



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 913 154 576  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KNOT SHUTTLE TANKERS 23 AS  
Forretningsadresse: Smedasundet 40  
5529 HAUGESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

### 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: 12.03.2020

### Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert  
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

*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, 29.04.2021



## Resultatregnskap

Beløp i: NOK	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	3, 8	104 987 633	111 845 543
Annen driftsinntekt		290 766	449 728
<b>Sum inntekter</b>		<b>105 278 399</b>	<b>112 295 271</b>
<b>Kostnader</b>			
Lønnskostnad	13	27 208 155	25 491 110
Avskrivning på varige driftsmidler og immaterielle eiendeler	6	38 268 388	24 375 858
Annen driftskostnad	12	21 367 502	18 865 672
<b>Sum kostnader</b>		<b>86 844 045</b>	<b>68 732 640</b>
<b>Driftsresultat</b>		<b>18 434 354</b>	<b>43 562 631</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	7	6 848 815	7 701 201
<b>Sum finansinntekter</b>		<b>6 848 815</b>	<b>7 701 201</b>
Annen finanskostnad	7	18 917 442	19 842 818
<b>Sum finanskostnader</b>		<b>18 917 442</b>	<b>19 842 818</b>
<b>Netto finans</b>		<b>-12 068 627</b>	<b>-12 141 617</b>
<b>Ordinært resultat før skattekostnad</b>		<b>6 365 727</b>	<b>31 421 014</b>
Skattekostnad på ordinært resultat	14	1 402 884	6 833 632
<b>Ordinært resultat etter skattekostnad</b>		<b>4 962 843</b>	<b>24 587 382</b>
<b>Årsresultat</b>		<b>4 962 843</b>	<b>24 587 382</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>4 962 843</b>	<b>24 587 382</b>
<b>Totalresultat</b>		<b>4 962 843</b>	<b>24 587 382</b>



## Balanse

Beløp i: NOK	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	14		
<b>Varige driftsmidler</b>			
Skip, rigger, fly og lignende	6, 8, 14	181 782 255	219 765 121
<b>Sum varige driftsmidler</b>		<b>181 782 255</b>	<b>219 765 121</b>
<b>Finansielle anleggsmidler</b>			
Lån til foretak i samme konsern		132 459 910	170 562 030
Investeringer i tilknyttet selskap	5	10 699 937	42 724
<b>Sum finansielle anleggsmidler</b>		<b>143 159 847</b>	<b>170 604 755</b>
<b>Sum anleggsmidler</b>		<b>324 942 102</b>	<b>390 369 876</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	4	1 284 442	2 025 052
<b>Sum varer</b>		<b>1 284 442</b>	<b>2 025 052</b>
<b>Fordringer</b>			
Andre fordringer	9	2 180 792	6 273 152
Konsernfordringer		20 025 464	6 761 881
<b>Sum fordringer</b>		<b>22 206 256</b>	<b>13 035 033</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	2	27 641 245	24 192 431
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>27 641 245</b>	<b>24 192 431</b>
<b>Sum omløpsmidler</b>		<b>51 131 943</b>	<b>39 252 516</b>
<b>SUM EIENDELER</b>		<b>376 074 046</b>	<b>429 622 392</b>

