



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 991 959 610
Organisasjonsform: Kommandittselskap
Foretaksnavn: KNUTSEN SHUTTLE TANKERS XII KS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

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: 17.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 28.03.2023



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Freight income	1	206 756 177	193 391 229
Sum inntekter		206 756 177	193 391 229
Kostnader			
Ordinary depreciation	3	46 882 956	50 518 692
Commissions		5 917 004	5 227 640
Administration expenses	2	2 383 195	1 995 753
Sum kostnader		55 183 155	57 742 085
Driftsresultat		151 573 023	135 649 144
Finansinntekter og finanskostnader			
Financial income	4	391 647	6
Foreign exchange profit/loss		3 765 892	3 170 134
Sum finansinntekter		4 157 539	3 170 140
Financial expenses	4	40 899 943	31 140 621
Sum finanskostnader		40 899 943	31 140 621
Netto finans		-36 742 404	-27 970 481
Ordinært resultat før skattekostnad		114 830 619	107 678 663
Ordinært resultat etter skattekostnad		114 830 619	107 678 663
Årsresultat		114 830 619	107 678 663
Årsresultat etter minoritetsinteresser		114 830 619	107 678 663
Totalresultat		114 830 619	107 678 663



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels	3	737 514 885	784 397 841
Sum varige driftsmidler		737 514 885	784 397 841
Sum anleggsmidler		737 514 885	784 397 841
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables	10	187 791	375 227
Konsernfordringer		1 442 953	655 187
Sum fordringer		1 630 743	1 030 413
Bankinnskudd, kontanter og lignende			
Bank deposits	6	8 253 864	43 684 334
Sum bankinnskudd, kontanter og lignende		8 253 864	43 684 334
Sum omløpsmidler		9 884 607	44 714 748
SUM EIENDELER		747 399 492	829 112 589
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Company capital		44 500 000	44 500 000
Sum innskutt egenkapital		44 500 000	44 500 000
Opptjent egenkapital			
Other equity		158 621 653	119 158 584



Balanse

Beløp i: NOK	Note	2022	2021
Sum opptjent egenkapital		158 621 653	119 158 584
Sum egenkapital	7, 8	203 121 653	163 658 584
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	540 787 574	602 326 737
Sum annen langsiktig gjeld		540 787 574	602 326 737
Sum langsiktig gjeld		540 787 574	602 326 737
Kortsiktig gjeld			
Leverandørgjeld	10	770 295	252 167
Utbytte			42 651 560
Kortsiktig konserngjeld		1 164 408	1 263 306
Accrued interest		1 442 777	722 321
Other current liabilities		112 785	18 237 914
Sum kortsiktig gjeld		3 490 265	63 127 268
Sum gjeld		544 277 839	665 454 004
SUM EGENKAPITAL OG GJELD		747 399 492	829 112 589



Skattedirektoratet

Saksbehandler
Jan Hoelstad

Deres dato
11.03.2011

Vår dato
30.03.2011

Telefon
22077325

Deres referanse
Jørn Knutsen

Vår referanse
2011/327976

Ernst & Young AS
Postboks 6163, Postterminalen
5892 Bergen

Dispensasjon fra kravet om utarbeidelse av årsregnskap og -beretning på norsk språk

Det vises til deres brev av 11. mars 2011 samt e-post av 30. mars 2011 med supplerende opplysninger i sakens anledning. 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. Da det er etablerte enkelte nye selskap i konsernet samt at er gjort endringer i konsernstruktur og eierskap for enkelte av de tidligere selskapene søkes det på nytt om dispensasjon for følgende selskap:

