



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

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

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 28.03.2023



Resultatregnskap

| Beløp i: NOK | Note | 2021 | 2020 |
|---|------|--------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Freight income | 3, 7 | 112 300 150 | 167 446 910 |
| Other income | | 75 292 | 42 931 |
| Sum inntekter | | 112 375 442 | 167 489 841 |
| Kostnader | | | |
| TC Hire | | 56 472 734 | |
| Crew-hire | 12 | 29 824 899 | 28 964 976 |
| Ordinary depreciation | 5 | 37 299 038 | 39 141 336 |
| Other operating expenses | | 13 382 010 | 14 373 152 |
| Administration | 11 | 6 149 879 | 6 294 743 |
| Sum kostnader | | 143 128 562 | 88 774 207 |
| Driftsresultat | | -30 753 120 | 78 715 634 |
| Finansinntekter og finanskostnader | | | |
| Financial income | 6 | 10 345 252 | 4 757 293 |
| Foreign exchange gain/loss | | 2 886 113 | -29 699 864 |
| Sum finansinntekter | | 13 231 365 | -24 942 571 |
| Financial expenses | 6 | 13 437 854 | 17 672 613 |
| Sum finanskostnader | | 13 437 854 | 17 672 613 |
| Netto finans | | -206 488 | -42 615 184 |
| Ordinært resultat før skattekostnad | | -30 959 608 | 36 100 450 |
| Taxes | 13 | -8 476 421 | 7 949 163 |
| Ordinært resultat etter skattekostnad | | -22 483 187 | 28 151 287 |
| Årsresultat | | -22 483 187 | 28 151 287 |
| Årsresultat etter minoritetsinteresser | | -22 483 187 | 28 151 287 |
| Totalresultat | | -22 483 187 | 28 151 287 |



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|--|-------------|--------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Utsatt skattefordel | 13 | | |
| Varige driftsmidler | | | |
| Vessel | 5, 7, 13 | 120 414 430 | 142 640 919 |
| Sum varige driftsmidler | | 120 414 430 | 142 640 919 |
| Finansielle anleggsmidler | | | |
| Lån til foretak i samme konsern | | 32 122 233 | 113 744 605 |
| Investeringer i tilknyttet selskap | 6 | | 18 697 157 |
| Sum finansielle anleggsmidler | | 32 122 233 | 132 441 762 |
| Sum anleggsmidler | | 152 536 663 | 275 082 681 |
| Omløpsmidler | | | |
| Varer | | | |
| Inventories | 4 | 1 834 963 | 1 323 227 |
| Sum varer | | 1 834 963 | 1 323 227 |
| Fordringer | | | |
| Receivables | 8 | 1 734 197 | 1 486 094 |
| Konsernfordringer | | 56 179 849 | 32 310 010 |
| Sum fordringer | | 57 914 046 | 33 796 104 |
| Bankinnskudd, kontanter og lignende | | | |
| Bank deposits | 2 | 24 038 429 | 33 263 841 |
| Sum bankinnskudd, kontanter og lignende | | 24 038 429 | 33 263 841 |
| Sum omløpsmidler | | 83 787 439 | 68 383 171 |
| SUM EIENDELER | | 236 324 102 | 343 465 852 |



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|--|-------|--------------------|--------------------|
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Share capital | 9, 10 | 100 000 | 100 000 |
| Sum innskutt egenkapital | | 100 000 | 100 000 |
| Other equity | | | |
| Sum egenkapital | 9 | 100 000 | 100 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Utsatt skatt | 13 | 12 753 444 | 15 731 044 |
| Sum avsetninger for forpliktelser | | 12 753 444 | 15 731 044 |
| Annen langsiktig gjeld | | | |
| Gjeld til kredittinstitusjoner | 7 | | |
| Other non-current liabilities | | 208 864 785 | 255 693 254 |
| Sum annen langsiktig gjeld | | 208 864 785 | 255 693 254 |
| Sum langsiktig gjeld | | 221 618 229 | 271 424 298 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 8 | 2 045 471 | 3 174 556 |
| Kortsiktig konserngjeld | | 4 846 421 | 68 524 552 |
| Other current liabilities | | 7 713 981 | 242 447 |
| Sum kortsiktig gjeld | | 14 605 873 | 71 941 555 |
| Sum gjeld | | 236 224 102 | 343 365 853 |
| SUM EGENKAPITAL OG GJELD | | 236 324 102 | 343 465 852 |