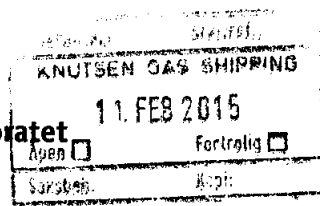


## Balanse

Beløp i: NOK	Note	2019	2018
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	10, 11	100 000	100 000
Overkurs			14 334
<b>Sum innskutt egenkapital</b>		<b>100 000</b>	<b>114 334</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital			14 359 669
<b>Sum opptjent egenkapital</b>			<b>14 359 669</b>
<b>Sum egenkapital</b>	10	<b>100 000</b>	<b>14 474 003</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	14	21 876 527	27 127 917
<b>Sum avsetninger for forpliktelser</b>		<b>21 876 527</b>	<b>27 127 917</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	8		
Øvrig langsiktig gjeld	8	300 564 872	343 328 943
<b>Sum annen langsiktig gjeld</b>		<b>300 564 872</b>	<b>343 328 943</b>
<b>Sum langsiktig gjeld</b>		<b>322 441 399</b>	<b>370 456 860</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	9	3 458 216	21 811 908
Kortsiktig konserngjeld		30 246 701	13 997 105
Annen kortsiktig gjeld	9	19 827 729	8 882 515
<b>Sum kortsiktig gjeld</b>		<b>53 532 647</b>	<b>44 691 529</b>
<b>Sum gjeld</b>		<b>375 974 046</b>	<b>415 148 389</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>376 074 046</b>	<b>429 622 392</b>



Skattedirektoratet



Saksbehandler  
Torstein Kinden Helleland

Deres dato  
30.01.2015

Vår dato  
09.02.2015

Telefon  
22078139

Deres referanse  
Geir Tore Henriksen

Vår referanse  
2015/87104

KNUTSEN OAS SHIPPING AS  
Postboks 2017  
5504 HAUGESUND

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskap dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

### Bakgrunn

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

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60

**Skattedirektoratets vurdering og konklusjon**

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

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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



**KNOT** Knutsen  
NYK Offshore  
Tankers

## KNOT Shuttle Tankers 23 AS

### Annual Report 2019



M/T “ Grena Knutsen”



Knutsen  
Group





## **KNOT SHUTTLE TANKERS 23 AS**

### **REPORT OF THE BOARD OF DIRECTORS 2019**

KNOT Shuttle Tankers 23 AS owns one 148,553 DWT Suez-max shuttle tanker through a financial lease. The vessel is named M/T Grena Knutsen and was originally delivered from Geoje Shipyard, Gyeongnam, in South Korea in 2003.

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

#### **The company's activity**

The vessel is chartered out on a time-charter contract to Equinor ASA for one year and the charterer have options to extend the vessels until the vessel becomes 20 years in 2023. The vessel was operated in Knutsen Shuttle Tankers Pool AS before she started on the current time-charter.

#### **Result for the year**

The operating result for KNOT Shuttle Tankers 23 AS was NOK 18 434 354 in 2019 compared to NOK 43 562 631 in 2018. After net financial loss of NOK 12 068 627 in 2019, against a loss of NOK 12 141 617 in 2018, the results of the year were NOK 4 962 843 in 2019 compared to NOK 24 587 382 in 2018.

The Board of Directors proposes to give the profit for the year, the other equity, the received non tax-deductible group contribution and the share premium as a tax-deductible group contribution to the owner.

Total cash flow from operating activities in the company was positive with NOK 39 053 455 compared to NOK 80 645 092 in 2018. The liquidity position was NOK 27 641 245 as per 31.12.2019 compared to NOK 24 192 431 as per 31.12.2018. The company's ability to finance its investments is good. The company have financed the vessel with a financial lease and the formal ownership to the vessel is transferred to the charterer under the lease. The outstanding lease obligation is at the end of 2019 USD 39.5 million.

The company's short-term debt per 31.12.2019 was 14 % of total debt (11 % in 2018).

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

The company is not exposed to changes in the interest rate level, as the financial lease carrying interest rate is fixed.

Total capital was by the end of the year NOK 376 074 045, NOK 429 622 392 at the end of 2018. The equity share as of 31.12.2019 was 0.03 % down from 3.4 % the year before.



The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern. The Board of Directors confirms that the Financial Statements give a true picture of the company's assets and liabilities, financial position and results.