- Knutsen NYK Offshore Tankers AS org. nr: 995 221 713
- samt følgende datterselskap:
 - Knutsen Bøyelaster XI KS org. nr: 986 224 610
 - Knutsen Bøyelaster XI AS org. nr: 986 224 602
 - Knutsen Bøyelaster II KS * org. nr: 959 321 752
 - Knutsen Bøyelaster II AS org. nr: 959 321 663
 - Knutsen Bøyelaster III KS * org. nr: 959 505 349
 - Knutsen Bøyelaster III AS org. nr: 959 504 822
 - Knutsen Shuttle Tankers XII KS org. nr: 991 959 610
 - Knutsen Shuttle Tankers XII AS org. nr: 991 959 556
 - Knutsen Produkt Tanker IV KS * org. nr: 961 068 355
 - Knutsen Produkt Tanker IV AS org. nr: 961 068 177
 - Knutsen Bøyelaster VI KS org. nr: 971 585 579
 - Knutsen Bøyelaster VI AS org. nr: 993 011 681
 - Knutsen Bøyelaster VIII KS org. nr: 979 539 649
 - Knutsen Bøyelaster VIII AS org. nr: 993 010 596
 - Knutsen Bøyelaster IX KS org. nr: 979 685 521
 - Knutsen Bøyelaster IX AS org. nr: 879 685 362
 - Knutsen Terminal Tanker AS org. nr: 945 404 191
 - Knutsen Newfoundland Chartering AS org. nr: 990 356 963
 - Knutsen Shuttle Tankers 2 AS org. nr: 992 593 903
 - Knutsen Offshore KS org. nr: 893 435 832
 - Knutsen Offshore AS org. nr: 992 593 881

Postadresse

Postboks 9200 Grønland
0134 Oslo

For elektronisk henvendelse se www.skatteetaten.no

Besøksadresse

Se www.skatteetaten.no
Org. nr: 996250318

Sentralbord

800 80 000
Telefaks

22 17 08 60



- Knutsen Produkt Tanker V AS org. nr: 979 976 445
- Knutsen Shuttle Tankers Pool AS org. nr: 982 302 536
- Knutsen Atlantic Chartering AS org. nr: 984 963 262
- Knutsen Canadian Chartering AS org. nr: 984 963 270
- Knutsen Offshore Tankers AS org. nr: 995 206 870
- Knutsen Offshore Tankers 2 AS org. nr: 995 206 862
- Knutsen Shuttle Tankers 3 AS org. nr: 995 146 584
- Knutsen NYK Management AS org. nr: 996 124 916
- Knutsen Shuttle Tanker 13 AS org. nr: 996 661 016
- Knutsen Tankers 2 AS org. nr: 992 593 792
- Knutsen Tankers 3 AS org. nr: 992 593 814

Alle datterselskapene er eid 100 % med unntak av selskapene merket med *. I de tre selskapene som også har andre eiere, utgjør disse andre eierne et lite antall og kan anses som etablerte investorer.

Søknad:

Fra deres brev gjengis:

"TS Shipping Invest AS etablerte det 100 % eide datterselskapet Knutsen Offshore Tankers ASA (KOT) i februar 2010. I april 2010 ble hele bøyelastervirksomheten i konsernet flyttet inn under KOT, hvor en rekke av de selskapene som var søkt avleggelse av regnskaper på engelsk fulgte med.

I desember 2010 solgte TS Shipping Invest AS seg ned til 50 % i KOT ved at det japanske rederiet NYK Line gikk inn på eiersiden og overtok 50 % av aksjene. Selskapet skiftet navn til Knutsen NYK Offshore Tankers AS (KNOT).

Alle selskapene i KNOT konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper. Som tidligere beskrevet er brukerne av regnskapene hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften (ansatte, kunder, leverandører etc.). Nytt fra tidligere er at den andre eieren NYK Line er engelskspråklig. Aksjonærstrukturen er begrenset til 2 hovedeiere.

Selskapets virksomhet er finansiert av en rekke norske og internasjonale banker. Ettersom finansieringen i all hovedsak gjøres via syndikerte banklån er det et krav fra bankene at regnskapene oversettes til i engelsk språkdrakt.

Også de aller fleste av selskapenes kunder og leverandører og andre brukerne har engelsk som sitt naturlige språk/forretningspråk..."

