



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 821 374
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNUTSEN SHUTTLE TANKERS 14 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			
Freight income	2	175 261 471	189 161 460
Commissions		-2 347 804	-2 576 020
Other Income			57 851
Sum inntekter		172 913 667	186 643 291
Kostnader			
Crew-hire	6	26 418 081	21 763 595
Ordinary depreciation	5	38 106 474	38 256 680
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5		
Other operating expenses		15 363 474	15 918 747
Administration	9	6 179 531	6 339 545
Sum kostnader		86 067 561	82 278 567
Driftsresultat		86 846 106	104 364 724
Finansinntekter og finanskostnader			
Financial income	7	345 834	90 375
Foreign exchange gain/loss		1 626 059	-1 364 551
Sum finansinntekter		1 971 893	-1 274 176
Financial expenses	7	20 383 859	29 589 810
Sum finanskostnader		20 383 859	29 589 810
Netto finans		-18 411 966	-30 863 985
Ordinært resultat før skattekostnad		68 434 140	73 500 739
Taxes	13		
Ordinært resultat etter skattekostnad		68 434 140	73 500 739
Årsresultat		68 434 140	73 500 739
Årsresultat etter minoritetsinteresser		68 434 140	73 500 739
Totalresultat		68 434 140	73 500 739



Resultatregnskap

Beløp i: NOK	Note	2021	2020
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Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	13		
Varige driftsmidler			
Vessel	5, 10	552 450 580	590 557 033
Dry-docking	5, 10		
Vessel under construction	5, 10		
Sum varige driftsmidler		552 450 580	590 557 033
Andre langsiktige fordringer			
Sum anleggsmidler		552 450 580	590 557 033
Omløpsmidler			
Varer			
Inventories	4	1 718 061	1 191 675
Sum varer		1 718 061	1 191 675
Fordringer			
Receivables	8	4 031 255	4 145 339
Konsernfordringer	8	32 744	
Sum fordringer		4 063 999	4 145 339
Bankinnskudd, kontanter og lignende			
Bank deposits	3	23 382 339	24 089 616
Sum bankinnskudd, kontanter og lignende		23 382 339	24 089 616
Sum omløpsmidler		29 164 399	29 426 630
SUM EIENDELER		581 614 979	619 983 663

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2021	2020
Innskutt egenkapital			
Share capital	11, 12	200 000	200 000
Overkurs		8 378 048	8 378 048
Annen innskutt egenkapital		5 586 872	12 188 550
Sum innskutt egenkapital		14 164 921	20 766 598
Opptjent egenkapital			
Other equity		72 505 759	82 043 901
Sum opptjent egenkapital		72 505 759	82 043 901
Sum egenkapital	11	86 670 680	102 810 500
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	469 269 472	508 544 366
Deferred income	2		
Other non-current liabilities	8		
Sum annen langsiktig gjeld		469 269 472	508 544 366
Sum langsiktig gjeld		469 269 472	508 544 366
Kortsiktig gjeld			
Leverandørgjeld	8	3 366 111	3 522 290
Tax payable	13		
Utbytte		18 422 670	
Kortsiktig konserngjeld		231 498	1 210 337
Accrued interest	10	1 556 089	1 655 694
Other current liabilities		2 098 459	2 240 477
Sum kortsiktig gjeld		25 674 827	8 628 798
Sum gjeld		494 944 299	517 173 163
SUM EGENKAPITAL OG GJELD		581 614 979	619 983 663



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	17.11.2011	08.12.2011
Telefon	Deres referanse	Vår referanse
22078139	Jørn Knutsen	2009/867030

ERNST & YOUNG AS
Postboks 20 Oslo Atrium
0051 OSLO

Dispensasjon fra kravet om å utarbeidelse av årsregnskap og årsberetning på norsk språk

Det vises til deres brev av 17. november 2011 og telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

Knutsen NYK Shuttle Tankers 8 AS	org. nr. 997 091 051
Knutsen NYK Offshore Tankers 1 AS	org. nr. 897 099 152
Knutsen Shuttle Tankers 13 AS	org. nr. 996 661 016
Knutsen Shuttle Tankers 14 AS	org. nr. 996 821 374
Knutsen Shuttle Tankers 15 AS	org. nr. 997 006 968
Knutsen NYK Shuttle Tankers 16 AS	org. nr. 997 404 009

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 engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller 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 fikk i vedtak (2010/867030) av 2. juni 2010 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 være på et annet språk.”

