



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl
Dato for fastsettelse av årsregnskapet: 27.02.2023

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 28.03.2023



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Freight income	1, 2	152 028 316	113 009 048
Other income		24 586	75 292
Sum inntekter		152 052 903	113 084 339
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		50 387	708 898
TC Hire		3 971 170	56 472 734
Crew-hire	3	28 452 716	29 824 899
Ordinary depreciation	4	30 362 093	37 299 038
Other operating expenses		17 109 795	13 285 131
Administration	3	7 273 998	6 246 759
Sum kostnader		87 220 158	143 837 459
Driftsresultat		64 832 745	-30 753 120
Finansinntekter og finanskostnader			
Financial income	5	2 150 138	10 345 252
Foreign exchange gain/loss		4 855 678	2 886 113
Sum finansinntekter		7 005 816	13 231 365
Financial expenses	5	11 935 905	13 437 854
Sum finanskostnader		11 935 905	13 437 854
Netto finans		-4 930 089	-206 488
Ordinært resultat før skattekostnad		59 902 656	-30 959 608
Taxes	6	13 180 526	-8 476 421
Ordinært resultat etter skattekostnad		46 722 130	-22 483 187
Årsresultat		46 722 130	-22 483 187
Årsresultat etter minoritetsinteresser		46 722 130	-22 483 187



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Totalresultat		46 722 130	-22 483 187



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	6		
Varige driftsmidler			
Vessel	1, 4, 6	90 052 337	120 414 430
Sum varige driftsmidler		90 052 337	120 414 430
Finansielle anleggsmidler			
Lån til foretak i samme konsern			32 122 233
Investeringer i tilknyttet selskap		545 670	
Sum finansielle anleggsmidler		545 670	32 122 233
Sum anleggsmidler		90 598 007	152 536 663
Omløpsmidler			
Varer			
Inventories	7	2 616 531	1 834 963
Sum varer		2 616 531	1 834 963
Fordringer			
Receivables		315 707	425 527
Other short-term receivables		1 174 853	1 266 219
Konsernfordringer		114 631 602	56 179 849
Krav på innbetaling av selskapskapital		9 090	42 451
Sum fordringer		116 131 252	57 914 046
Bankinnskudd, kontanter og lignende			
Bank deposits	8	34 915 535	24 038 429
Sum bankinnskudd, kontanter og lignende		34 915 535	24 038 429
Sum omløpsmidler		153 663 318	83 787 439
SUM EIENDELER		244 261 325	236 324 102

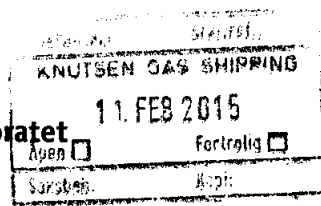


Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	9	100 000	100 000
Sum innskutt egenkapital		100 000	100 000
Other equity			
Sum egenkapital	9, 10	100 000	100 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6	14 020 644	12 753 444
Sum avsetninger for forpliktelser		14 020 644	12 753 444
Annen langsiktig gjeld			
Other non-current liabilities		159 846 663	208 864 785
Sum annen langsiktig gjeld		159 846 663	208 864 785
Sum langsiktig gjeld		173 867 307	221 618 229
Kortsiktig gjeld			
Leverandørgjeld		1 387 401	1 026 791
Kortsiktig konserngjeld		60 649 261	4 846 421
Payables to related parties		1 208 764	690 675
Other current liabilities		7 048 592	8 041 986
Sum kortsiktig gjeld		70 294 018	14 605 873
Sum gjeld		244 161 325	236 224 102
SUM EGENKAPITAL OG GJELD		244 261 325	236 324 102



Skattedirektoratet



Saksbehandler
Torstein Kinden Helleland

Deres dato
30.01.2015

Vår dato
09.02.2015

Telefon
22078139

Deres referanse
Geir Tore Henriksen

Vår referanse
2015/87104

KNUTSEN OAS SHIPPING AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



Skattedirektoratets vurdering og konklusjon

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

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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Admincontrol

List of Signatures Page 1/1

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Name	Method	Signed at
Domyo, Takashi	BANKID	2023-02-24 12:30 GMT+01
Seglem, Trygve	BANKID	2023-02-24 11:52 GMT+01
Dahl, Karl Gerhard B	BANKID	2023-02-24 09:00 GMT+01



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KNOT Knutsen
NYK Offshore
Tankers

KNOT Shuttle Tankers 23 AS

Annual Report 2022



M/T “Grena Knutsen”



Knutsen
Group



NYK GROUP



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KNOT SHUTTLE TANKERS 23 AS

REPORT OF THE BOARD OF DIRECTORS 2022

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 a 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 replaced MT Grena Knutsen in the shuttle pool during the swap arrangement.