#### **The environment safety and quality control**

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

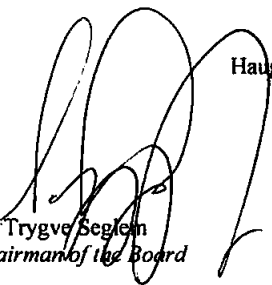
The company is not aware of any significant pollution to the external environment, and the Board of Directors considers the working conditions onboard the ships as satisfactory. The vessel is certified in accordance with both ISM code and the ISPS code.


The company have no employees and thus no working environment. The company aims to be workplace where there is no discrimination related to gender, ethnicity, religion or disability. The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board of Directors are all men.

#### **Future prospects**

M/T Grena Knutsen is chartered out to Equinor ASA and is operating in the Northern Europe, lifting the charterers oil on different offshore oil fields. Based on the operation of the vessel in 2019, the long-term finance lease of the vessel and the employment contract with Equinor ASA the Board of Directors of KNOT Shuttle Tankers 23 AS expects 2020 to be a satisfactory year for the vessel and the company.

Haugesund, February 21, 2020

  
Trygve Seglein  
Chairman of the Board

  
Takashi Doniyb  
Member of the Board

  
Karl Gerhard Bråstein Dahl  
Member of the Board



## KNOT Shuttle Tankers 23 AS

### Profit & Loss Account

	Note	2019	2018
<b><u>Operating Income</u></b>			
Freight income	3, 8	104 987 633	111 845 543
Other operating income		290 766	449 728
<i>Total Operating income</i>		<b><u>105 278 399</u></b>	<b><u>112 295 271</u></b>
<b><u>Operating Expenses</u></b>			
Crew-hire	13	27 208 155	25 491 110
Other operating expenses		15 791 890	13 871 189
Administration	12	5 575 612	4 994 482
<i>Total Operating Expenses</i>		<b><u>48 575 657</u></b>	<b><u>44 356 781</u></b>
Ordinary depreciation	6	38 268 388	24 375 858
<i>Total depreciation and write-downs</i>		<b><u>38 268 388</u></b>	<b><u>24 375 858</u></b>
<i>Operating Result</i>		<b><u>18 434 354</u></b>	<b><u>43 562 631</u></b>
<b><u>Financial Income and Expenses</u></b>			
Financial income	7	7 279 988	8 813 924
Foreign exchange gain/loss		-431 172	-1 112 722
Financial expenses	7	-18 917 442	-19 842 818
<i>Net Financial Items</i>		<b><u>-12 068 627</u></b>	<b><u>-12 141 617</u></b>
<i>Result before taxes</i>		<b><u>6 365 727</u></b>	<b><u>31 421 014</u></b>
Taxes	14	1 402 884	6 833 632
<i>Result for the year</i>		<b><u>4 962 843</u></b>	<b><u>24 587 382</u></b>



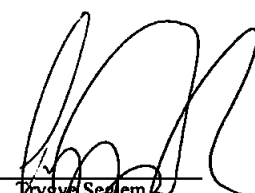
**KNOT Shuttle Tankers 23 AS**  
**Balance Sheet as of 31. December**

<u>Assets</u>	Note	2019	2018
<b><u>Fixed assets</u></b>			
Vessel	6, 8, 14	181 782 255	219 765 121
Loan to group companies		132 459 910	170 562 030
Investments in group companies	5	10 699 937	42 724
<i>Total Fixed Assets</i>		<u>324 942 102</u>	<u>390 369 876</u>
<b><u>Current Assets</u></b>			
Inventories	4	1 284 442	2 025 052
Receivables	9	2 180 792	6 273 152
Current receivables group		15 769 883	6 761 881
Group contribution		4 255 581	0
Bank deposits	2	27 641 245	24 192 431
<i>Total Current Assets</i>		<u>51 131 943</u>	<u>39 252 516</u>
<i>TOTAL ASSETS</i>		<u>376 074 046</u>	<u>429 622 392</u>




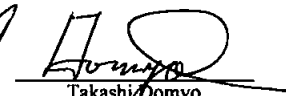
**KNOT Shuttle Tankers 23 AS**  
**Balance Sheet as of 31. December**

