



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 921 065 698
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 34 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: 10.03.2022

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			
Operating income	2	143 754 676	18 124 183
Commissions			-11 333 585
Other income		17 186	6 024
Sum inntekter		143 771 862	6 796 622
Kostnader			
Crew-hire	9	23 881 900	11 130 308
Ordinary depreciation	4	42 281 418	10 917 770
Other operating expenses		17 982 366	14 813 405
Administration	6	6 241 738	3 728 372
Sum kostnader		90 387 422	40 589 856
Driftsresultat		53 384 440	-33 793 234
Finansinntekter og finanskostnader			
Financial income	5	31	51 201
Foreign exchange gain/loss		1 155 271	2 043 418
Sum finansinntekter		1 155 302	2 094 619
Financial expenses	5	28 075 522	10 276 137
Sum finanskostnader		28 075 522	10 276 137
Netto finans		-26 920 220	-8 181 517
Ordinært resultat før skattekostnad		26 464 220	-41 974 751
Taxes	10		
Ordinært resultat etter skattekostnad		26 464 220	-41 974 751
Årsresultat		26 464 220	-41 974 751
Årsresultat etter minoritetsinteresser		26 464 220	-41 974 751
Totalresultat		26 464 220	-41 974 751



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	4	917 145 441	959 302 023
Sum varige driftsmidler		917 145 441	959 302 023
Sum anleggsmidler		917 145 441	959 302 023
Omløpsmidler			
Varer			
Inventories	13	1 691 678	1 158 453
Sum varer		1 691 678	1 158 453
Fordringer			
Receivables	12	4 722 676	2 869 993
Konsernfordringer	12		
Sum fordringer		4 722 676	2 869 993
Bankinnskudd, kontanter og lignende			
Bank deposits	3	12 563 695	10 190 504
Sum bankinnskudd, kontanter og lignende		12 563 695	10 190 504
Sum omløpsmidler		18 978 048	14 218 951
SUM EIENDELER		936 123 489	973 520 973
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		30 000	30 000
Overkurs		9 930	9 930
Annen innskutt egenkapital		156 892 503	189 058 013



Balanse

Beløp i: NOK	Note	2021	2020
Sum innskutt egenkapital		156 932 433	189 097 943
Opptjent egenkapital			
Other equity		26 464 220	
Sum opptjent egenkapital		26 464 220	
Sum egenkapital	7, 8	183 396 654	189 097 943
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11, 11	735 071 982	772 327 276
Langsiktig konserngjeld	12		
Sum annen langsiktig gjeld		735 071 982	772 327 276
Sum langsiktig gjeld		735 071 982	772 327 276
Kortsiktig gjeld			
Leverandørgjeld	12	2 928 663	6 660 320
Utbytte		12 281 780	
Kortsiktig konserngjeld	12	510 232	
Accrued interest		591 158	604 198
Other current liabilities		1 343 020	4 831 236
Sum kortsiktig gjeld		17 654 853	12 095 754
Sum gjeld		752 726 835	784 423 030
SUM EGENKAPITAL OG GJELD		936 123 489	973 520 973



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 158495

Enheten

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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: 10.03.2022

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2021: Årsregnskap 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, 23.03.2022



Organisasjonsnr: 921 065 698
KNOT SHUTTLE TANKERS 34 AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating income	2	143 754 676	18 124 183
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Årsresultat		26 464 220	-41 974 751
Årsresultat etter minoritetsinteresser		26 464 220	-41 974 751
Totalresultat		26 464 220	-41 974 751



Annen langsiktig gjeld			
Gjeld til			
kredittinstitusjoner	11, 11	735 071 982	772 327 276
Langsiktig konserngjeld	12		
Sum annen langsiktig gjeld		735 071 982	772 327 276
Sum langsiktig gjeld		735 071 982	772 327 276
Kortsiktig gjeld			
Leverandørgjeld	12	2 928 663	6 660 320
Utbytte		12 281 780	
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Sum gjeld		752 726 835	784 423 030
SUM EGENKAPITAL OG GJELD		936 123 489	973 520 973



Organisasjonsnr: 921 065 698
KNOT SHUTTLE TANKERS 34 AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall aksjer og aksjeeiere

