



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 918 447 954
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 32 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

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: 20.03.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

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

Brønnøysundregistrene, 27.04.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Freight income	1	155 709 864	159 270 414
Sum inntekter		155 709 864	159 270 414
Kostnader			
Crew-hire	2	26 839 384	23 949 198
Ordinary depreciation	3	42 836 096	35 018 589
Commissions		288 906	
Other operating expenses		39 977 758	19 480 852
Administration	3	8 391 974	7 480 104
Sum kostnader		118 334 118	85 928 742
Driftsresultat		37 375 745	73 341 672
Finansinntekter og finanskostnader			
Financial income	4	1 626 006	1 588 756
Foreign exchange gain/loss		4 261 567	3 648 976
Sum finansinntekter		5 887 573	5 237 731
Financial expenses	4	21 460 262	21 787 380
Sum finanskostnader		21 460 262	21 787 380
Netto finans		-15 572 689	-16 549 648
Ordinært resultat før skattekostnad		21 803 056	56 792 023
Taxes	5		
Ordinært resultat etter skattekostnad		21 803 056	56 792 023
Årsresultat		21 803 056	56 792 023
Årsresultat etter minoritetsinteresser		21 803 056	56 792 023
Totalresultat		21 803 056	56 792 023



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	3	571 607 137	547 465 519
Accrued income	1		
Sum varige driftsmidler		571 607 137	547 465 519
Financial instruments	10		
Sum anleggsmidler		571 607 137	547 465 519
Omløpsmidler			
Varer			
Inventories	6	1 932 139	1 826 272
Sum varer		1 932 139	1 826 272
Fordringer			
Receivables	11	12 453 357	1 925 698
Konsernfordringer			1 349
Sum fordringer		12 453 357	1 927 047
Bankinnskudd, kontanter og lignende			
Bank deposits	7	6 074 249	37 723 945
Sum bankinnskudd, kontanter og lignende		6 074 249	37 723 945
Sum omløpsmidler		20 459 745	41 477 263
SUM EIENDELER		592 066 882	588 942 782
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		100 000	100 000



Balanse

Beløp i: NOK	Note	2023	2022
Overkurs		14 430	14 430
Annen innskutt egenkapital		109 216 388	109 216 388
Sum innskutt egenkapital		109 330 818	109 330 818
Opptjent egenkapital			
Other equity		96 087 105	74 284 049
Sum opptjent egenkapital		96 087 105	74 284 049
Sum egenkapital	8, 9	205 417 923	183 614 867
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	355 823 311	396 926 133
Sum annen langsiktig gjeld		355 823 311	396 926 133
Sum langsiktig gjeld		355 823 311	396 926 133
Kortsiktig gjeld			
Leverandørgjeld	11	3 244 805	5 884 489
Kortsiktig konserngjeld		25 467 041	756 531
Accrued interest			526 355
Other current liabilities		2 113 802	1 234 407
Sum kortsiktig gjeld		30 825 648	8 401 782
Sum gjeld		386 648 959	405 327 915
SUM EGENKAPITAL OG GJELD		592 066 882	588 942 782



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List of Signatures Page 1/1

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Name	Method	Signed at
Seglem, Trygve	BANKID	2024-03-13 18:29 GMT+01
Domyo, Takashi	BANKID	2024-03-13 15:20 GMT+01
Dahl, Karl Gerhard B	BANKID	2024-03-13 15:02 GMT+01



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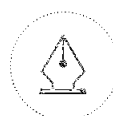


KNOT Shuttle Tankers 32 AS Annual Report 2023



M/T “Brasil Knutsen”

KNOT
Offshore Partners LP



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KNOT SHUTTLE TANKERS 32 AS

REPORT OF THE BOARD OF DIRECTORS 2023

KNOT Shuttle Tankers 32 AS owns one 154,000 DWT Suez-max shuttle tanker, M/T Brasil Knutsen, delivered from Samsung Heavy Industries in South Korea in 2013.

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

The company's activity

M/T Brasil Knutsen have been chartered to Petrogal S.A., for international trade with offshore loading in Brazil from November 2022. From 24th November 2023 the vessel was chartered to Petrorio Luxembourg Holding S.A.R.L. as a direct continuation of the charterparty with Petrogal. The time charter the vessel is operating on has a fixed period until May 1, 2025 with charterers options to extend two times for 30 days. The company have further secured a new time charter contract with Equinor Shipping Inc. for a period of 12 to 48 months for offshore loading in Brazil.