<b><u>Shareholders Equity and Liabilities</u></b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b><u>Equity</u></b>			
Share capital	10, 11	100 000	100 000
Share premium		0	14 334
<i>Total capital paid-in</i>		<u>100 000</u>	<u>114 334</u>
Other equity		0	14 359 669
<i>Total Shareholders' Equity</i>	10	<u>100 000</u>	<u>14 474 003</u>
<b><u>Long Term Liabilities</u></b>			
Deferred tax	14	21 876 527	27 127 917
Other long term liabilities	8	300 564 872	343 328 943
<i>Total Long Term Liabilities</i>		<u>322 441 399</u>	<u>370 456 860</u>
<b><u>Current Liabilities</u></b>			
Accounts payable	9	3 458 216	21 811 908
Current liabilities group		0	681 359
Group contribution		30 246 701	13 315 746
Other current liabilities	9	19 827 729	8 882 515
<i>Total Current Liabilities</i>		<u>53 532 647</u>	<u>44 691 529</u>
<i>Total liabilities</i>		<u>375 974 046</u>	<u>415 148 389</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u>376 074 046</u>	<u>429 622 392</u>

  
Trygve Seglem  
chairman of the board

Haugesund, February 21, 2020

  
Karl Gerhard Bråstein Dahl  
member of the board

  
Takashi Domyo  
member of the board



**KNOT SHUTTLE TANKERS 23 AS**

**CASHFLOW STATEMENT**

	<b>2019</b>	<b>2018</b>
Total generated from operations 1)	51 318 325	58 682 896
Change in working capital	<u>-12 264 870</u>	<u>21 962 196</u>
Net cashflow from operations	<u>39 053 455</u>	<u>80 645 092</u>
Invested in vessel	-285 522	-29 127 224
Investments in group companies	-10 657 212	0
Net change in loans to group companies	<u>38 102 120</u>	<u>61 937 950</u>
Net cashflow from investments	<u>27 159 386</u>	<u>32 810 726</u>
Group contribution net	-13 315 746	-73 567 363
Net drawn mortgage debt/financial lease	-49 448 281	-47 142 532
Net cashflow from financing	<u>-62 764 027</u>	<u>-120 709 895</u>
Net cashflow for the year	3 448 814	-7 254 077
+ Cash balance per 01.01	<u>24 192 431</u>	<u>31 446 508</u>
<b>= Cash Balance per 31.12.</b>	<b><u>27 641 245</u></b>	<b><u>24 192 431</u></b>
1) Generated from operations:		
Result for the year before tax	6 365 727	31 421 014
+ Ordinary depreciation	38 268 388	24 375 858
+ Currency loss (- gain) mortgage debt	<u>6 684 210</u>	<u>2 886 024</u>
= Total generated from operations	<u>51 318 325</u>	<u>58 682 896</u>



**KNOT SHUTTLE TANKERS 23 AS**

**Notes to the Financial Statement 31.12.2019**

**1 Accounting Principles**

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

**Current Assets/Current Liabilities**

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

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

This principle is not used for current items in foreign currency, which are valued at the rate of exchange at the year-end.

**Fixed Assets and Dry-Docking**

The total cost of the vessel is capitalised at delivery and depreciated linearly to zero at the date 25 years after delivery.

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 and acquisition of second hand vessel, 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.

**Tax**

The calculated tax costs in the accounting includes both the payable tax for the period in addition to the change in deferred tax. Deferred tax is calculated using 22 % as the basis for taxation on the temporary differences between the accounting and the taxable values in addition to the loss carried forward at the end of the financial year. Tax increasing and decreasing changes in temporary differences which are reversed or can be reversed in the same period are offset and the net value is booked.

**Income**

Income from the contract are denominated in USD and is recorded in line with the earning.