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00

Omløpsmidler Startdato Sluttdato Endring

Skattemessig fremf.undersk. Startdato Sluttdato Endring

Kortsiktig gjeld Startdato Sluttdato Endring



Skatteetaten

TS SHIPPING INVEST AS
Postboks 2017
5504 HAUGESUND

Vår dato
13.02.2019

Din/Deres dato
11.01.2019

Saksbehandler
Henning Stokke

800 80 000
Skatteetaten.no

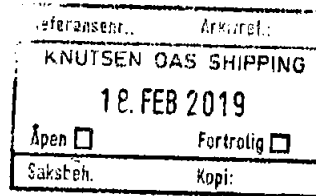
Din/Deres referanse
Petter M Opsal

Telefon
800 80 000

Org.nr
974761076

Vår referanse
2019/5238778

Postadresse
Postboks 9200 Grønland
0134 OSLO



Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk

Vi viser til deres brev av 11. januar 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- | | |
|------------------------------|-------------|
| • KNOT Shuttle Tankers 36 AS | 921 657 595 |
| • KNOT Shuttle Tankers 33 AS | 920 610 455 |
| • KNOT Shuttle Tankers 37 AS | 921 657 633 |
| • KNOT Shuttle Tankers 35 AS | 821 065 852 |
| • KNOT Shuttle Tankers 38 AS | 921 684 789 |
| • KNOT Shuttle Tankers 39 AS | 921 684 762 |
| • KNOT Shuttle Tankers 34 AS | 921 065 698 |
| • Knutsen OAS ML AS | 920 992 153 |
| • Norspan LNG 14 AS | 921 118 546 |
| • Norspan LNG 15 AS | 921 968 450 |

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering selskapene nevnt ovenfor dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

Bakgrunn

Fra søknaden gjengis:

TS Shipping Invest AS ønsker å omfatte flere av selskapene i konsernet til å kunne utarbeide regnskaper og årsberetning på engelsk fra og med regnskapsåret 2018. Alle selskapene i konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper.

Brukerne av regnskapene er hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften (ansatte, kunder, leverandører etc.). Aksjonærstrukturen er begrenset. Noen av selskapene eies 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. De aller fleste av selskapenes kunder og leverandører og andre brukere har engelsk som sitt naturlige språk / forretningspråk. Dette gjelder også konsernets långivere.



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 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 er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapenes eierkrets er begrenset. I tillegg opererer selskapene i en internasjonal bransje, og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Side 2 / 2



KNOT Shuttle Tankers 34 AS

Annual Report 2021



M/T "Tove Knutsen"

KNOT
Offshore Partners LP



KNOT SHUTTLE TANKERS 34 AS

REPORT OF THE BOARD OF DIRECTORS 2021

KNOT Shuttle Tankers 34 AS owns one 153,000 DWT Suez-max DP2 shuttle tanker, M/T Tove Knutsen, delivered from Hyundai Heavy Industries Co., Ltd. in South Korea 28 September 2020.

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 agreements.

The company's activity

The vessel has been chartered to Equinor Shipping Inc., an Equinor ASA company, from 27 November 2020 for operation offshore Brazil on a seven-year time charter agreement with two options of two years followed by 9 options of one year in charters option.

Result for the year

The operating result for KNOT Shuttle Tankers 34 AS was NOK 53 384 440 in 2021 compared to minus NOK 33 793 234 in 2020. After net financial loss of NOK 26 920 220 in 2021, loss of NOK 8 181 517 in 2020, the profit of the year was NOK 26 464 220 in 2021 compared to a loss of NOK 41 974 751 in 2020.

The Board of Directors propose to transfer the profit to other equity. The company have during 2021 paid out NOK 19 883 730 in extraordinary dividend to the owner.

Total cash flow for operational activities was NOK 60 001 057, minus NOK 27 618 744 in 2020. The liquidity position was NOK 12 563 695 as per 31.12.2021 compared to NOK 10 190 504 as per 31.12.2020. The company's ability to finance its investments is good.

The company's short-term debts per 31.12.2021 was 2.3 % of total debt (1.5 % in 2020).

Total capital was by the end of the year NOK 936 123 489, NOK 973 520 973 at de end of 2020. The equity-share as of 31.12.2021 was 20 % compared to 19 % the year before.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since most 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 financial accounts are made on the assumption of a going concern. The Board of Directors confirms the conditions for continued operation. The Board of the Directors is of the opinion that the financial statements give a true and fair reflection of the company's assets and liabilities as well as financial strength and profitability.



