



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 812 818 252  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KNOT SHUTTLE TANKERS 22 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, 30.04.2021



## Resultatregnskap

Beløp i: NOK	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	3	37 662 335	118 463 793
Annen driftsinntekt		2 315 005	-1 592 349
<b>Sum inntekter</b>		<b>39 977 340</b>	<b>116 871 445</b>
<b>Kostnader</b>			
Lønnskostnad	11	16 302 080	25 850 762
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	15 318 444	34 817 691
Annen driftskostnad	10	21 367 304	17 456 374
<b>Sum kostnader</b>		<b>52 987 828</b>	<b>78 124 828</b>
<b>Driftsresultat</b>		<b>-13 010 488</b>	<b>38 746 617</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	5	2 127 208	2 038 626
<b>Sum finansinntekter</b>		<b>2 127 208</b>	<b>2 038 626</b>
Annen finanskostnad	5	1 483 291	4 639 845
<b>Sum finanskostnader</b>		<b>1 483 291</b>	<b>4 639 845</b>
<b>Netto finans</b>		<b>643 917</b>	<b>-2 601 218</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-12 366 572</b>	<b>36 145 398</b>
Skattekostnad på ordinært resultat	12		
<b>Ordinært resultat etter skattekostnad</b>		<b>-12 366 572</b>	<b>36 145 398</b>
<b>Årsresultat</b>		<b>-12 366 572</b>	<b>36 145 398</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-12 366 572</b>	<b>36 145 398</b>
<b>Totalresultat</b>		<b>-12 366 572</b>	<b>36 145 398</b>



## Balanse

Beløp i: NOK	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	12		
<b>Varige driftsmidler</b>			
Skip, rigger, fly og lignende	4, 6		34 555 896
<b>Sum varige driftsmidler</b>			<b>34 555 896</b>
<b>Finansielle anleggsmidler</b>			
Lån til foretak i samme konsern		5 688 632	30 818 966
<b>Sum finansielle anleggsmidler</b>		<b>5 688 632</b>	<b>30 818 966</b>
<b>Sum anleggsmidler</b>		<b>5 688 632</b>	<b>65 374 862</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	13		775 994
<b>Sum varer</b>			<b>775 994</b>
<b>Fordringer</b>			
Andre fordringer	7	66 343	4 170 294
Konsernfordringer		2 483 864	1 165 367
<b>Sum fordringer</b>		<b>2 550 207</b>	<b>5 335 662</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	2	18 098 603	5 253 521
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>18 098 603</b>	<b>5 253 521</b>
<b>Sum omløpsmidler</b>		<b>20 648 809</b>	<b>11 365 176</b>
<b>SUM EIENDELER</b>		<b>26 337 441</b>	<b>76 740 039</b>

## BALANSE - EGENKAPITAL OG GJELD



## Balanse

Beløp i: NOK	Note	2019	2018
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	8, 9	100 000	100 000
<b>Sum innskutt egenkapital</b>		<b>100 000</b>	<b>100 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		23 778 827	36 145 399
<b>Sum opptjent egenkapital</b>		<b>23 778 827</b>	<b>36 145 399</b>
<b>Sum egenkapital</b>	8	<b>23 878 827</b>	<b>36 245 399</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	6		36 003 354
<b>Sum annen langsiktig gjeld</b>			<b>36 003 354</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>36 003 354</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	7	152 347	3 879 415
Betalbar skatt	12		
Kortsiktig konserngjeld			10 205
Annen kortsiktig gjeld	7	2 306 267	601 667
<b>Sum kortsiktig gjeld</b>		<b>2 458 614</b>	<b>4 491 286</b>
<b>Sum gjeld</b>		<b>2 458 614</b>	<b>40 494 640</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>26 337 441</b>	<b>76 740 039</b>



## Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 31.01.2014	Vår dato 11.02.2014
Telefon 22078139	Deres referanse Geir Tore Henriksen	Vår referanse 2014/84494

TS SHIPPING INVEST AS  
Postboks 2017  
5504 HAUGESUND

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

— Det vises til deres brev av 31. januar 2014 der det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

<b>Knutsen LNG AS</b>	<b>org. nr. 913 018 664</b>
<b>Norspan LNG IX AS</b>	<b>org. nr. 912 745 414</b>
<b>Norspan LNG XI AS</b>	<b>org. nr. 913 018 087</b>
<b>Norspan LNG X AS</b>	<b>org. nr. 912 745 449</b>
<b>Umoe LNG AS</b>	<b>org. nr. 913 018 141</b>
<b>KNOT Shuttle Tankers 23 AS</b>	<b>org. nr. 913 154 576</b>
<b>KNOT Shuttle Tankers 22 AS</b>	<b>org. nr. 812 818 252</b>

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper 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.