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.

I forhold til tidligere gitte dispensasjon, har det kommet inn japanske interessenter i tillegg på eiersiden. For øvrig anses øvrige sentrale faktorer som fortsatt til stede. Dette gjelder også de nyetablerte selskapene.

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

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Jan Høelstad



Admincontrol

List of Signatures Page 1/1

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Name	Method	Signed at
Seglem, Trygve	BANKID	2023-03-13 12:50 GMT+01
Domyo, Takashi	BANKID	2023-03-13 12:47 GMT+01
Dahl, Karl Gerhard B	BANKID	2023-03-13 12:17 GMT+01



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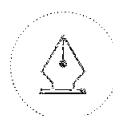
Knutsen Shuttle Tankers XII KS Annual Report 2022



M/T “Fortaleza Knutsen”

M/T “Recife Knutsen”

KNOT
Offshore Partners LP



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KNUTSEN SHUTTLE TANKERS XII KS

REPORT OF THE BOARD OF DIRECTORS

2022

Knutsen Shuttle Tankers XII KS owns two afra-max shuttle tankers. The partnership has registered office address in Haugesund, Norway and is managed from that location.

There are no employees in the partnership, and the daily operations of the partnership are managed by KNOT Management AS in Haugesund in accordance with separate agreement.

The partnerships' activity

The partnership got delivery of two afra-max shuttle tankers from COSCO Nantong Shipyard in Shanghai, China in 2011. The vessels were chartered to Transpetro International Company B.V., a Transpetro group company for operation offshore Brazil on a 12-year bareboat charter party agreement from delivery at yard.

KNOT Management AS is operating the vessels on behalf of the charter.

Result for the year

The partnership got a freight income of NOK 206 756 177 in 2022 (NOK 193 391 229 in 2021). The operating result for the year 2022 was NOK 151 573 023 compared to NOK 135 649 144 in 2021. The financial result was minus NOK 36 742 404 in 2022, compared to minus NOK 27 970 481 in 2021. The result for the year was NOK 114 830 619 compared to NOK 107 678 663 in 2021. The result will be transferred to other equity.

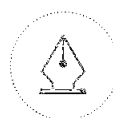
Total cash flow from operating activities in the partnership was positive with NOK 169 986 943, compared to NOK 175 927 882 in 2021. The Partnership has used NOK 205 417 413 to pay the ordinary installments on the mortgage debt and pay extraordinary dividend by using the cashflow from operations and NOK 35 430 4770 from the company cash balance during the year. The liquidity balance was NOK 8 253 864 as at 31.12.2022 (NOK 43 684 334 as of 31.12.2021).

The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern.

The environment safety and quality control

The requirements for safety and operation of ships are increasing, and the partnership, the group and the manager KNOT Management AS are concerned with operational excellence. Partnership's fleet consists of modern ships which 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 stakeholders. The partnership 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 operation of the vessel can affect the external environment through emissions to air and water and the Partnership and the manager therefor has a high focus on health environment and safety work. The Partnership and manager are concerned with environmental considerations when implementing projects, and environmental considerations are included in all stages from



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planning and implementation from operation, maintenance, sorting and recycling. The manager and the crew focus on minimize the energy consumption and reduce 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 2022.

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

The Partnership and the other companies in the Norwegian part of the group are working with the implementation and statement required in the Norwegian Transparency Act (Norw. "Åpenhetsloven") and plan to publish the statement of the work on the Group web page before the reporting deadline 30 June 2023.

Future prospects

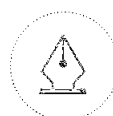
The partnership and several group companies have financed the vessels with a fleet loan agreement that is up for refinancing in third quarter 2023, but the entities plan to close a refinancing of the loan in first half of 2023. The Partnerships vessels are performing on bareboat charterparties that expire in March and August this year. The manager and the Partnership have started the process searching for new employment for the vessels and expect to secure new contracts for the vessels before or around expiry of the existing contracts. The Board expects that 2023 will be a satisfactory year for the Partnership and the Board expect to continue with quarterly dividend payments again when the refinancing and new contracts have been secured.