The environment safety and quality control

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.

The Company and the manager allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of vessels. There are no indications that the company pollutes the external environment significantly, and the board of directors considers the working conditions as satisfactory. All certificates are valid. The vessel is certified in accordance with both the ISM and ISPS codes.

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. There have not been taken out any board of directors liability insurance.

Prospects

M/T Tove Knutsen is operated on a long-term charter with Equinor Shipping Inc. where the fixed period ends in the 4th quarter of 2027. The charterer and trading area is well known for the manager and the Board of Directors. Based on the operation of the vessel in 2021, the long-term financing of the vessel and the long-term charter-party of the vessel, the Board of Directors of KNOT Shuttle Tankers 34 AS expects 2022 to be a satisfactory year for the vessel and the company.

Haugesund, March 10, 2022



Trygve Seglem
Chairman of the Board



Takashi Domyo
Member of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



KNOT Shuttle Tankers 34 AS

Profit & Loss Account

	<u>Note</u>	2021	2020
<u>Operating Income</u>			
Operating income	2	143 754 676	18 124 183
Commissions		0	-11 333 585
Other income		17 186	6 024
<i>Total Operating income</i>		<u>143 771 862</u>	<u>6 796 622</u>
<u>Operating Expenses</u>			
Crew-hire	9	23 881 900	11 130 308
Other operating expenses		17 982 366	14 813 405
Administration	6	6 241 738	3 728 372
<i>Total Operating Expenses</i>		<u>48 106 004</u>	<u>29 672 086</u>
Ordinary depreciation	4	42 281 418	10 917 770
<i>Operating Result</i>		<u>53 384 440</u>	<u>-33 793 234</u>
<u>Financial Income and Expenses</u>			
Financial income	5	31	51 201
Foreign exchange gain/loss		1 155 271	2 043 418
Financial expenses	5	-28 075 522	-10 276 137
<i>Net Financial Items</i>		<u>-26 920 220</u>	<u>-8 181 517</u>
<i>Result before taxes</i>		<u>26 464 220</u>	<u>-41 974 751</u>
Taxes	10	0	0
<i>Result for the year</i>		<u>26 464 220</u>	<u>-41 974 751</u>




KNOT Shuttle Tankers 34 AS
Balance Sheet as of 31. December

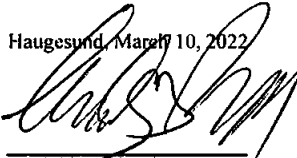
<u>Assets</u>	<u>Note</u>	2021	2020
<u>Fixed assets</u>			
Vessel	4	917 145 441	959 302 023
<i>Total Fixed Assets</i>		<u>917 145 441</u>	<u>959 302 023</u>
<u>Current Assets</u>			
Inventories	13	1 691 678	1 158 453
Receivables	12	4 722 676	2 869 993
Bank deposits	3	12 563 695	10 190 504
<i>Total Current Assets</i>		<u>18 978 048</u>	<u>14 218 951</u>
<i>TOTAL ASSETS</i>		<u>936 123 489</u>	<u>973 520 973</u>

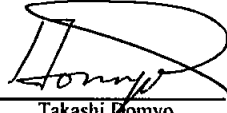


KNOT Shuttle Tankers 34 AS
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2021	2020
Equity			
Share capital		30 000	30 000
Share premium		9 930	9 930
Other paid-in capital		156 892 503	189 058 013
<i>Total capital paid-in</i>		<u>156 932 433</u>	<u>189 097 943</u>
Other equity		26 464 220	0
<i>Total Shareholders' Equity</i>	7, 8	<u>183 396 654</u>	<u>189 097 943</u>
Long Term Debt			
Mortgage debt	11	735 071 982	772 327 276
<i>Total Long Term Debt</i>		<u>735 071 982</u>	<u>772 327 276</u>
Current Liabilities			
Accounts payable	12	2 928 663	6 660 320
Accrued interest		591 158	604 198
Intercompany liabilities	12	510 232	0
Dividends		12 281 780	0
Other current liabilities		1 343 020	4 831 236
<i>Total Current Liabilities</i>		<u>17 654 853</u>	<u>12 095 754</u>
<i>Total liabilities</i>		<u>752 726 835</u>	<u>784 423 030</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>936 123 489</u>	<u>973 520 973</u>