### Bakgrunn

De overnevnte selskapene er eid 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. som er hjemmehørende i Nederland. TS Shipping Invest AS med en rekke datterselskaper har i tidligere vedtak fått dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk. Selskapene driver virksomhet innen shippingbransjen som er en global bransje hvor engelsk primært benyttes ved kommunikasjon med omverden. Selskapene benytter også engelsk som arbeidsspråk internt. Brukerne av regnskapene er hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften. Styrene i selskapene har medlemmer som ikke er norskspråklige. De norske versjonene av årsregnskapet utarbeides kun for å tilfredsstille regnskapsloven.

### Skattedirektoratets vurdering

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

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



være på et annet språk.”

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

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

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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er 50 % eid av et selskap som er innvilget dispensasjon og 50 % av et nederlandsk selskap. Selskapene opererer i en global bransje hvor engelsk primært benyttes. Arbeidsspråk er også engelsk. Videre er det vektlagt at styrene i selskapene har medlemmer som ikke er norskspråklige.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland



**KNOT** Knutsen  
NYK Offshore  
Tankers

## KNOT Shuttle Tankers 22 AS

### Annual Report 2019



M/T “ Dan Eagle ”



Knutsen  
Group





## **KNOT SHUTTLE TANKERS 22 AS**

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

KNOT Shuttle Tankers 22 AS operates out of Haugesund, Norway and has no employees and working environment. The daily operations of the company are managed by KNOT Management AS in Haugesund in accordance with separate agreement.

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

The company owned until September 2019 M/T Dan Eagle and chartered the vessel out to Petrobras in Brazil on a time-charter party until the vessel was due for the 20-year special survey in May. The vessel was sold to a EU approved demolition yard in Turkey and the vessel have been demolition there. The daily operations of the vessel under operation and under demolition was managed by KNOT Management Denmark A/S in Copenhagen, Denmark. The demolition work is now finished, and the company have received all documentations and certificates related hereto.

The company are now participating in a process of contracting a newbuilding at a newbuilding yard and charter the newbuilding out to an energy on a long-term contract.

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

The operating result for KNOT Shuttle Tankers 22 AS was negative with NOK 13 010 488 in 2019 compared to positive of NOK 38 746 617 in 2018. After net financial income of NOK 643 917 in 2019, net financial expenses of NOK 2 601 218 in 2018, the loss of the year was NOK 12 366 572 in 2019 compared to a profit of NOK 36 145 398 in 2018.

The Board of Directors suggests the result for the year is covered by other equity.

Total cash flow from operating activities in the company was NOK 21 047 648, NOK 77 882 051 in 2018. The liquidity position was NOK 18 098 603 as per 31.12.2019 compared to NOK 5 253 521 as per 31.12.2018. The company's ability to finance its investments is good.

The company's short-term debt per 31.12.2019 was 100 % 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.

Total capital was by the end of the year NOK 26 337 441, NOK 76 740 039 at the end of 2018. The equity share as of 31.12.2019 was 91 % up from 47 % 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 Denmark A/S are concerned with an operational excellence. Knutsen NYK Offshore Tankers Group's fleet consists of 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 the 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 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**

The Company are in dialogue with newbuilding yards and energy companies for agreeing a building contract for a shuttle tanker and charter the vessel out long term. The Board of Directors are also seeking other business opportunities for the company to reinvest in a vessel or a new building.

Haugesund, February 21, 2020



Trygve Seglem  
Chairman of the Board



Karl Gerhard Bråstein Dahl  
Member of the Board



Takashi Domyo  
Member of the Board



**KNOT Shuttle Tankers 22 AS**

**Profit & Loss Account**

	<u>Note</u>	2019	2018
<b><u>Operating Income</u></b>			
Freight income	3	37 662 335	118 463 793
Voyage expenses		-649 810	-1 592 349
Gain from sale of vessel		2 964 815	0
<i>Total Operating income</i>		<u>39 977 340</u>	<u>116 871 445</u>
<b><u>Operating Expenses</u></b>			
Crew-hire	11	16 302 080	25 850 762
Other operating expenses		17 410 846	12 790 976
Administration	10	3 956 457	4 665 398
<i>Total Operating Expenses</i>		<u>37 669 384</u>	<u>43 307 137</u>
Ordinary depreciation	4	15 318 444	34 817 691
<i>Operating Result</i>		<u>-13 010 488</u>	<u>38 746 617</u>
<b><u>Financial Income and Expenses</u></b>			
Financial income	5	1 340 523	893 836
Foreign exchange gain/loss		786 685	1 144 790
Financial expenses	5	-1 483 291	-4 639 845
<i>Net Financial Items</i>		<u>643 917</u>	<u>-2 601 218</u>
<i>Result before taxes</i>		<u>-12 366 572</u>	<u>36 145 398</u>
Taxes	12	0	0
<i>Result for the year</i>		<u>-12 366 572</u>	<u>36 145 398</u>