**Accounts Receivable**

Accounts receivable are recorded at nominal value, net of provisions for doubtful debts. Any provision for doubtful debts is made based on evaluation of each receivable.



## **Transactions in Foreign Currency**

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

All current assets and current liabilities in foreign currency are registered at the rate of exchange as per 31.12. Realised foreign exchange gain and loss are registered as financial items.

The debt is valued at the historical rate, to the extent that the future net nominal income flow 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.

Realized and unrealized profit and loss on foreign exchange are recorded as financial income / expenses.

## **Inventory**

Inventories are evaluated to market value as the lower of cost and market value is considered as unpractical.

## **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. KNOT Management AS delivers ship management services for the Company's vessel(s). Ship management fee includes services like technical management, crewing management, IT and energy management.

## **Subsidiaries and investments in associates**

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

### **2 Bank deposits**

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

### **3 Contracts**

MT Grena Knutsen is chartered out on a one year time-charter to Equinor ASA, with charterers options to extend up and until the vessel is 20 years.

MT Grena Knutsen is operated by KNOT Management AS on behalf of the company in accordance with separate management agreements.



#### 4 Inventories

Inventories refer to lube oil and stores as per 31.12.

#### 5 Shares in KNOT Group companies

	Ownership and voting	Equity 31.12	Last years result	Book value
KNOT Shuttle Tankers 31 AS	11%	101 129 852	-1 875 014	10 689 937
KNOT Shuttle Tankers 40 AS	10%	78 791	-21 209	10 000
				<u>10 699 937</u>

#### 6 Fixed Assets and Dry-Docking

<u>Vessel</u>	2019	2018
Historical value 01.01.	272 097 935	272 097 935
Acc. Depreciation 01.01.	80 952 535	61 677 367
Book Value 01.01.	191 145 400	210 420 568
Ordinary annual depreciation	26 328 547	19 275 168
Book value 31.12.	<u>164 816 853</u>	<u>191 145 400</u>

The economic life of the vessels is estimated to 25 years, and the vessel is depreciated accordingly.

<u>Dry-Docking</u>	2019	2018
Capitalised dry-docking	29 127 224	19 091 522
Acc. depreciation 01.01.	507 503	14 498 334
Capitalised dry-docking 01.01.	28 619 721	4 593 188
Additions	285 522	29 127 224
Ordinary annual depreciation	11 939 841	5 100 690
Capitalised 31.12.	<u>16 965 403</u>	<u>28 619 722</u>
Total book value vessel 31.12.	<u>181 782 255</u>	<u>219 765 121</u>

#### 7 Financial Income and -Expenses

	2019	2018
<b>Financial Income:</b>		
Interest income from group companies	7 163 766	8 628 842
Interest income	116 222	185 081
Total financial income	<u>7 279 988</u>	<u>8 813 924</u>
<b>Financial expenses:</b>		
Interest expense	16 988 811	17 763 943
Guarantee cost group companies	1 797 648	1 891 989
Other financial expenses	130 983	186 886
Total financial expenses	<u>18 917 442</u>	<u>19 842 818</u>



## 8 Financial Instruments

	31-12-19	USD	Historical rate	Rate as at 31.12	NOK
Financial obligation		39 452 903	8,4934	7,6183	300 564 872
Current portion		5 889 962	8,4934	7,6183	44 871 619

	31-12-18	USD	Historical rate	Rate as at 31.12	NOK
Financial obligation		45 066 223	8,4934	7,6183	343 328 943
Current portion		5 613 320	8,4934	7,6183	42 764 072

The USDNOK exchange rate at the year-end was 8,8176 (8,6911 in 2018)

M/T Grena Knutsen has been sold and leased back on a financial lease and the vessel is formally transferred to the financial counterparty.

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). Financial lease 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 financial lease are presented as an increase/reduction of operating income.