Result for the year

The operating result for KNOT Shuttle Tankers 23 AS was NOK 64 832 745 in 2022 compared to minus NOK 30 753 120 in 2021. After net financial loss of NOK 4 930 089 in 2022, against a loss of NOK 206 488 in 2021, the results of the year were NOK 46 722 130 in 2022 compared to a loss of NOK 22 483 187 in 2021.

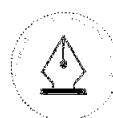
The Board of Directors proposes to use the non-taxable group contribution received and the result for the year to transfer a tax-deductible group contribution to the owner Knutsen NYK Offshore Tankers AS.

Total cash flow from operating activities in the company was NOK 9 197 756 compared to minus NOK 9 550 032 in 2021. The liquidity position was NOK 34 915 535 as per 31.12.2022 compared to NOK 24 038 429 as per 31.12.2021. The company's ability to finance its investments is good. The company has 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 2022 USD 21.0 million. The Company has in February 2023 bought back the vessel from the lease.

The company's short-term debt per 31.12.2022 was 36 % of total debt (6 % in 2021).

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



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Total capital was by the end of the year NOK 244 261 325, NOK 236 324 102 at the end of 2021. The equity-share as of 31.12.2022 was 0.04 %, compared to 0.04 % 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 safety and operation of ships are increasing, and the company, the group and the manager KNOT Management AS are concerned with operational excellence. The company vessel consists of modern ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ship is maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources into quality assurance and there are strict requirements for safety systems and the operation of the ship.

The operation of the vessel can affect the external environment through emissions of air and water and the company, and the manager therefore has a high focus on health, environment, and safety work. The company and manager are concerned with environmental considerations when implementing projects, and environmental considerations are included in all stages from planning and implementation from operation, maintenance, sorting and recycling. The manager and the crew focus on minimizing energy consumption and reducing the pollution from energy generation on the vessel from the daily operation. The requirements for environment and safety in the operations of vessels are increasing, and both the company, the manager and the Knutsen NYK Offshore Tankers Group emphasize operational quality. There have been no accidents linked to operations that have had serious consequences for crew, the environment, or assets in 2022.

The company has no employees and thus no working environment. The company aims to be a workplace where there is no discrimination related to gender, ethnicity, religion, or disability. The board of directors considers the working conditions satisfactory. 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.

The company and the other companies in the Norwegian part of the group regularly carries out risk-based due diligence assessments in accordance with the obligations pursuant to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (LOV-2021-06-18-99) section 4. The due diligence assessments cover the operations in the company. The account for these due diligence assessments and other obligations pursuant to the Act's section 5 will be included in a report here www.knutsenoas.com within 30 June 2023.

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 and spot voyages in the general tanker market in North Europe. The vessel has been operated in the market until the vessel was sold for further tanker trade 1 February 2023 to an independent investor. The vessel was bought back from the finance lease before the vessel was sold to the new owners.

The Board of Directors of KNOT Shuttle Tankers 23 AS will seek new investment opportunities in 2023 for the company.



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Haugesund, February 24, 2023

Trygve Seglem
Chairman of the Board

Takashi Domyo
Member of the Board

Karl Gerhard Bråstein Dahl
Member of the Board



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KNOT Shuttle Tankers 23 AS

Profit & Loss Account

	Note	2022	2021
<u>Operating Income</u>			
Freight income	1, 2	152 028 316	113 009 048
Other income		24 586	75 292
<i>Total Operating income</i>		<u>152 052 903</u>	<u>113 084 339</u>
<u>Operating Expenses</u>			
TC Hire		3 971 170	56 472 734
Commissions		50 387	708 898
Crew-hire	3	28 452 716	29 824 899
Other operating expenses		17 109 795	13 285 131
Administration	3	7 273 998	6 246 759
<i>Total Operating Expenses</i>		<u>56 858 065</u>	<u>106 538 421</u>
Ordinary depreciation	4	30 362 093	37 299 038
<i>Operating Result</i>		<u>64 832 745</u>	<u>-30 753 120</u>
<u>Financial Income and Expenses</u>			
Financial income	5	2 150 138	10 345 252
Foreign exchange gain/loss		4 855 678	2 886 113
Financial expenses	5	-11 935 905	-13 437 854
<i>Net Financial Items</i>		<u>-4 930 089</u>	<u>-206 488</u>
<i>Result before taxes</i>		<u>59 902 656</u>	<u>-30 959 608</u>
Taxes	6	13 180 526	-8 476 421
<i>Result for the year</i>		<u>46 722 130</u>	<u>-22 483 187</u>