**KNOT Shuttle Tankers 22 AS**  
**Balance Sheet as of 31. December**

<u>Assets</u>	<u>Note</u>	2019	2018
<b><u>Fixed assets</u></b>			
Vessel	4, 6	0	34 555 896
Loan to group companies		5 688 632	30 818 966
<i>Total Fixed Assets</i>		<u>5 688 632</u>	<u>65 374 862</u>
<b><u>Current Assets</u></b>			
Inventories	13	0	775 994
Other short-term receivables	7	66 343	4 170 294
Intercompany receivables		2 483 864	1 165 367
Bank deposits	2	18 098 603	5 253 521
<i>Total Current Assets</i>		<u>20 648 809</u>	<u>11 365 176</u>
<i>TOTAL ASSETS</i>		<u>26 337 441</u>	<u>76 740 039</u>

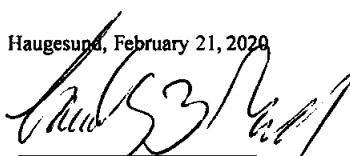



**KNOT Shuttle Tankers 22 AS**  
**Balance Sheet as of 31. December**

<b><u>Shareholders Equity and Liabilities</u></b>	<b><u>Note</u></b>	<b>2019</b>	<b>2018</b>
<b><u>Equity</u></b>			
Share capital	8, 9	100 000	100 000
<i>Total capital paid-in</i>		<u>100 000</u>	<u>100 000</u>
Other equity		23 778 827	36 145 399
<i>Total Shareholders' Equity</i>	8	<u>23 878 827</u>	<u>36 245 399</u>
<b><u>Long Term Debt</u></b>			
Mortgage debt	6	0	36 003 354
<i>Total Long Term Debt</i>		<u>0</u>	<u>36 003 354</u>
<b><u>Current Liabilities</u></b>			
Trade creditors	7	152 347	3 879 415
Accrued interest		0	369 858
Intercompany liabilities		0	10 205
Other current liabilities	7	2 306 267	231 809
<i>Total Current Liabilities</i>		<u>2 458 614</u>	<u>4 491 286</u>
<i>Total liabilities</i>		<u>2 458 614</u>	<u>40 494 640</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>26 337 441</u>	<u>76 740 039</u>

  
Trygve Seglen  
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 22 AS**

**CASHFLOW STATEMENT**

	<b>2019</b>	<b>2018</b>
Total generated from operations 1)	16 554 055	83 721 136
Change in working capital	<u>1 528 778</u>	<u>-5 839 085</u>
Net cashflow from operations	<u>18 082 833</u>	<u>77 882 051</u>
Sold vessel	22 202 267	0
Net lending to group companies	<u>25 130 334</u>	<u>-12 750 694</u>
Net cashflow from investments	<u>47 332 601</u>	<u>-12 750 694</u>
Dividends	0	-32 828 338
Net change mortgage debt	<u>-52 570 352</u>	<u>-49 577 406</u>
Net cashflow from financing	<u>-52 570 352</u>	<u>-82 405 744</u>
Net cashflow for the year	12 845 082	-17 274 387
+ Cash balance per 01.01.	<u>5 253 521</u>	<u>22 527 908</u>
<b>= Cash Balance per 31.12.</b>	<b><u>18 098 603</u></b>	<b><u>5 253 521</u></b>
1) Generated from operations:		
Result for the year before tax	-12 366 572	36 145 398
+ Ordinary depreciation	15 318 444	34 817 691
+ Gain from sale of vessel	-2 964 815	0
+ Amortized debt issuance cost	438 347	553 040
+ Currency loss (- gain) mortgage debt	<u>16 128 652</u>	<u>12 205 007</u>
= Total generated from operations	<u>16 554 055</u>	<u>83 721 136</u>



## KNOT SHUTTLE TANKERS 22 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 residual value at the date 20 years after delivery of the vessel from newbuilding yard.

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.

#### **Tax**

The company have elected to be taxed based on the Norwegian tonnage tax regime. The tonnage tax regime have a list of requirements that companies have to fulfill to qualify for election of the regime, such as minimum 3% direct or indirect ownership in vessels that perform transportation only. The company are restricted to what assets, liabilities and business they can participate in, and the same will apply for underlying companies and/or partnerships.