Result for the year

The operating result for KNOT Shuttle Tankers 32 AS was NOK 37 375 745 in 2023 compared to NOK 73 341 672 in 2022. After net financial loss of NOK 15 572 689 in 2023, against a loss of NOK 16 549 648 in 2022, the result for the year were NOK 21 803 056 in 2023 compared to NOK 56 792 023 in 2022.

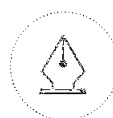
The Board of Directors suggests the result for the year transferred to other equity.

Total cash flow from operating activities in the company was NOK 89 488 565, NOK 84 335 841 in 2022. The liquidity position was NOK 6 074 249 as per 31.12.2023 compared to NOK 37 723 945 as per 31.12.2022. The company's ability to finance its investments is good and have financed the 10-year class and ballast water treatment system installation with company funds and a short-term funding from the owner KNOT Shuttle Tankers AS. Outstanding mortgage loan at the end of 2023 USD 42 701 491, USD 47 730 127 at the end of 2022.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since most of the company's operating expenses and financial costs are also denominated in USD, this limits the company's foreign exchange risk. The company has entered into forward exchange rate contracts in order to reduce the company's foreign exchange risk, and thereby operating related market risk.

The company is also exposed to changes in the interest rate level, as its long-term debt carries floating interest rate. The company has entered into two interest rate swap agreement in the total amount of USD 50 million.

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



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

The environment safety and quality control

The requirements for safety and operation of ships are increasing, and the company, the group and the manager KNOT Management AS are concerned with operational excellence. The company vessel consists of modern ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ship is maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources into quality assurance and there are strict requirements for safety systems and the operation of the ship.

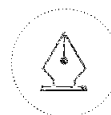
The operation of the vessel can affect the external environment through emissions of air and water and the company, and the manager therefore has a high focus on health, environment, and safety work. The company and manager are concerned with environmental considerations when implementing projects, and environmental considerations are included in all stages from planning and implementation from operation, maintenance, sorting and recycling. The manager and the crew focus on minimizing energy consumption and reducing the pollution from energy generation on the vessel from the daily operation. The requirements for environment and safety in the operations of vessels are increasing, and both the company, the manager and the KNOT Offshore Partners Group emphasize operational quality. There have been no accidents linked to operations that have had serious consequences for crew, the environment, or assets in 2023.

The company has no employees and thus no working environment. The company aims to be a workplace where there is no discrimination related to gender, ethnicity, religion, or disability. The board of directors considers the working conditions satisfactory. 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.

The company and the other companies in the Norwegian part of the group regularly carries out risk-based due diligence assessments in accordance with the obligations pursuant to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (LOV-2021-06-18-99) section 4. The due diligence assessments cover the operations in the company. The account for these due diligence assessments and other obligations pursuant to the Act's section 5 are included in a report that could be found here www.knutsenoas.com and the report is updated minimum one time per year.

Future prospects

M/T Brasil Knutsen is operated on a charter with Petrorio Luxembourg Holding S.A.R.L. The charterer and trading area are well known for the manager and the Board of Directors. The vessel has been dry-docked and taken through 10-year class renewal and maintenance in 2023. The Board of Directors expect that 2024 will be a stable profitable year for the company.



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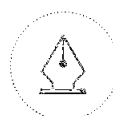


Haugesund, March 13, 2024

Trygve Seglem
Chairman of the Board

Karl Gerhard Bråstein Dahl
Member of the Board

Takashi Domyo
Member of the Board



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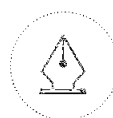
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KNOT Shuttle Tankers 32 AS

Profit & Loss Account

	Note	2023	2022
<u>Operating Income</u>			
Freight income	1	155 709 864	159 270 414
<i>Total Operating income</i>		155 709 864	159 270 414
<u>Operating Expenses</u>			
Crew-hire	2	26 839 384	23 949 198
Commissions		288 906	0
Other operating expenses		39 977 758	19 480 852
Administration	3	8 391 974	7 480 104
<i>Total Operating Expenses</i>		75 498 022	50 910 153
Ordinary depreciation	3	42 836 096	35 018 589
<i>Operating Result</i>		37 375 745	73 341 672
<u>Financial Income and Expenses</u>			
Financial income	4	1 626 006	1 588 756
Foreign exchange gain/loss		4 261 567	3 648 976
Financial expenses	4	-21 460 262	-21 787 380
<i>Net Financial Items</i>		-15 572 689	-16 549 648
<i>Result before taxes</i>		21 803 056	56 792 023
Taxes	5	0	0
<i>Result for the year</i>		21 803 056	56 792 023