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



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 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 anledning saken.

Med hilsen

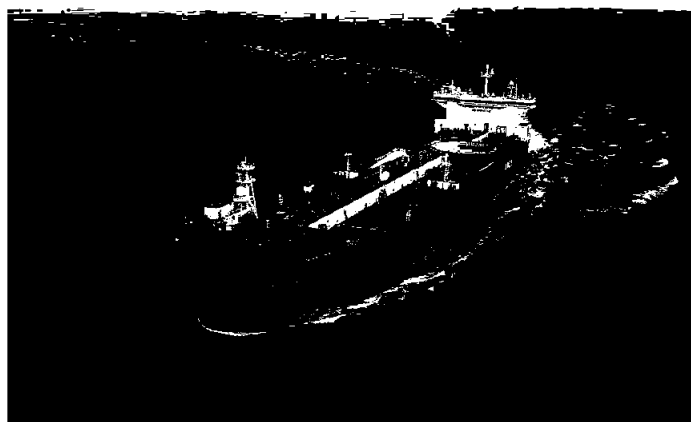
Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



Knutsen Shuttle Tankers 14 AS

Annual Report 2021



M/T "Hilda Knutsen"

KNOT
Offshore Partners LP



KNUTSEN SHUTTLE TANKERS 14 AS

REPORT OF THE BOARD OF DIRECTORS 2021

Knutsen Shuttle Tankers 14 AS owns one 123,000 DWT Suez-max shuttle tanker, M/T Hilda Knutsen, delivered from Hyundai Heavy Industries (HHI) Shipyard in South Korea in 2013.

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

The company's activity

M/T Hilda Knutsen have been chartered to Eni Trading and Shipping S.p.A., for operation on the Goliat field offshore Norway from delivery at yard. In 2018, the company entered into an amended time charter with Eni, extending the duration of the Hilda Knutsen time charter for four years until August 2022 with three one-year options to extend the time charter.

Result for the year

The operating result for Knutsen Shuttle Tankers 14 AS was NOK 86 846 106 in 2021 compared to NOK 104 364 724 in 2020. After net financial loss of NOK 18 411 966 in 2021, against a loss of NOK 30 863 985 in 2020, the results of the year were NOK 68 434 140 in 2021 compared to NOK 73 500 739 in 2020.

The Board of Directors suggests the result for the year transferred to other equity.

Total cash flow from operating activities in the company was NOK 118 599 812, NOK 133 704 263 in 2020. The liquidity position was NOK 23 382 339 as per 31.12.2021 compared to NOK 24 089 616 as per 31.12.2020. The company's ability to finance its investments is good. The outstanding mortgage loan is at the end of 2021 USD 72 307 648, USD 78 461 504 at the end of 2020.

The company's short-term debt per 31.12.2021 was 5.2 % of total debt (1.7 % in 2020).

Total capital was by the end of the year NOK 581 614 979, NOK 619 983 663 at the end of 2020. The equity-share as of 31.12.2021 was 15 %, compared to 17 % as of 31.12.2020.

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 to reduce the company's foreign exchange risk, and thereby operating related market risk.

The company is also exposed to changes in the interest rate level, as its long-term debt carrying floating interest rate. The company has not entered into any interest rate swap agreement.

The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern. The Board of Directors confirms that the Financial Statements give a true picture of the company's assets and liabilities, financial position, and results.



The environment safety and quality control

The requirements for a safety operation of ships are increasing, and both the company and the manager KNOT Management AS are concerned with an operational excellence. KNOT Shuttle Tankers Group's fleet consists of modern ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ships are maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources to the quality assurance and there are strict requirements for safety systems and an operation of the ships.