Trygve Beglem
chairman of the board

Haugesund, March 10, 2022

Karl Gerhard Bråstein Dahl
member of the board


Takashi Domyo
member of the board



KNOT Shuttle Tankers 34 AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	69 109 645	-35 083 870
Change in working capital	-9 108 588	7 465 126
Net cashflow from operations	60 001 057	-27 618 744
<u>Cashflow from investments</u>		
Invested in vessel under construction	-124 836	-583 553 731
Net cashflow from investments	-124 836	-583 553 731
<u>Cashflow from financing</u>		
Proceeds from long-term debt	0	608 707 347
Payment of debt issuance cost	0	-392 102
Paid installments mortgage debt	-37 619 301	-69 103 068
Loan from group companies, net change	0	-178 461 505
Net group contribution	0	240 785 255
Dividend paid-out	-19 883 730	0
Net cashflow from financing	-57 503 031	601 535 927
Net cashflow for the year	2 373 191	-9 636 547
+ Cash balance per 01.01.	10 190 504	19 827 051
= Cash Balance per 31.12.	12 563 695	10 190 504
1) Generated from operations:		
Result before tax	26 464 220	-41 974 751
+Ordinary depreciation	42 281 418	10 917 770
+Realized profit/loss on foreign exchange mortgage debt	-1 280 132	-4 481 244
+Amortized debt issuance cost	1 644 139	454 354
= Total generated from operations	69 109 645	-35 083 870



KNOT Shuttle Tankers 34 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.

Income

The income from the charter party is in USD, and income is recorded to the Profit & Loss account when actually earned.

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.

Transactions in Foreign Currency

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.

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.



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.

Financial Instruments

The treatment of foreign exchange and interest rate instruments depends on the intention behind the agreement.

If the intention of the contracts is to hedge the company's exposure against fluctuations in interest rates and foreign exchange rates, then the income and expenses related to the hedging and the corresponding items in the balance sheet are classified in the same manner.

Inventory

Inventories are valued according to the net realisable value principle.

Tax

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



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 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 ship management services for the Company's vessel. Ship management fee includes services like technical management, crewing management, IT and energy management.

2 Contracts

The company has secured employment of the vessel M/T Tove Knutsen, with a 7 year fix time charter contract with charterers option to extend the contract with 2 x 2 + 9 x 1 year options to Equinor Shipping Inc. from delivery under the contract 27th of November 2020.

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

3 Bank deposits

The company doesn't have locked-up bank funds per 31.12

4 Fixed Assets

<u>Vessel</u>	2021	2020
Historical value 1.1.	941 451 149	0
Accumulated depreciation 1.1.	9 479 339	0
Book value 1.1.	931 971 811	0
Delivered new building	0	941 451 149
Additions/Disposals	124 836	0
Annual depreciation	36 527 694	9 479 339
Book value 31.12.	895 568 953	931 971 811

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



Dry-docking	2021	2020
Capitalised dry-docking	28 768 643	0
Accumulated depreciation dry-docking 1.1.	1 438 431	0
Capitalised dry-docking 1.1.	27 330 212	0
Delivered new building	0	28 768 643
Annual depreciation	5 753 724	1 438 431
Book value 31.12.	21 576 488	27 330 212
Total book value vessel 31.12.	917 145 441	959 302 023

The company changed in third quarter 2021 the useful life estimate for M/T Tove 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 of the new estimated end of life.

5 **Financial Income and -Expenses**

	2021	2020
Financial Income:		
Interest income from group companies	0	15 408
Other interest income	31	35 794
Total financial income	31	51 201
Financial expenses:		
Interest expenses to group/related parties	0	2 297 683
Interest expenses	24 352 360	6 887 615
Guarantee cost from related parties	3 493 765	1 023 004
Other financial expenses	229 397	67 834
Total financial expenses	28 075 522	10 276 137

6 **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):	2021	2020
Audit	18 819	58 138
Tax advice	0	0
Other services besides audit	0	0
	18 819	58 138



7 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Additional paid-in capital	Other equity	Total equity
Equity 01.01	30 000	9 930	189 058 013	0	189 097 943
Dividend	0	0	-19 883 730	0	-19 883 730
Dividend paid-out in 2022	0	0	-12 281 780	0	-12 281 780
Result for the year	0	0	0	26 464 220	26 464 220
Equity 31.12.	30 000	9 930	156 892 503	26 464 220	183 396 654

Share capital consist of 1 000 shares à NOK 30.