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

<u>Assets</u>	Note	2022	2021
Fixed assets			
Vessel	1, 4, 6	90 052 337	120 414 430
Loan to group companies		0	32 122 233
Investments in group companies		545 670	0
<i>Total Fixed Assets</i>		<u>90 598 007</u>	<u>152 536 663</u>
Current Assets			
Inventories	7	2 616 531	1 834 963
Receivables		315 707	425 527
Other short-term receivables		1 174 853	1 266 219
Current receivables group		114 631 602	28 197 841
Group contribution		0	27 982 008
Receivables from related parties		9 090	42 451
Bank deposits	8	34 915 535	24 038 429
<i>Total Current Assets</i>		<u>153 663 318</u>	<u>83 787 439</u>
<i>TOTAL ASSETS</i>		<u>244 261 325</u>	<u>236 324 102</u>



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

<u>Shareholders Equity and Liabilities</u>	Note	2022	2021
<u>Equity</u>			
Share capital	9	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, 10	<u>100 000</u>	<u>100 000</u>
<u>Long Term Liabilities</u>			
Deferred tax	6	14 020 644	12 753 444
Other non-current liabilities		159 846 663	208 864 785
<i>Total Long Term Liabilities</i>		<u>173 867 307</u>	<u>221 618 229</u>
<u>Current Liabilities</u>			
Accounts payable		1 387 401	1 026 791
Current liabilities group		2 013 806	4 846 421
Group contribution		58 635 456	0
Payables to related parties		1 208 764	690 675
Other current liabilities		7 048 592	8 041 986
<i>Total Current Liabilities</i>		<u>70 294 018</u>	<u>14 605 873</u>
<i>Total liabilities</i>		<u>244 161 325</u>	<u>236 224 102</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>244 261 325</u>	<u>236 324 102</u>

Haugesund, February 24, 2023,

Trygve Seglem
chairman of the board

Karl Gerhard Bråstein Dahl
member of the board

Takashi Domyo
member of the board



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KNOT SHUTTLE TANKERS 23 AS

CASHFLOW STATEMENT

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

	2022	2021
Result before tax	59 902 656	-30 959 608
+ Ordinary depreciation	30 362 093	37 299 038
+ Gain sale shares in group companies	0	-7 451 336
+ Loss sale shares in group companies	0	5 146
+ Currency loss (- gain) group debt	-4 275 534	-2 831 885
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	13 136 633	6 126 033
= Total generated from operations	99 125 848	2 187 388
+ Net received on current assets	-86 980 782	-18 468 311
+ Net received on current liabilities	-2 947 310	2 021 726
Net cashflow from operations	9 197 756	-14 259 197
<u>Cashflow from investments</u>		
Drydocking investment	0	-15 072 549
Investment in group companies	-545 670	26 143 347
Repayment of loans from group companies	36 397 767	84 454 257
Net cashflow from investments	35 852 097	95 525 055
<u>Cashflow from financing</u>		
Repayment of liabilities to financial institutions	-62 154 755	-48 245 337
Equity received - group contribution received	27 982 008	21 820 640
Group contribution paid-out	0	-64 066 573
Net cashflow from financing	-34 172 747	-90 491 270
Net cashflow for the year	10 877 107	-9 225 412
+ Bank deposits per 01.01.	24 038 429	33 263 841
= Bank deposits per 31.12.	34 915 535	24 038 429



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KNOT SHUTTLE TANKERS 23 AS

Notes to the Financial Statement 31.12.2022

Accounting Principles

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

Going concern

The financial accounts are made on a going concern basis. The Board of Directors confirms the conditions for continued operation. The Board of 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.

Transactions in Foreign Currency

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

Related party transactions

The Company has undertaken several agreements and transactions with group companies and/or related parties. The level of fees are based on market terms and are in accordance with the arm's length principle. Ship management fee includes services like technical management, crewing management, IT and energy management.

1 Contracts

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

The income from the time charter contract is received in united states dollars, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

During November 2022 the company reached an agreement with Blue Lagoon Commercial Enterprises S.A. of Panama to sell the vessel for a total amount of 27 550 000 USD. The vessel was delivered to the buyer in February 2023.

KNOT Management AS is appointed as manager for the company and the vessel.

2 Mortgage Debt and Financial Instruments

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

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



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We use hedge accounting for long term debt in foreign currencies. The expected net future nominal cash-flow in the same currency from chartering out vessel is the hedging object. The realized foreign exchange gain and losses are booked together with the hedging object under the the freight income. We book realized- and unrealized foreign exchange gain/-loss for any ineffective part of the hedging over financial items.

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.

	Currency	Outstanding currency amount	Hedge accounting rate 31.12.	Accounting balance	
				2022	2021
Mortgage debt	USD	20 981 877	7,6183	159 846 663	208 864 785

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in foreign currency - cash flow hedge. Loans in foreign currencies are used as hedging instrument. The profit and loss impact of the hedging instrument is presented together with the hedged risk. This implies that realized currency gain/losses on the loans are presented as an increase/reduction of operating income.