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

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

Prospects

M/T Hilda Knutsen is operated on a long-term charter with Eni Trading and Shipping S.p.A. where the fixed period ends in the 3rd quarter of 2022. The charterer and trading area are well known for the manager and the Board of Directors. Based on the operation of the vessel in 2021, the company has secured long term financing of the vessel, the Board of Directors of Knutsen Shuttle Tankers 14 AS expects 2022 to be a satisfactory year for the vessel and the company.

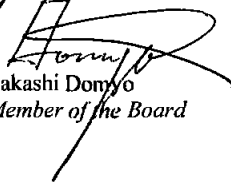


Kjetil Seglem
Chairman of the Board

Haugesund, March 10, 2022



Karl Gerhard Bråstein Dahl
Member of the Board



Takashi Domyo
Member of the Board



Knutsen Shuttle Tankers 14 AS

Profit & Loss Account

	<u>Note</u>	2021	2020
<u>Operating Income</u>			
Freight income	2	175 261 471	189 161 460
Commissions		-2 347 804	-2 576 020
Other Income		0	57 851
<i>Total Operating income</i>		<u>172 913 667</u>	<u>186 643 291</u>
<u>Operating Expenses</u>			
Crew-hire	6	26 418 081	21 763 595
Other operating expenses		15 363 474	15 918 747
Administration	9	6 179 531	6 339 545
<i>Total Operating Expenses</i>		<u>47 961 087</u>	<u>44 021 887</u>
Ordinary depreciation	5	38 106 474	38 256 680
<i>Operating Result</i>		<u>86 846 106</u>	<u>104 364 724</u>
<u>Financial Income and Expenses</u>			
Financial income	7	345 834	90 375
Foreign exchange gain/loss		1 626 059	-1 364 551
Financial expenses	7	-20 383 859	-29 589 810
<i>Net Financial Items</i>		<u>-18 411 966</u>	<u>-30 863 985</u>
<i>Result before taxes</i>		<u>68 434 140</u>	<u>73 500 739</u>
Taxes	13	0	0
<i>Result for the year</i>		<u>68 434 140</u>	<u>73 500 739</u>




Knutsen Shuttle Tankers 14 AS
Balance Sheet as of 31. December

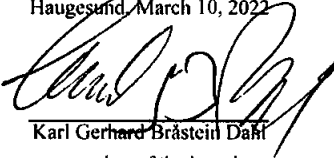
<u>Assets</u>	<u>Note</u>	2021	2020
<u>Fixed assets</u>			
Vessel	5, 10	552 450 580	590 557 033
<i>Total Fixed Assets</i>		<u>552 450 580</u>	<u>590 557 033</u>
<u>Current Assets</u>			
Inventories	4	1 718 061	1 191 675
Receivables	8	4 031 255	4 145 339
Current receivables group		32 744	0
Bank deposits	3	23 382 339	24 089 616
<i>Total Current Assets</i>		<u>29 164 399</u>	<u>29 426 630</u>
<i>TOTAL ASSETS</i>		<u>581 614 979</u>	<u>619 983 663</u>




Knutsen Shuttle Tankers 14 AS
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2021	2020
<u>Equity</u>			
Share capital	11, 12	200 000	200 000
Share premium		8 378 048	8 378 048
Other paid-in capital		5 586 872	12 188 550
<i>Total capital paid-in</i>		<u>14 164 921</u>	<u>20 766 598</u>
Other equity		72 505 759	82 043 901
<i>Total Shareholders' Equity</i>	<i>11</i>	<u>86 670 680</u>	<u>102 810 500</u>
<u>Long Term Debt</u>			
Liabilities to financial institutions	10	469 269 472	508 544 366
<i>Total Long Term Debt</i>		<u>469 269 472</u>	<u>508 544 366</u>
<u>Current Liabilities</u>			
Accounts payable	8	3 366 111	3 522 290
Accrued interest	10	1 556 089	1 655 694
Current liabilities group		231 498	1 210 337
Dividends		18 422 670	0
Other current liabilities		2 098 459	2 240 477
<i>Total Current Liabilities</i>		<u>25 674 827</u>	<u>8 628 798</u>
<i>Total liabilities</i>		<u>494 944 299</u>	<u>517 173 163</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>581 614 979</u>	<u>619 983 663</u>