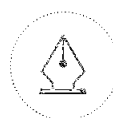
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KNOT Shuttle Tankers 32 AS
Balance Sheet as of 31. December

	Note	2023	2022
<u>Assets</u>			
<u>Fixed assets</u>			
Vessel	3	571 607 137	547 465 519
<i>Total Fixed Assets</i>		<u>571 607 137</u>	<u>547 465 519</u>
<u>Current Assets</u>			
Inventories	6	1 932 139	1 826 272
Receivables	11	12 453 357	1 925 698
Current receivables group		0	1 349
Bank deposits	7	6 074 249	37 723 945
<i>Total Current Assets</i>		<u>20 459 745</u>	<u>41 477 263</u>
TOTAL ASSETS		<u>592 066 882</u>	<u>588 942 782</u>



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KNOT Shuttle Tankers 32 AS
Balance Sheet as of 31. December

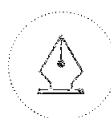
	Note	2023	2022
<u>Shareholders Equity and Liabilities</u>			
<u>Equity</u>			
Share capital		100 000	100 000
Share premium		14 430	14 430
Other paid-in equity		109 216 388	109 216 388
<i>Total capital paid-in</i>		109 330 818	109 330 818
Other equity		96 087 105	74 284 049
<i>Total Shareholders' Equity</i>	8, 9	205 417 923	183 614 867
<u>Long-Term Liabilities</u>			
Liabilities to financial institutions	10	355 823 311	396 926 133
<i>Total Long-Term Liabilities</i>		355 823 311	396 926 133
<u>Current Liabilities</u>			
Accounts payable	11	3 244 805	5 884 489
Accrued interest		0	526 355
Current liabilities group		25 467 041	756 531
Other current liabilities		2 113 802	1 234 407
<i>Total Current Liabilities</i>		30 825 648	8 401 782
<i>Total liabilities</i>		386 648 959	405 327 915
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		592 066 882	588 942 782

Haugesund, March 13, 2024,

Trygve Seglem
chairman of the board

Karl Gerhard Bråstein Dahl
member of the board

Takashi Domyo
member of the board



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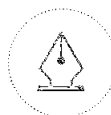


KNOT Shuttle Tankers 32 AS

CASHFLOW 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.

	2023	2022
Result before tax	21,803,056	56,792,023
+ Ordinary depreciation	42,836,096	35,018,589
+Accrued income	0	3,074,581
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	11,974,509	6,023,621
+ Financial expenses - liabilities to financial institutions	1,083,216	1,182,723
= Total generated from operations	77,696,877	102,091,537
+ Net received on current assets	-10,632,177	228,761
+ Net received on current liabilities	22,423,865	-17,984,460
Net cashflow from operations	89,488,565	84,335,838
<u>Cashflow from investments</u>		
Upgrading of vessel	-13,611,489	
Performed class renewal with drydocking	-53,366,225	0
Net cashflow from investments	-66,977,714	0
<u>Cashflow from financing</u>		
Repayment of liabilities to financial institutions	-54,160,547	-48,209,659
Dividend paid-out	0	-47,731,900
Net cashflow from financing	-54,160,547	-95,941,559
Net cashflow for the year	-31,649,696	-11,605,721
+ Bank deposits per 01.01.	37,723,945	49,329,666
= Bank deposits per 31.12.	6,074,249	37,723,945



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KNOT SHUTTLE TANKERS 32 AS

Notes to the Financial Statement 31.12.2023

Accounting Principles

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

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 ineffective part of the debt in foreign currencies over financial items.

Related party transactions

The Company has undertaken several agreements and transactions with group companies and/or related parties. The level of fees are based on market terms and are in accordance with the arm's length principle. Ship management fee includes services like technical management, crewing management, IT and energy management.

1 Contracts

The vessel was redelivered from Petrogal S.A., after a one year contract in November 2023. The vessel have commenced on a time charter with PetroRio Luxembourg Holding S.A.R.L from 24th of November 2023 until 1st May 2025 with 2 x 30 days options.

