange mortgage debt	4 161 540	12 570 835
= Total generated from operations	11 430 357	75 262 119



KNOT Shuttle Tankers 33 AS

Notes to the Financial Statement 31.12.2020

1 Accounting Principles

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

Income

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

Fixed Assets and Dry-Docking

The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of shuttle tankers is estimated to 23 years from delivery as newbuilding. We use extended life or reduced life if there are commercial or technical indications that the 23 year profile for that specific entity is not correct, i.e. fixed charter contracts above 23 year age, commercial restrictions or technical conditions or -requirements. Equipment or part of the vessels with a material cost or specific use that have another estimated life is evaluated separately.

Dry-docking expenses are capitalised and expensed over the period till the next dry-docking. This is in line with the depreciation plan of the vessel, and takes into account that the vessel is classified to operate for an additional period. Dry-docking is carried out every 5th year for vessels less than 15 years, and every 2.5 year for vessels more than 15 years. In the case of a newbuilding, a portion of the total cost of the vessel equal to the dry-docking cost is capitalised. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed.

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.

Interest-bearing loan and borrowings

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

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



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

Tax

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

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

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

Transactions in Foreign Currency

Income and expenditure in foreign currency are converted with the exchange rate at the time of the transaction.

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

Cash flow statement

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

Related party transactions

The Company has undertaken several agreements and transactions with related parties in the KNOT group. The level of fees are based on market terms and are in accordance with the arm's length principle.

2 Contracts

The vessel MT Heather Knutsen has been operated in the Knutsen Shuttle Tankers Pool AS in 2021. KNOT Management AS is appointed as manager for the company and the vessel is managed by Canship Ugland Ltd.

3 Bank deposits

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



4 Financial Income and -Expenses

	<u>2021</u>	<u>2020</u>
Financial Income:		
Interest income	19	95 980
Interest income from group companies	48 814	223 457
Dividend	51 212	0
Total financial income	<u>100 045</u>	<u>319 437</u>
Financial expenses:		
Interest expenses to group companies	318 463	3 207 013
Interest expenses	6 286 577	11 626 240
Guarantee cost group companies	1 239 882	1 714 652
Other financial expenses	88 517	95 607
Total financial expenses	<u>7 933 439</u>	<u>16 643 512</u>

5 Balances with related parties

	<u>2021</u>	<u>2020</u>
<u>Accounts payable</u>		
KNOT Shuttle Tankers 34 AS	892	0
Knutsen OAS Crewing AS	31 201	12 482
	<u>32 093</u>	<u>12 482</u>
<u>Receivables</u>		
Knutsen OAS Shipping AS	1 633 022	1 753 600
Knutsen Shuttle Tankers 15 AS	8 500	0
	<u>1 641 522</u>	<u>1 753 600</u>

6 Remuneration

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

Auditors remuneration (excl. VAT):	<u>2021</u>	<u>2020</u>
Audit	84 800	30 750
Tax advice	0	0
Other services	0	0
	<u>84 800</u>	<u>30 750</u>

7 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity 01.01	200 000	111 652 855	104 451 791	0	216 304 646
Group contribution received	0	0	103 747 825	0	103 747 825
Result for the year	0	0	-67 266 826	0	-67 266 826
Equity 31.12.	<u>200 000</u>	<u>111 652 855</u>	<u>140 932 790</u>	<u>0</u>	<u>252 785 646</u>

Share capital consist of 2 000 shares à NOK 100

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



8 Shares Owned by Board Members and Affiliates

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

9 Employees

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

	<u>2021</u>	<u>2020</u>
Government grant crew expenses	-178 503	3 180 308

10 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which in 2021 amounted to NOK 174 105 (NOK 174 105 in 2020). Tonnage tax is classified as an operating expense.

The company should meet certain requirements to be within the scheme, such as only ownership of ship/shares in the shipping companies, and only own certain types of financial assets.

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

	<u>31.12.2021</u>	<u>Change</u>	<u>31.12.2020</u>
Loss carried forward	-13 038 373	1 956 543	-11 081 830
Basis for deferred tax (benefit)	-13 038 373	1 956 543	-11 081 830
Deferred tax (benefit)	0	0	0

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

Taxable result tonnage tax scheme:

	<u>2021</u>	<u>2020</u>
Net financial Items	-8 027 896	-14 570 843
Non-deductable currency loss	-139 747	-2 719 762
Non-deductable interest	6 260 775	13 446 259
Other deductible items	-49 675	0
Taxable income before loss carried forward	-1 956 543	-3 844 346
Loss carried forward	-1 956 543	-3 844 346
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0



11 Liabilities to financial institutions

<u>31-12-21</u>			Rate as at	
	USD	Historical rate	31.12.	NOK
USD-loan	23 650 000	8,1556	8,1556	192 879 940
Deferred debt issuance cost				-1 181 072
				<u>191 698 868</u>
Current portion:				
USD-loan	23 650 000	8,1556	8,1556	192 879 940
Deferred debt issuance cost				-1 181 072
				<u>191 698 868</u>
<u>31-12-20</u>			Rate as at	
	USD	Historical rate	31.12.	NOK
USD-loan	32 250 000	8,1556	8,1556	263 018 100
Deferred debt issuance cost				-2 820 203
				<u>260 197 897</u>
Current portion:				
USD-loan	8 600 000	8,1556	8,1556	70 138 160
Deferred debt issuance cost				-1 633 625
				<u>68 504 535</u>

The USDNOK exchange rate at the year-end was 8,8363 (8,5375 per 31.12.2020)

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in USD (cash flow hedge). Loans in USD are used as hedging instrument. The profit and loss impact of the hedging instrument (loan in USD) is presented together with the hedged risk. This implies that realized currency gain/losses on the loans are presented as an increase/reduction of operating income.

Future income flows from anticipated fixed contracts in USD exceed debt in USD. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate. Per 31.12.2021 the not recorded foreign exchange loss (i.e. off-balance) is NOK 16 million (NOK 12 million per 31.12.2020)

Security for the loan is made through a first priority mortgage in the vessel, a share pledge in the owners share in the company, transportation of income and insurances, account pledges, factoring agreement, and guarantees from the owner.

Book value of mortgaged assets is NOK 456 million (NOK 510 million per 31.12.2020)

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



12 Fixed Assets

<u>Vessel</u>	<u>2021</u>	<u>2020</u>
Historical value 01.01.	557 158 485	543 310 928
Accumulated depreciation 01.01.	119 166 886	72 553 944
Book value 01.01.	437 991 599	470 756 984
Purchase vessel	0	0
Additions/disposals	8 526 438	13 847 557
Annual depreciation	51 776 888	46 612 942
Book value 31.12.	394 741 149	437 991 599

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

<u>Dry-docking</u>	<u>2021</u>	<u>2020</u>
Capitalised dry-docking 01.01	60 560 319	13 590 399
Accumulated depreciation dry-docking 01.01.	23 510 326	9 981 579
Capitalised dry-docking 01.01.	37 049 993	3 608 820
Additions	-261 258	46 969 920
Annual depreciation	20 991 127	13 528 747
Book value 31.12.	15 797 609	37 049 993
Total book value vessel 31.12.	410 538 758	475 041 593

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



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 33 AS

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 33 AS (the Company), which comprise the balance sheet as at 31 December 2021, the profit & loss account and the cashflow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Oslo, 24 February 2022
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The auditor's report is signed electronically

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report – KNOT Shuttle Tankers 33 AS 2021

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Per memo. Dokumentnr: CU5QW-Q67LL-H16ML-MBN02-KBA31-1LTSM



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Magnus Hegertun Birkeland

Statsautorisert revisor

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