KNOT Shuttle Tankers 23 AS

Annual Report 2021



M/T “ Grena Knutsen”



Knutsen
Group





KNOT SHUTTLE TANKERS 23 AS

REPORT OF THE BOARD OF DIRECTORS 2021

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 has been operated in Knutsen Shuttle Tankers Pool AS. For a period in 2021 and until early January 2022 the vessel has been chartered out to Equinor and the company have chartered back MT Eagle Bergen in a combined swap arrangement. MT Eagle Bergen has replaced MT Grena Knutsen in the shuttle pool during the swap arrangement and..

Result for the year

The operating result for KNOT Shuttle Tankers 23 AS was minus NOK 30 753 120 in 2021 compared to NOK 78 715 634 in 2020. After net financial loss of NOK 206 488 in 2021, against a loss of NOK 42 615 184 in 2020, the results of the year were minus NOK 22 483 187 in 2021 compared to NOK 28 151 287 in 2020.

The Board of Directors proposes to cover the loss for the year with received taxable and non-taxable group contribution.

Total cash flow from operating activities in the company was negative with NOK 9 550 032 compared to NOK 102 651 418 in 2020. The liquidity position was NOK 24 038 429 as per 31.12.2021 compared to NOK 33 263 841 as per 31.12.2020. 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 2021 USD 27.4 million.

The company's short-term debt per 31.12.2021 was 6 % of total debt (21 % in 2020).

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 236 324 102, NOK 343 465 852 at the end of 2020. The equity share as of 31.12.2021 was 0.04 %, compared to 0.03% 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.

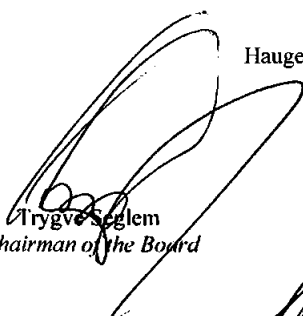
The company is not aware of any significant pollution to the external environment, and the Board of Directors considers the working conditions onboard the ships as satisfactory. The vessel is certified in accordance with both ISM code and the ISPS code.

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 operated in North Europe through Knutsen Shuttle Tankers Pool AS, lifting the charterers oil on different offshore oil fields. Based on the operation of the vessel in 2021, the long-term finance lease of the vessel and the employment in Knutsen Shuttle Tankers Pool AS, the Board of Directors of KNOT Shuttle Tankers 23 AS expects 2022 to be a satisfactory year for the vessel and the company.


Haugesund, February 24, 2022



Trygve Seglem
Chairman of the Board



Takashi Domyo
Member of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



KNOT Shuttle Tankers 23 AS

Profit & Loss Account

| | Note | 2021 | 2020 |
|---|------|---------------------------|---------------------------|
| <u>Operating Income</u> | | | |
| Freight income | 3, 7 | 112 300 150 | 167 446 910 |
| Other income | | 75 292 | 42 931 |
| <i>Total Operating income</i> | | <u>112 375 442</u> | <u>167 489 841</u> |
| <u>Operating Expenses</u> | | | |
| TC Hire | | 56 472 734 | 0 |
| Crew-hire | 12 | 29 824 899 | 28 964 976 |
| Other operating expenses | | 13 382 010 | 14 373 152 |
| Administration | 11 | 6 149 879 | 6 294 743 |
| <i>Total Operating Expenses</i> | | <u>105 829 523</u> | <u>49 632 871</u> |
| Ordinary depreciation | 5 | 37 299 038 | 39 141 336 |
| <i>Total depreciation and write-downs</i> | | <u>37 299 038</u> | <u>39 141 336</u> |
| <i>Operating Result</i> | | <u>-30 753 120</u> | <u>78 715 634</u> |
| <u>Financial Income and Expenses</u> | | | |
| Financial income | 6 | 10 345 252 | 4 757 293 |
| Foreign exchange gain/loss | | 2 886 113 | -29 699 864 |
| Financial expenses | 6 | -13 437 854 | -17 672 613 |
| <i>Net Financial Items</i> | | <u>-206 488</u> | <u>-42 615 184</u> |
| <i>Result before taxes</i> | | <u>-30 959 608</u> | <u>36 100 450</u> |
| Taxes | 13 | -8 476 421 | 7 949 163 |
| <i>Result for the year</i> | | <u>-22 483 187</u> | <u>28 151 287</u> |