Haugesund, March 13, 2023

Trygve Seglem
Chairman of the Board/CEO

Karl Gerhard Bråstein Dahl
Board member

Takashi Domyo
Board member



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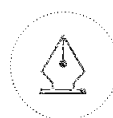
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Knutsen Shuttle Tankers XII KS

Profit & Loss Account

	Note	2022	2021
<u>Operating Income</u>			
Freight income	1	206 756 177	193 391 229
<i>Total Operating Income</i>		<u>206 756 177</u>	<u>193 391 229</u>
<u>Operating Expenses</u>			
Commissions		5 917 004	5 227 640
Administration expenses	2	2 383 195	1 995 753
<i>Total Operating Expenses</i>		<u>8 300 199</u>	<u>7 223 393</u>
<i>Operating result before depreciation</i>		<u>198 455 979</u>	<u>186 167 836</u>
Ordinary depreciation	3	46 882 956	50 518 692
<i>Total depreciation</i>		<u>46 882 956</u>	<u>50 518 692</u>
<i>Operating Result</i>		<u>151 573 023</u>	<u>135 649 144</u>
<u>Financial Income and Expenses</u>			
Financial income	4	391 647	6
Foreign exchange profit/loss		3 765 892	3 170 134
Financial expenses	4	-40 899 943	-31 140 621
<i>Net Financial Items</i>		<u>-36 742 404</u>	<u>-27 970 481</u>
<i>Result for the year</i>		<u>114 830 619</u>	<u>107 678 663</u>



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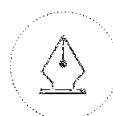
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Knutsen Shuttle Tankers XII KS

Balance Sheet as of 31. December

<u>ASSETS</u>	Note	2022	2021
<u>Fixed Assets</u>			
Vessels	3	737 514 885	784 397 841
<i>Total Fixed Assets</i>		<u>737 514 885</u>	<u>784 397 841</u>
<u>Current Assets</u>			
Other short-term receivables	10	187 791	375 227
Current receivables group		1 442 953	655 187
Bank deposits	6	8 253 864	43 684 334
<i>Total Current Assets</i>		<u>9 884 607</u>	<u>44 714 748</u>
<i>ASSETS</i>		<u>747 399 492</u>	<u>829 112 589</u>



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Knutsen Shuttle Tankers XII KS

Balance Sheet as of 31. December

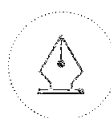
<u>Shareholders Equity and Liabilities</u>	Note	2022	2021
<u>Equity</u>			
Company capital		44 500 000	44 500 000
<i>Total paid in capital</i>		<u>44 500 000</u>	<u>44 500 000</u>
Other equity		158 621 653	119 158 584
<i>Total Equity</i>	7, 8	<u>203 121 653</u>	<u>163 658 584</u>
<u>Other non-current liabilities</u>			
Mortgage debt	9	540 787 574	602 326 737
<i>Total Long Term Debt</i>		<u>540 787 574</u>	<u>602 326 737</u>
<u>Current Liabilities</u>			
Accounts payable	10	770 295	252 167
Accrued interest		1 442 777	722 321
Current liabilities group		1 164 408	1 263 306
Dividends		0	42 651 560
Other current liabilities		112 785	18 237 914
<i>Total Current Liabilities</i>		<u>3 490 265</u>	<u>63 127 268</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>747 399 492</u>	<u>829 112 589</u>

Haugesund, March 13, 2023,

Trygve Seglem
chairman of the board

Karl Gerhard Bråstein Dahl
member of the board

Takashi Domyo
member of the board



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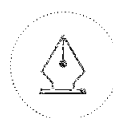


Knutsen Shuttle Tankers XII KS

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.