Future income flows from anticipated fixed revenue contracts in the same currency as the financing exceed the debt at the balance sheet date. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate.

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 vessel have been bought back in February 2023 by cash acquisition.

	2022	2021
Foreign exchange gain/-loss not taken over profit and loss (i.e. off-balance):	-48 012 404	-33 392 267

Amounts due within 12 months of the balance sheet date:

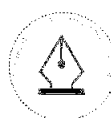
Mortgage debt	159 846 228	49 018 103
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Repayment profile:

0 - 12 months	20 981 877	6 434 240
13 - 24 months	0	20 981 879
25 - 36 months	0	0
37 - 48 months	0	0
49 - 60 months	0	0
After 60 months	0	0
	<u>20 981 877</u>	<u>27 416 119</u>

The exchange rate at the year-end	USDNOK	9,9066	8,8363
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Book value of mortgaged assets is NOK 90 million.



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3 Employees and remuneration

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from related crewing companies in accordance with separate crewing agreements.

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>2022</u>	<u>2021</u>
Audit	46 200	84 800

4 Fixed Assets

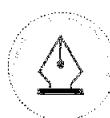
The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of shuttle tankers is estimated to 23 years from delivery as newbuilding. We use extended life or reduced life if there are commercial 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, in connection with certificate renewal and class of the vessel, are capitalised and expensed over the period till the next class renewal with 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.

<u>Vessel</u>	<u>2022</u>	<u>2021</u>
Historical value 01.01.	272 097 935	272 097 935
Accumulated depreciation 01.01.	163 239 728	134 446 838
Book Value 01.01.	108 858 207	137 651 097
Annual depreciation	25 350 020	28 792 890
Book value 31.12.	83 508 187	108 858 207

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

<u>Dry-Docking</u>	<u>2022</u>	<u>2021</u>
Capitalised dry-docking	15 072 549	29 412 746
Accumulated depreciation 01.01.	3 516 326	24 422 924
Capitalised dry-docking 01.01.	11 556 223	4 989 823
Additions	0	15 072 549
Annual depreciation	5 012 073	8 506 148
Book value 31.12.	6 544 150	11 556 223
Total book value vessel 31.12.	90 052 337	120 414 430



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5 Financial Income and -Expenses

Financial Income:	2022	2021
Dividend	0	138 443
Gain on sale shares	0	7 451 336
Interest income from group companies	1 817 522	2 755 425
Interest income	332 616	48
Total financial income	<u>2 150 138</u>	<u>10 345 252</u>
Financial expenses:		
Interest expense	10 668 957	12 029 681
Guarantee fee to group companies	1 182 093	1 316 989
Other financial expenses	84 854	86 038
Loss on sale shares	0	5 146
Total financial expenses	<u>11 935 905</u>	<u>13 437 854</u>

6 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.

	31.12.2022	Change	31.12.2021
Temporary difference vessel	15 717 798	18 261 121	33 978 919
Temporary difference debt	48 012 403	-24 021 125	23 991 278
Base for deferred tax calculation	<u>63 730 201</u>	<u>-5 760 003</u>	<u>57 970 198</u>
Deferred tax/(benefit) based on 22 %	<u>14 020 644</u>	<u>-1 267 201</u>	<u>12 753 444</u>

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

	2022	2021
Result for the year before tax	59 902 656	-30 959 608
Non-deductible items	8 828	-7 569 579
Change in temporary differences	-5 760 003	13 534 548
Tax base for the year before group contribution	<u>54 151 482</u>	<u>-24 994 640</u>
Group contribution	-54 151 482	24 994 640
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%	11 913 326	-5 498 821
Change deferred tax/(tax benefit)	<u>1 267 201</u>	<u>-2 977 601</u>
Tax calculated	<u>13 180 526</u>	<u>-8 476 422</u>

7 Inventories

Specification of inventories per 31.12.

	2022	2021
Lube oil	<u>2 616 531</u>	<u>1 834 963</u>



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8 Bank deposits

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

9 Equity

Specification of the equity per 31.12.

	Share capital	Other equity	Total equity
Equity 01.01	100 000	0	100 000
Result for the year	0	46 722 130	46 722 130
Group contribution given, non taxable	0	-4 483 974	-4 483 974
Group contribution given, tax deductible	0	-42 238 156	-42 238 156
Equity 31.12.	100 000	0	100 000

Share capital consist of 100 shares à NOK 1,000

The company is a wholly owned subsidiary of Knutsen NYK Offshore Tankers AS. 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.



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Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
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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 2022, the profit and loss account and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Oslo, 24 February 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Magnus Hegertun Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report – KNOT Shuttle Tankers 23 AS 2022

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"By my signature I confirm all dates and content in this document."

Magnus Hegertun Birkeland

Statsautorisert revisor

On behalf of: Ernst & Young AS

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