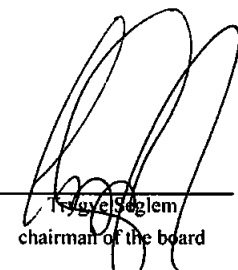
KNOT Shuttle Tankers 23 AS
Balance Sheet as of 31. December

| <u>Assets</u> | Note | 2021 | 2020 |
|--------------------------------|----------|---------------------------|---------------------------|
| <u>Fixed assets</u> | | | |
| Vessel | 5, 7, 13 | 120 414 430 | 142 640 919 |
| Loan to group companies | | 32 122 233 | 113 744 605 |
| Investments in group companies | 6 | 0 | 18 697 157 |
| <i>Total Fixed Assets</i> | | <u>152 536 663</u> | <u>275 082 681</u> |
| <u>Current Assets</u> | | | |
| Inventories | 4 | 1 834 963 | 1 323 227 |
| Receivables | 8 | 1 734 197 | 1 486 094 |
| Current receivables group | | 28 197 841 | 10 489 370 |
| Group contribution | | 27 982 008 | 21 820 640 |
| Bank deposits | 2 | 24 038 429 | 33 263 841 |
| <i>Total Current Assets</i> | | <u>83 787 439</u> | <u>68 383 171</u> |
| <i>TOTAL ASSETS</i> | | <u>236 324 102</u> | <u>343 465 852</u> |



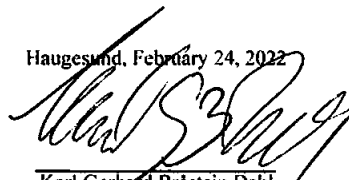
KNOT Shuttle Tankers 23 AS
Balance Sheet as of 31. December

| <u>Shareholders Equity and Liabilities</u> | Note | 2021 | 2020 |
|---|-------|--------------------|--------------------|
| <u>Equity</u> | | | |
| Share capital | 9, 10 | 100 000 | 100 000 |
| <i>Total capital paid-in</i> | | <u>100 000</u> | <u>100 000</u> |
| Other equity | | 0 | 0 |
| <i>Total Shareholders' Equity</i> | 9 | <u>100 000</u> | <u>100 000</u> |
| <u>Long Term Liabilities</u> | | | |
| Deferred tax | 13 | 12 753 444 | 15 731 044 |
| Other non-current liabilities | | 208 864 785 | 255 693 254 |
| <i>Total Long Term Liabilities</i> | | <u>221 618 229</u> | <u>271 424 298</u> |
| <u>Current Liabilities</u> | | | |
| Accounts payable | 8 | 2 045 471 | 3 174 556 |
| Current liabilities group | | 4 846 421 | 4 457 979 |
| Group contribution | | 0 | 64 066 573 |
| Other current liabilities | | 7 713 981 | 242 447 |
| <i>Total Current Liabilities</i> | | <u>14 605 873</u> | <u>71 941 555</u> |
| <i>Total liabilities</i> | | <u>236 224 102</u> | <u>343 365 853</u> |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | <u>236 324 102</u> | <u>343 465 852</u> |