The company have further secured a new timecharter contract thereafter with Equinor Shipping Inc. For a period of 12-48 months. 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.

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

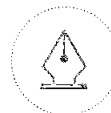
2 Employees and remuneration

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from Knutsen OAS Shipping AS in accordance with a separate management agreement.

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):

	2023	2022
Audit	21,284	40,103
Other services besides audit	0	0
	<u>21,284</u>	<u>40,103</u>



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3 **Fixed Assets**

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

Dry-docking expsenses, in connection with certificate renewal and class of the vessel, are capitalised and expensed over the period till the next class renewal with 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.

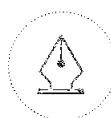
Vessel	2023	2022
Historical value 1.1.	732,341,359	732,341,359
Accumulated depreciation 1.1.	186,546,133	155,536,249
Book value 1.1.	545,795,226	576,805,110
Additions/Disposals	13,611,489	0
Annual depreciation	35,442,415	31,009,884
Book value 31.12.	523,964,300	545,795,226

Dry-docking	2023	2022
Capitalised dry-docking	21,259,527	21,259,527
Accumulated depreciation dry-docking 1.1.	19,589,234	15,580,529
Capitalised dry-docking 1.1.	1,670,293	5,678,998
Additions/Disposals	53,366,225	0
Annual depreciation	7,393,681	4,008,705
Book value 31.12.	47,642,837	1,670,293

Total book value vessel 31.12.	571,607,137	547,465,519
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4 **Financial Income and -Expenses**

	2023	2022
Financial Income:		
Realized gain currency swaps	0	1,056,500
Other interest income	1,626,006	532,256
Total financial income	1,626,006	1,588,756
Financial expenses:		
Interest expenses	18,077,817	19,238,994
Realized loss currency swaps	842,500	0
Guarantee cost to related parties	2,314,703	2,341,243
Other financial expenses	225,242	207,142
Total financial expenses	21,460,262	21,787,380



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5 Tax

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

In the tonnage tax regime, the company pay no tax on qualifying operational result and part of the net financial related to the ownership of the vessel, but pay an annual tax set annually by the parliament related to the tonnage owned by the company. The limited part of the profit that is taxable are taxed under the standard Norwegian company tax that for the accounting period is 22%. Tonnage taxed companies will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital.

Specification on the temporary differences:

	<u>31.12.2023</u>	<u>Change</u>	<u>31.12.2022</u>
Deductibel interest carried forward	0	0	0
Interest rate swaps	0	0	0
Loss carried forward	-16,746,625	16,626,854	-33,373,479
Basis for deferred tax (benefit)	-16,746,625	16,626,854	-33,373,479
Deferred tax (benefit)	0	0	0

Deferred tax assets are only recognized to the extent that it is more probable than not that these will be utilized in the future.

Taxable result tonnage tax scheme:

	<u>2023</u>	<u>2022</u>
Net financial Items	-15,572,689	-16,549,648
Non-taxable currency gain	-4,574,701	-3,727,305
Non-deductable interest	35,957,146	18,500,431
Foreign exchange rate contracts	817,225	-982,545
Deductable financial items	-128	0
Taxable income before loss carried forward	16,626,854	-2,759,067
Loss carried forward	16,626,854	-2,759,067
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0
Tonnage tax expenses under operating expenses	144,540	146,248

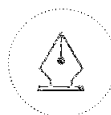
6 Inventories

Specification of inventories per 31.12.

	<u>2023</u>	<u>2022</u>
Lube oil	1,932,139	1,826,272
Total inventory	1,932,139	1,826,272

7 Bank deposits

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



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8 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Additional paid-in capital	Other equity	Total equity
Equity 01.01.	100,000	14,430	109,216,388	74,284,049	183,614,867
Result for the year	0	0	0	21,803,056	21,803,056
Equity 31.12.	100,000	14,430	109,216,388	96,087,105	205,417,923

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

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

9 Shares Owned by Board Members and Affiliates

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

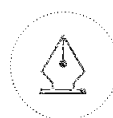
10 Mortgage Debt and Financial Instruments

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.

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 object. The realized foreign exchange gain and -losses are booked together with the hedging object under the the freight income. We book realized- and unrealized foreign exchange gain/-loss for any ineffective part of the hedging over financial items.

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.