	2022	2021
Result before tax	114,830,619	107,678,663
+ Ordinary depreciation	46,882,956	50,518,692
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	23,612,717	15,362,854
+ Financial expenses - liabilities to financial institutions	2,246,424	2,394,439
= Total generated from operations	187,572,715	175,954,648
+ Net received on current assets	-600,330	-599,802
+ Net received on current liabilities	-16,985,442	573,036
Net cashflow from operations	169,986,943	175,927,882
<u>Cashflow from investments</u>		
Net cashflow from investments	0	0
<u>Cashflow from financing</u>		
Repayment of liabilities to financial institutions	-87,398,303	-79,148,440
Dividend paid-out	-118,019,110	-89,330,230
Net cashflow from financing	-205,417,413	-168,478,670
Net cashflow for the year	-35,430,470	7,449,212
+ Bank deposits per 01.01.	43,684,334	36,235,122
= Bank deposits per 31.12.	8,253,864	43,684,334



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Knutsen Shuttle Tankers XII KS

Notes to Financial Statements 31.12.2022

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

Transactions in foreign currency is recorded at the rate of exchange on the day the transaction is carried out. Assets and liabilities in foreign currencies, that are not used for hedging purposes, are valued at the exchange rate on the date of the balance. Bare boat charter hire in foreign currency for a calendar month is recorded at the rate of exchange on the first day with contract revenue of the month.

Related party transactions

The Company has undertaken several agreements and transactions with related parties in the Knutsen NYK Offshore Tankers Group and KNOT Offshore Partners Group. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management AS delivers services to the Partnership performed by corporate functions like management, legal, accounting and controlling, risk management and commercial management.

1 Contracts

The Partnership has agreed 12-year bareboat charterparties with Transpetro International Company B.V., a Transpetro group company, for M/T Fortaleza Knutsen and M/T Recife Knutsen from the delivery in 2011.

The income from the bareboat 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 has been appointed by the charterer as ship manager for the vessels and manager for the company. KNOT Management AS delivers services to the Partnership performed by corporate functions like management, legal, accounting and controlling, risk management and commercial management.

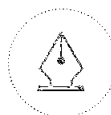
2 Employees and remuneration

The company has no employees and thereby no pension liabilities (under the new OTP regulation).

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 (not including VAT):

	<u>2022</u>	<u>2021</u>
Audit	40,103	18,819
Tax advice	0	0
Other services besides audit	0	0
	<u>40,103</u>	<u>18,819</u>



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3 Fixed Assets and Dry-Docking

The total cost of the vessel is capitalised at delivery and depreciated linearly over the expected life time. 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. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed. Dry-docking is covered by the charterer in accordance with the bareboat charterparties.

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.

<u>Vessels</u>	<u>2022</u>	<u>2021</u>
Historical value 1.1.	1,353,842,328	1,353,842,328
Acc. Depreciation 1.1	569,444,487	518,925,795
Book Value 1.1	784,397,841	834,916,533
Ordinary annual depreciation	46,882,956	50,518,692
Book value 31.12.	737,514,885	784,397,841

The company changed in third quarter 2021 the useful life estimate for M/T Fortaleza Knutsen og M/T Recife 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 25 years to estimated net sales price at end the new estimated end of life.

4 Financial Income and -Expenses

	<u>2022</u>	<u>2021</u>
Financial Income:		
Interest income	391,647	6
Total financial income	391,647	6
Financial expenses:		
Interest expenses	36,735,291	27,063,355
Guarantee expenses group	3,798,706	3,767,855
Other financial expenses	365,945	309,411
Total financial expenses	40,899,943	31,140,621

5 Tax

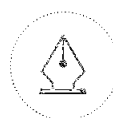
Knutsen Shuttle Tankers XII KS is not tax liable as each partner is taxed directly on its share of the partnership. Consequently the company does not calculate and record deferred tax in the profit and loss account.

Tax income for distribution among the participants is calculated based on that all partners are tonnage taxed. Tax income is calculated based on accounting earnings and the permanent and temporary differences between accounting and tax values at the end of the financial year.