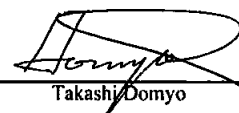


Torvill Sjøglen
chairman of the board

Haugesund, February 24, 2022



Karl Gerhard Bråstein Dahl
member of the board



Takashi Domyo
member of the board



KNOT SHUTTLE TANKERS 23 AS

CASHFLOW STATEMENT

| | 2021 | 2020 |
|--|--------------------------|--------------------------|
| Total generated from operations 1) | 2 187 388 | 112 125 955 |
| Change in working capital | <u>-16 446 585</u> | <u>-9 474 537</u> |
| Net cashflow from operations | <u>-14 259 197</u> | <u>102 651 418</u> |
| Drydocking investment | -15 072 549 | 0 |
| Investments in group companies | 26 143 347 | -7 997 220 |
| Net change in loans to group companies | <u>84 454 257</u> | <u>-7 454 851</u> |
| Net cashflow from investments | <u>95 525 055</u> | <u>-15 452 071</u> |
| Group contribution net | -42 245 933 | -25 991 120 |
| Net repayment financial lease | -48 245 337 | -55 585 631 |
| Net cashflow from financing | <u>-90 491 270</u> | <u>-81 576 751</u> |
| Net cashflow for the year | -9 225 412 | 5 622 596 |
| + Cash balance per 01.01 | <u>33 263 841</u> | <u>27 641 245</u> |
| = Cash Balance per 31.12. | <u>24 038 429</u> | <u>33 263 841</u> |
| 1) Generated from operations: | | |
| Result for the year before tax | -30 959 608 | 36 100 450 |
| + Ordinary depreciation | 37 299 038 | 39 141 336 |
| + Gain sale shares in group companies | -7 451 336 | 0 |
| + Loss sale shares in group companies | 5 146 | 0 |
| + Currency loss (- gain) group debt | -2 831 885 | 26 170 156 |
| + Currency loss (- gain) mortgage debt | <u>6 126 033</u> | <u>10 714 013</u> |
| = Total generated from operations | <u>2 187 388</u> | <u>112 125 955</u> |



KNOT SHUTTLE TANKERS 23 AS

Notes to the Financial Statement 31.12.2021

1 Accounting Principles

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

Fixed Assets and Dry-Docking

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

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

The fixed assets are valued according to the lowest of the depreciated value and the market value unless the fall in value is assumed to be temporary.

Interest-bearing loan and borrowings

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

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

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

Tax

The 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



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.

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.

Cash flow statement

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

Related party transactions

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

2 Bank deposits

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

3 Contracts

MT Grena Knutsen has been a pool participant in Knutsen Shuttle Tankers Pool AS from November 2020.

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 as per 31.12.

5 Fixed Assets and Dry-Docking

| <u>Vessel</u> | <u>2021</u> | <u>2020</u> |
|------------------------------|-------------|-------------|
| Historical value 01.01. | 272 097 935 | 272 097 935 |
| Acc. Depreciation 01.01. | 134 446 838 | 107 281 082 |
| Book Value 01.01. | 137 651 097 | 164 816 853 |
| Ordinary annual depreciation | 28 792 890 | 27 165 756 |
| Book value 31.12. | 108 858 207 | 137 651 097 |

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

| <u>Dry-Docking</u> | <u>2021</u> | <u>2020</u> |
|---------------------------------------|--------------------|--------------------|
| Capitalised dry-docking | 29 412 746 | 29 412 746 |
| Acc. depreciation 01.01. | 24 422 924 | 12 447 344 |
| Capitalised dry-docking 01.01. | 4 989 823 | 16 965 403 |
| Additions | 15 072 549 | 0 |
| Ordinary annual depreciation | 8 506 148 | 11 975 580 |
| Capitalised 31.12. | 11 556 223 | 4 989 822 |
| Total book value vessel 31.12. | 120 414 430 | 142 640 919 |

6 Financial Income and -Expenses

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-------------|-------------|
| Financial Income: | | |
| Dividend | 138 443 | 0 |
| Gain on sale shares | 7 451 336 | 0 |
| Interest income from group companies | 2 755 425 | 4 687 812 |
| Interest income | 48 | 69 481 |
| Total financial income | 10 345 252 | 4 757 293 |
| Financial expenses: | | |
| Interest expense | 12 029 681 | 15 839 829 |
| Guarantee cost group companies | 1 316 989 | 1 676 566 |
| Other financial expenses | 86 038 | 156 218 |
| Loss on sale shares | 5 146 | 0 |
| Total financial expenses | 13 437 854 | 17 672 613 |



7 Financial Instruments

| | 31-12-21 | USD | Historical rate | Rate as at 31.12 | NOK |
|----------------------|----------|------------|--------------------|---------------------|-------------|
| Financial obligation | | 27 416 119 | 8,4934 | 7,6183 | 208 864 785 |
| Current portion | | 6 434 240 | 8,4934 | 7,6183 | 49 018 103 |

| | 31-12-20 | USD | Historical rate | Rate as at 31.12 | NOK |
|----------------------|----------|------------|--------------------|---------------------|-------------|
| Financial obligation | | 33 562 942 | 8,4934 | 7,6183 | 255 693 254 |
| Current portion | | 6 146 823 | 8,4934 | 7,6183 | 46 828 468 |

The USDNOK exchange rate at the year-end was 8,8363 (8,5375 in 2020)

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 31.12.2021 the not recorded foreign exchange loss (i.e. off-balance) is NOK 33.4 million compared to a loss of NOK 30.9 million as per 31.12.2020.