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	Currency	Outstanding currency	Hedge accounting rate	Accounting balance	
				2023	2022
Mortgage debt	USD	42,701,491	8.3892	358,229,693	400,415,731
Debt issuance cost				-2,406,382	-3,489,598
Liabilities to financial institutions				355,823,311	396,926,133

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in foreign currency - cash flow hedge. Loans in foreign currencies are used as hedging instrument. The profit and loss impact of the hedging instrument 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 revenue contracts in the same currency as the financing exceed the debt at the balance sheet date. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate.

	2023	2022
Foreign exchange gain/-loss not taken over profit and loss (i.e. off-balance):	-77,432,269	-72,427,545

Amounts due within 12 months of the balance sheet date:

Mortgage debt	42,186,038	42,186,038
Debt issuance cost	-984,101	-1,083,215
Liabilities to financial institutions	41,201,937	41,102,823

Repayment profile: based on expected refinancing

0 - 12 months	5,028,636	5,028,636
13 - 24 months	5,028,636	5,028,636
25 - 36 months	5,028,636	5,028,636
37 - 48 months	5,028,636	5,028,636
49 - 60 months	5,028,636	5,028,636
After 60 months	17,558,311	22,586,947
	42,701,491	47,730,127

The exchange rate at the year-end	USDNOK	10.2025	9.9066
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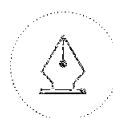
Security for the loan is made through a first priority mortgage in the vessels, assignment of earnings, assignment of insurances, bank accounts, factoring agreement, pledged shares in the company, guarantees from the owner, and undertakings from the manager.

Book value of mortgaged assets is NOK 594 million.

The company has entered into interest rate swap contracts to reduce the effects of exchange rate fluctuations. Hedge accounting has been applied for revenue in interest rate swap contracts - cash flow hedge. Fixed rate interest rate swaps are used as hedging instrument. The profit and loss impact of the hedging instrument is presented together with the hedged risk. This implies that realized gains/-losses on the interest rate swaps are presented as an reduction/increase of Interest expenses.

Future interest payments on the floating rate liabilities to financial institutions exceed the interest rate swaps notional amounts at the balance sheet date. Therefore it is not recognized mark to market gains/losses on fixed interest rate swaps on the basis of the year-end market interest rates.

	Currency	2023	2022
Outstanding fixed interest rate swaps	USD	50,000,000	50,000,000
Mark to market valuation	USD	1,572,822	2,693,860



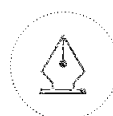
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11 Balances with related parties

	<u>2023</u>	<u>2022</u>
<u>Receivables</u>		
KNOT Management AS	24,629	0
Norspan LNG 16 AS	0	2,473
	<u>24,629</u>	<u>2,473</u>
<u>Accounts payable</u>		
Knutsen OAS Shipping AS	522,568	485,987
Knutsen OAS Management AS	7,752	1,069
KNOT Shuttle Tankers 31 AS	0	48,961
Knutsen Produkt Tanker XII AS	0	0
Knutsen OAS Crewing AS	13,002	100,059
KNOT Management AS	289,166	2,660,483
	<u>832,488</u>	<u>3,296,559</u>



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Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

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Postboks 1156 Sentrum, 0107 Oslo

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

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 32 AS

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 32 AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

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

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) 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 board of directors' report contains the information required by legal requirements and 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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, 13 March 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Independent auditor's report - KNOT Shuttle Tankers 32 AS 2023

A member firm of Ernst & Young Global Limited

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

Johan Lid Nordby

Statsautorisert revisor

På vegne av: Ernst & Young AS

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Skattedirektoratet

Referanse	Kopiert
KNUTSEN DALS SHIPPING	
22. FEB 2018	
Åpen <input type="checkbox"/>	Fertrlig <input type="checkbox"/>
Saksbeh	Kopi.

Saksbehandler
Torstein Kinden Helleland
Telefon
22078139

Deres dato
30.01.2018
Deres referanse
Peter Myklebust Opsal
Vår dato
20.02.2018
Vår referanse
2018/336915

TS SHIPPING INVEST 2 AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 30. januar 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

KNOT Shuttle Tankers 32 AS org.nr. 918 447 954
Norspan LNG XIII AS org.nr. 919 981 245

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

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

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:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse: Sentralbord
Se www.skatteetaten.no 800 80 000
Org.nr: 996250318 Telefaks
E-post: skatteetaten.no/sendepost 22 17 08 60



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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

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