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

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 Employees

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires crew from related parties.

<u>Specification:</u>	<u>2021</u>	<u>2020</u>
Grants crew expenses	-1 169 991	-324 651

10 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 amounted to NOK 180 675 (NOK 47 025 last year). Tonnage tax is classified as an operating expense.

Below is a specification of the temporary differences at the end of the financial year.

	<u>31.12.2021</u>	<u>Change</u>	<u>31.12.2020</u>
Loss carried forward	-28 666 119	12 309 521	-16 356 598
Basis for deferred tax (benefit)	-28 666 119	12 309 521	-16 356 598
Deferred tax (benefit)	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:

	2021	2020
Net financial Items	-26 920 220	-8 181 517
Non-taxable currency gain	-1 116 569	-1 151 979
Non-deductible interest	15 727 268	4 617 001
Deductible financial items	0	-3 692 847
Taxable income before loss carried forward	-12 309 521	-8 409 342
Loss carried forward	-12 309 521	-8 409 342
Taxable income	<u>0</u>	<u>0</u>
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	<u>0</u>	<u>0</u>

11 Mortgage Debt and Financial Instruments

31-12-21

	USD	Historical rate	Rate as at 31.12	NOK
USD-loan	81 882 912	9,0455	9,0455	740 675 860
Debt issuance cost				<u>-5 603 878</u>
				735 071 982

Current portion USD-loan	4 367 088		9,0455	39 502 707
Current portion debt issuance cost				<u>-1 588 859</u>
				37 913 848

31-12-20

	USD	Historical rate	Rate as at 31.12	NOK
USD-loan	86 250 000	9,0386	9,0386	779 575 293
Debt issuance cost				<u>-7 248 017</u>
				772 327 276

Current portion USD-loan	4 367 088		9,0386	39 472 161
Current portion debt issuance cost				<u>-1 644 135</u>
				37 828 026

Estimated outstanding debt per year end 2026 is USD 60 million.

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



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 contracts in USD exceed debt in USD. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate. Per 31.12.2021 the not recorded foreign exchange gain (i.e. off-balance) is NOK 17 million (gain of NOK 43 million per 31.12.2020).

Security for the loan is made through a first priority mortgage in the vessel, transportation of income and guarantees from the owner.

Book value of mortgaged assets is NOK 917 million (NOK 959 million in 2020).

The company has aimed to reduce the market risk by entering financial contracts. The company has entered long term freight contracts in USD, with the intention of having income, vessel investment and loans in the same currency in order to minimize the effects of exchange rate fluctuations. The company has also entered into interest rate swap contracts to reduce the effects of exchange rate fluctuations. The company has entered agreements on fixed rates on USD 46 million. Mark to market loss on interest swaps have not been taken into account with USD 1.5 million (loss of USD 3.5 million last year).

12 Balances with related parties

	<u>2021</u>	<u>2020</u>
<u>Receivables</u>		
KNOT Shuttle Tankers 33 AS	892	0
<u>Accounts payable</u>		
Knutsen OAS Shipping AS	649 985	2 489 894
Knutsen OAS Management AS	7 520	0
Knutsen NYK Offshore Tankers AS	329 773	329 773
Knutsen OAS Crewing AS	65 498	55 019
KNOT Shuttle Tankers 35 AS	18 769	0
KNOT Management AS	447 843	1 067 689
	<u>1 519 388</u>	<u>3 942 375</u>

13 Inventories

Inventories refer to lube oil and stores as per 31.12.



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To the Shareholders' Meeting of KNOT Shuttle Tankers 34 AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 34 AS (the company) which comprise the balance sheet as at December 31, 2021, the statement of income 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 statutory requirements, and
- the financial statements present fairly in all material respects the financial position of the Company as at December 31, 2021 and (of) its financial performance and its 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International 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 information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report and for the other information presented with the financial statements 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 the management for the Financial Statements

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



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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 insofar as it is not likely that the enterprise will cease operations.

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 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.

Oslo, 10 March 2022
Ernst & Young AS

Johan Lid Nordby
State Authorised Public Accountant
(This document is signed electronically)

Independent auditor's report - Knot Shuttle Tankers 34 AS

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Johan Nordby

Statsautorisert revisor

On behalf of: Ernst & Young AS

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