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

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

### **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.

### **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.

### **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. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management Denmark A/S delivers ship management services for the Company's vessel. Ship management fee includes services like technical management, crewing management, IT and energy management.



## 2 Bank deposits

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

## 3 Contracts

The company has sold the vessel, M/T Dan Eagle in August 2019 and have no current contracts.

KNOT Management Denmark A/S operated as a manager on behalf of the vessel in accordance with management agreements.

## 4 Fixed Assets and Dry-Docking

<u>Vessel</u>	<u>2019</u>	<u>2018</u>
Historical value	96 199 032	96 199 032
Acc. depreciation 01.01.	68 265 602	53 315 308
Book Value 01.01.	27 933 430	42 883 724
Ordinary annual depreciation	8 695 978	14 950 294
Vessel sold	19 237 452	0
Book value 31.12.	0	27 933 430

The economic life of the vessel is estimated to 20 years, and the vessel is depreciated accordingly.

<u>Dry-Docking</u>	<u>2019</u>	<u>2018</u>
Capitalised dry-docking	66 730 731	66 730 731
Acc. depreciation 01.01.	60 108 265	40 240 868
Capitalised dry-docking 01.01.	6 622 466	26 489 863
Ordinary annual depreciation	6 622 466	19 867 397
Capitalised 31.12.	0	6 622 466
Total book value vessel 31.12.	0	34 555 896

## 5 Financial Income and -Expenses

	<u>2019</u>	<u>2018</u>
<b>Financial Income:</b>		
Interest income from group companies	829 175	215 477
Interest income	234 163	283 839
Guarantee income related parties	277 185	394 520
Total financial income	1 340 523	893 836
<b>Financial expenses:</b>		
Interest expense	1 320 794	4 200 362
Guarantee expenses related parties	75 880	354 549
Other financial expenses	86 618	84 934
Total financial expenses	1 483 291	4 639 845



## 6 Mortgage Debt and Financial Instruments

<u>31-12-18</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate as at 31.12</u>	<u>NOK</u>
USD-loan	6 033 333	6,0401	6,0401	36 441 700
Deferred debt issuance costs				-438 347
				<u>36 003 354</u>
Current portion	6 033 333	6,0401	6,0401	36 441 700
Deferred debt issuance costs				-438 347
				<u>36 003 354</u>

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

No security in 2019 after the loan had been repaid.

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.

The loan was fully repaid in 2019.



## 7 Balances with group and associated companies

	<u>2019</u>	<u>2018</u>
<u>Other short-term receivables</u>		
Knutsen O.A.S Shipping AS	0	1 537
<u>Trade creditors</u>		
KNOT Management Denmark A/S	152 347	3 879 415
<u>Other current liabilities</u>		
KNOT Shuttle Tankers 21 AS	0	11 094
Knutsen OAS Shipping AS	57 148	0
KNOT Shuttle Tankers 32 AS	0	665
	<u>57 148</u>	<u>11 759</u>

## 8 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	36 145 399	36 245 399
Result for the year	0	-12 366 572	-12 366 572
Equity 31.12.	<u>100 000</u>	<u>23 778 827</u>	<u>23 878 827</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.

## 9 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.

## 10 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	39 668	38 130
Tax advice	0	0
Other services besides audit	0	0
	<u>39 668</u>	<u>38 130</u>

## 11 Employees

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from KNOT Management Denmark A/S in accordance with a separate management agreement.



## 12 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which in 2019 amounted to NOK 40 132 (NOK 63 466 in 2018). Tonnage tax is classified as an operating expense.

	<u>2019</u>	<u>Change</u>	<u>2018</u>
Loss carried forward	-41 571 508	-9 460 587	-32 110 921
Basis for deferred tax (benefit)	-41 571 508	-9 460 587	-32 110 919
Deferred tax (benefit)	-9 145 732	-2 081 330	-7 064 402
Deferred tax (benefit) booked	0	0	0

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

Taxable result tonnage tax scheme:

	<u>2019</u>	<u>2018</u>
Net financial items	643 919	-2 601 218
Non-deductable currency loss	-10 869 883	-6 220 754
Interest non-deduction	765 380	2 556 557
Taxable income before loss carried forward	-9 460 587	-6 265 416
Change in loss carried forward	9 460 587	6 265 416
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0

## 13 Inventories

Inventories refer to lube oil and stores as per 31.12.



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Statsautoriserte revisorer  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of KNOT Shuttle Tankers 22 AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of KNOT Shuttle Tankers 22 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.



## 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.



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### 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)