Book value of mortgaged assets is NOK 120 million (NOK 143 million in 2020).

The estimated outstanding debt per 31.12.2026 is USD 0.



8 Balances with related parties

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|----------------|------------------|
| <u>Receivables</u> | | |
| Knutsen Shuttle Tankers 14 AS | 0 | 5 500 |
| Knutsen O.A.S. Shipping AS | 95 614 | 0 |
| Knutsen O.A.S. Crewing AS | 42 451 | 0 |
| | <u>138 065</u> | <u>5 500</u> |
| <u>Accounts payable</u> | | |
| Knutsen Shuttle Tankers 14 AS | 500 | |
| Knutsen O.A.S. Managment AS | 13 154 | 0 |
| Knutsen O.A.S. Crewing AS | 26 509 | 4 754 |
| Knutsen O.A.S. Shipping AS | 650 438 | 2 048 981 |
| | <u>690 601</u> | <u>2 053 735</u> |

9 Equity

Specification of the equity per 31.12.

| | <u>Share capital</u> | <u>Other equity</u> | <u>Total equity</u> |
|------------------------------------|--------------------------|-------------------------|-------------------------|
| Equity 01.01 | 100 000 | 0 | 100 000 |
| Result for the year | 0 | -22 483 187 | -22 483 187 |
| Group contribution, non taxable | 0 | 2 987 368 | 2 987 368 |
| Group contribution, tax deductible | 0 | 19 495 819 | 19 495 819 |
| Equity 31.12. | <u>100 000</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.

10 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.

11 Remuneration

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

| Auditors remuneration (excl. VAT): | <u>2021</u> | <u>2020</u> |
|------------------------------------|---------------|---------------|
| Audit | 84 800 | 51 250 |
| Tax advice | 0 | 0 |
| | <u>84 800</u> | <u>51 250</u> |



12 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.

13 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>31.12.2021</u> | <u>Change</u> | <u>31.12.2020</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
| Temporary difference vessel | 33 978 919 | 8 155 592 | 42 134 511 |
| Temporary difference debt | 23 991 278 | 5 378 956 | 29 370 234 |
| Base for deferred tax calculation | <u>57 970 198</u> | <u>13 534 549</u> | <u>71 504 746</u> |
| Deferred tax/(benefit) based on 22 % | <u>12 753 444</u> | <u>2 977 601</u> | <u>15 731 044</u> |

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

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|--------------------|
| Result for the year before tax | -30 959 608 | 36 100 450 |
| Non-deductible items | -7 569 579 | 32 112 |
| Change in temporary differences | <u>13 534 548</u> | <u>27 934 012</u> |
| Tax base for the year before group contribution | -24 994 640 | 64 066 573 |
| Group contribution | <u>24 994 640</u> | <u>-64 066 573</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% | -5 498 821 | 14 094 646 |
| Change deferred tax/(tax benefit) | <u>-2 977 601</u> | <u>-6 145 482</u> |
| Tax calculated | <u>-8 476 421</u> | <u>7 949 163</u> |



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders Meeting of KNOT Shuttle Tankers 23 AS

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 23 AS (the Company), which comprise the balance sheet as at 31 December 2021, the profit & loss accounts 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 2021 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 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, 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, 24 February 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report – KNOT Shuttle Tankers 23 AS 2021

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Magnus Hegertun Birkeland

Statsautorisert revisor

På vegne av: Ernst & Young AS

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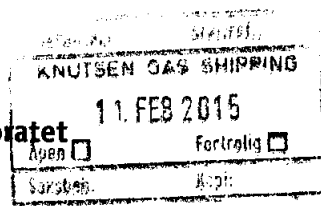
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Skattedirektoratet



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: Sentralbord
Se www.skatteetaten.no 800 80 000
Org.nr: 996250318 Telefaks
E-post: skatteetaten.no/sendepost 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