Trygve Seglem
chairman of the board

Haugesund, March 10, 2022

Karl Gerhard Bråstein Dahl
member of the board


Takashi Domyo
member of the board



KNUTSEN SHUTTLE TANKERS 14 AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	120 421 498	130 883 421
Change in working capital	<u>-1 821 686</u>	<u>2 820 842</u>
Net cashflow from operations	<u>118 599 812</u>	<u>133 704 263</u>
Additions/Disposals to the vessel	<u>-21</u>	<u>-2 630 030</u>
Net cashflow from investments	<u>-21</u>	<u>-2 630 030</u>
Paid installments on mortgage debt	-53 155 778	-57 494 707
Dividends paid-out	<u>-66 151 290</u>	<u>-74 033 703</u>
Net cashflow from financing	<u>-119 307 068</u>	<u>-131 528 410</u>
Net cashflow for the year	-707 277	-454 177
+ Cash balance per 01.01.	<u>24 089 616</u>	<u>24 543 793</u>
= Cash Balance per 31.12.	<u>23 382 339</u>	<u>24 089 616</u>

1) Generated from operations:

Result before tax	68 434 140	73 500 739
+Amortization of deferred debt issuance costs	1 324 781	1 397 750
+Realized profit/loss on foreign exchange	12 556 103	17 728 252
+Ordinary depreciation	<u>38 106 474</u>	<u>38 256 680</u>
= Total generated from operations	<u>120 421 498</u>	<u>130 883 421</u>



KNUTSEN SHUTTLE TANKERS 14 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 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.

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.

Transactions in Foreign Currency

Income and expenditure in foreign currency are converted with the exchange rate at the time of the transaction.

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

Interest-bearing loan and borrowings

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

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

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



Tax

The 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(s). Ship management fee includes services like technical management, crewing management, IT and energy management.

2 Contracts

On August 3, 2018, the company entered an amended time charter with Eni Trading & Shipping S.P.A. ("ENI"), extending the duration of the Hilda Knutsen time charter for four years until August 2022.

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

3 Bank deposits

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

4 Inventories

Inventories refer to lube oil as per 31.12.



5 Fixed Assets

<u>Vessel</u>	<u>2021</u>	<u>2020</u>
Historical value 1.1.	818 244 293	815 614 263
Accumulated depreciation 1.1.	241 677 010	208 923 905
Book value 1.1.	576 567 283	606 690 358
Additions/Disposals	21	2 630 030
Annual depreciation	32 691 090	32 753 105
Book value 31.12.	543 876 214	576 567 283

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

<u>Dry-docking</u>	<u>2021</u>	<u>2020</u>
Capitalised dry-docking	27 734 145	27 734 145
Accumulated depreciation dry-docking 1.1.	13 744 395	8 240 820
Capitalised dry-docking 1.1.	13 989 750	19 493 325
Annual depreciation	5 415 384	5 503 575
Book value 31.12.	8 574 366	13 989 750
Total vessel	552 450 580	590 557 033

The company changed in third quarter 2021 the useful life estimate for M/T Hilda 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.

6 Salary and social costs

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from Knutsen OAS Shipping AS.