Tax based profit/loss for allocation to partners of tonnage tax:

A specification of the difference between the accounting financial result and this year tax base for the distribution between participants is given below:

	<u>2022</u>	<u>2021</u>
Net financial result	-36,742,404	-27,970,481
Non-deductible interest / taxable interest	33,441,853	20,390,692
Foreign exchange gain/loss, not taxable	-4,114,834	-3,285,998
Tax base for the year for allocation to partners	-7,415,386	-10,865,787



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6 Bank deposits

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

7 Equity

Specification of the partnership capital per 31.12

Description	Capital 31.12	Uncalled capital	Called and paid in
General partner's capital	4,450,000	0	4,450,000
Limited partnership capital	40,050,000	0	40,050,000
Total capital	44,500,000	0	44,500,000
Other equity 1.1			119,158,584
Dividends			-75,367,550
Result for the year			114,830,619
Total equity 31.12			203,121,653

Knutsen Shuttle Tankers XII KS is controlled 100% by KNOT Offshore Partners LP. Accounting for the Group can be obtained from the website, <http://knotoffshorepartners.com/>.

The owners of the company are Knutsen Shuttle Tankers XII AS (10%) and KNOT Shuttle Tankers 12 AS (90%).

8 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.

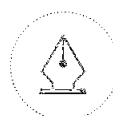
9 Mortgage Debt and Financial Instruments

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 uneffective part of the hedging over financial items.

	Currency	Outstanding currency	Hedge accounting rate	2022	2021
Mortgage debt	USD	76,668,400	7.0722	542,214,258	605,999,845
Debt issuance cost				-1,426,685	-3,673,108
Liabilities til financial institutions				540,787,574	602,326,737



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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 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.

	<u>2022</u>	<u>2021</u>
Foreign exchange gain/-loss not taken over profit and loss (i.e. off-balance):	-217,308,913	-151,161,495

Amounts due within 12 months of the balance sheet date:

Mortgage debt	542,214,258	63,785,586
Debt issuance cost	-1,426,685	-2,246,422
Liabilities to financial institutions	<u>540,787,573</u>	<u>61,539,164</u>

Repayment profile: based on expected refinancing

0 - 12 months	9,019,200	9,019,200
13 - 24 months	9,019,200	9,019,200
25 - 36 months	9,019,200	9,019,200
37 - 48 months	9,019,200	9,019,200
49 - 60 months	9,019,200	9,019,200
After 60 months	<u>31,572,400</u>	<u>40,592,000</u>
	76,668,400	85,688,000

The exchange rate at the year-end	USDNOK	9.9066	8.8363
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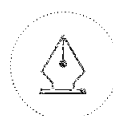
Security for the loans is made through first priority mortgage over each vessel, first priority in assignment of earnings, insurance and requisition compensation in respect of each vessel, first priority assignment of charterparty in respect of each vessel, first priority earnings account pledge and pledged security in the USD bank account.

Book value of mortgaged assets is NOK 747 million per 31.12.2022

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.

	<u>Currency</u>	<u>2022</u>	<u>2021</u>
Outstanding fixed interest rate swaps	USD	25,000,000	25,000,000
Mark to market valuation	USD	939,696	-1,535,961



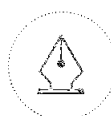
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10 Balances with related parties

	<u>2022</u>	<u>2021</u>
<u>Accounts payable related parties</u>		
KNOT Management AS	232,361	252,167
<u>Other short-term receivables</u>		
Knutsen OAS Shipping AS	0	1,697



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INDEPENDENT AUDITOR'S REPORT

To the Partnership Meeting of Knutsen Shuttle Tankers XII KS

Opinion

We have audited the financial statements of Knutsen Shuttle Tankers XII KS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and 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 2022 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 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, 13 March 2023
ERNST & YOUNG AS

(The auditor's report is signed electronically)

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Independent auditor's report - Knutsen Shuttle Tankers XII KS 2022

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Johan Nordby

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