Future income flows from anticipated fixed contracts in USD exceed the financial lease in USD. Therefore it is not recognized foreign exchange gains/losses on USD financial lease on the basis of the year-end exchange rate. Per 31.12.2019 the not recorded foreign exchange loss (i.e. off-balance) is NOK 47.3 million compared to a loss of NOK 48.3 million as per 31.12.2018.

Book value of mortgaged assets is NOK 182 million (NOK 220 million in 2018).

The estimated outstanding debt per 31.12.2024 is USD 0.



## 9 Balances with related parties

	<u>2019</u>	<u>2018</u>
<u>Receivables</u>		
Knutsen OAS Crewing AS	0	182
Knutsen Shuttle Tankers 15 AS	13 125	0
	<u>13 125</u>	<u>182</u>
<u>Accounts payable</u>		
TS Shipping Invest AS	228	0
Knutsen O.A.S. Managment AS	4 747	0
Knutsen O.A.S. Crewing AS	6 008	0
Knutsen O.A.S. Shipping AS	2 006 531	368 138
	<u>2 017 514</u>	<u>368 138</u>
<u>Other current liabilities</u>		
Knutsen Shuttle Tankers 17 AS	1 222	0
Knutsen Shuttle Tankers 15 AS	0	22 614
	<u>1 222</u>	<u>22 614</u>

## 10 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Other equity	Total equity
Equity 01.01	100 000	14 334	14 359 669	14 474 003
Result for the year	0	0	4 962 843	4 962 843
Group contribution, non taxable	0	0	4 255 581	4 255 581
Group contribution, tax deductible	0	-14 334	-23 578 093	-23 592 427
Equity 31.12.	<u>100 000</u>	<u>0</u>	<u>0</u>	<u>100 000</u>

Share capital consist of 100 shares à NOK 1,000

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

## 11 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.

## 12 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>2019</u>	<u>2018</u>
Audit	39 463	38 130
Tax advice	0	0
	<u>39 463</u>	<u>38 130</u>



## 13 Employees

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.

## 14 Tax

Deferred tax/ -benefits are calculated based on the temporary differences existing at the year-end between financial and taxable values, and the taxable deficit carried forward.

Below a specification of the temporary differences and taxable deficit carried forward are given, as well as a calculation of the deferred tax at the year-end.

	<u>31.12.2019</u>	<u>Change</u>	<u>31.12.2018</u>
Temporary difference vessel	64 914 339	18 957 857	83 872 196
Temporary difference debt	34 524 418	4 912 100	39 436 518
Base for deferred tax calculation	<u>99 438 757</u>	<u>23 869 957</u>	<u>123 308 714</u>
Deferred tax/(benefit) based on 22 %	<u>21 876 527</u>	<u>5 251 391</u>	<u>27 127 917</u>

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

	<u>2019</u>	<u>2018</u>
Result for the year before tax	6 365 727	31 421 014
Non-deductible items	11 017	3 651 675
Change in temporary differences	<u>23 869 957</u>	<u>-21 789 944</u>
Tax base for the year before group contribution	30 246 701	13 282 746
Group contribution	<u>-30 246 701</u>	<u>-13 282 746</u>
Tax base	<u>0</u>	<u>0</u>

### Calculation of tax expenses

Tax payable, 22% of the base	0	0
Tax effect group contribution 22%	6 654 274	3 055 032
Change deferred tax/(tax benefit)	<u>-5 251 391</u>	<u>3 778 600</u>
Tax calculated	<u>1 402 884</u>	<u>6 833 632</u>



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of KNOT Shuttle Tankers 23 AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of KNOT Shuttle Tankers 23 AS, which comprise the balance sheet as at 31 December 2019, the profit & loss account, and statements of cash flows and for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

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

#### Other information

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

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

#### Responsibilities of management for the financial statements

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

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



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## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

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



**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, 21 February 2020  
ERNST & YOUNG AS

Magnus Hegertun Birkeland  
State Authorised Public Accountant (Norway)