<u>Specification:</u>	<u>2021</u>	<u>2020</u>
Grants crew expenses	-4 115 153	-6 285 629

7 Financial Income and -Expenses

	<u>2021</u>	<u>2020</u>
Financial Income:		
Dividend	345 803	0
Other interest income	31	90 375
Total financial income	345 834	90 375
Financial expenses:		
Interest expenses	16 992 397	25 667 096
Guarantee expenses to group companies/related parties	3 125 231	3 720 584
Other financial expenses	266 231	202 130
Total financial expenses	20 383 859	29 589 810



8 Related party balances

	<u>2021</u>	<u>2020</u>
<u>Receivables</u>		
KNOT FSO 1 AS	2 220	0
KNOT Shuttle Tankers 23 AS	500	0
KNOT Shuttle Tankers 41 AS	20 724	0
Knutsen OAS Shipping AS	238 825	0
	<u>262 269</u>	<u>0</u>
 <u>Accounts payable</u>		
KNOT Management AS	201 165	218 148
Knutsen OAS Management AS	3 935	12 865
Knutsen Shuttle Tankers 2 AS	0	1 264
KNOT Shuttle Tankers 23 AS	0	5 500
KNOT Shuttle Tankers 35 AS	1 264	0
Knutsen OAS Crewing AS	19 007	0
Knutsen OAS Shipping AS	1 177 663	2 337 881
	<u>1 403 034</u>	<u>2 575 659</u>

9 Remuneration

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

Auditors remuneration (excl. VAT):	<u>2021</u>	<u>2020</u>
Audit	18 819	37 638
Other services besides audit	0	0
	<u>18 819</u>	<u>37 638</u>

10 Mortgage Debt and Financial Instruments

<u>31-12-21</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate per 31.12</u>	<u>NOK</u>
USD-loan	72 307 648	8,3944	6,5297	472 149 961
Deferred debt issuance costs				-2 880 489
				<u>469 269 472</u>
<u>Current portion:</u>				
USD-loan	6 153 856			40 183 064
Deferred debt issuance costs				-1 253 368
				<u>38 929 696</u>
 <u>31-12-20</u>				
USD-loan	78 461 504	8,3944	6,5350	512 749 636
Deferred debt issuance costs				-4 205 270
				<u>508 544 366</u>
<u>Current portion:</u>				
USD-loan	6 153 856			40 215 740
Deferred debt issuance costs				-1 324 777
				<u>38 890 962</u>

Estimated outstanding debt per year end 2026 is USD 42 million.

The USDNOK exchange rate at the year-end was 8,8363 (8,5375 i 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 loss (i.e. off-balance) is NOK 167 million compared to a loss of NOK 157 million as per 31.12.2020.

Security for the loan is made through a first priority mortgage in the vessel, assignment of the charterparty, assignment of the insurances, pledged bank deposit, factoring agreement, pledged shares in the company and guarantee from the owner.

Book value of mortgaged assets is NOK 582 million (NOK 620 million in 2020).

11 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Other paid in equity	Other equity	Total equity
Equity 01.01.	200 000	8 378 048	12 188 550	82 043 901	102 810 500
Extraordinary dividend paid-out	0	0	-6 601 678	-59 549 612	-66 151 290
Paid-out dividend in 2022	0	0	0	-18 422 670	-18 422 670
Result for the year	0	0	0	68 434 140	68 434 140
Equity 31.12.	200 000	8 378 048	5 586 872	72 505 759	86 670 680

Share capital consist of 100 shares à NOK 2 000, all the shares is owned by KNOT Shuttle Tankers AS.

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

12 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.

13 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 133 179 (NOK 133 179 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.

	31.12.2021	Change	31.12.2020
Loss carried forward	-62 597 353	-3 872 786	-58 724 567
Basis for deferred tax (benefit)	-62 597 353	-3 872 786	-58 724 567
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>2021</u>	<u>2020</u>
Net financial result	-18 411 967	-30 863 986
Non-deductible currency loss	-1 620 117	1 041 697
Other deductible items	-335 429	0
Interest deduction	16 494 727	24 744 447
Taxable income before loss carried forward	-3 872 786	-5 077 842
Change in loss carried forward	3 872 786	5 077 842
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>



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Medlemmer av Den norske Revisorforening

To the Shareholders' Meeting of Knutsen Shuttle Tankers 14 AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Knutsen Shuttle Tankers 14 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 materially 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 - Knutsen Shuttle Tankers 14 AS

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

Johan Nordby

Statsautorisert revisor

On behalf of: Ernst & Young AS

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