



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 914 012 902  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KNOT SHUTTLE TANKERS 24 AS  
Forretningsadresse: Smedasundet 40  
5529 HAUGESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### 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: 11.03.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*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, 24.03.2022



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Freight income	2	196 489 297	185 641 679
Other operating income		12 248	18 882
<b>Sum inntekter</b>		<b>196 501 545</b>	<b>185 660 561</b>
<b>Kostnader</b>			
Crew-hire	12	22 375 766	21 027 479
Ordinary depreciation	4	48 709 254	48 709 251
Other operating expenses		17 903 987	16 401 265
Administration	8	6 444 173	5 927 250
<b>Sum kostnader</b>		<b>95 433 181</b>	<b>92 065 244</b>
<b>Driftsresultat</b>		<b>101 068 364</b>	<b>93 595 317</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	6	78 530	537 910
Foreign exchange gain/loss		-848 363	2 274 378
<b>Sum finansinntekter</b>		<b>-769 833</b>	<b>2 812 288</b>
Financial expenses	6	39 279 459	33 746 896
<b>Sum finanskostnader</b>		<b>39 279 459</b>	<b>33 746 896</b>
<b>Netto finans</b>		<b>-40 049 292</b>	<b>-30 934 608</b>
<b>Ordinært resultat før skattekostnad</b>		<b>61 019 072</b>	<b>62 660 709</b>
Taxes	11		
<b>Ordinært resultat etter skattekostnad</b>		<b>61 019 072</b>	<b>62 660 709</b>
<b>Årsresultat</b>		<b>61 019 072</b>	<b>62 660 709</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>61 019 072</b>	<b>62 660 709</b>
<b>Totalresultat</b>		<b>61 019 072</b>	<b>62 660 709</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Vessel	4	920 724 129	969 433 383
<b>Sum varige driftsmidler</b>		<b>920 724 129</b>	<b>969 433 383</b>
<b>Finansielle anleggsmidler</b>			
Financial contracts	5	2 740 913	3 397 013
<b>Sum finansielle anleggsmidler</b>		<b>2 740 913</b>	<b>3 397 013</b>
<b>Sum anleggsmidler</b>		<b>923 465 042</b>	<b>972 830 396</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventories	13	1 392 432	1 361 111
<b>Sum varer</b>		<b>1 392 432</b>	<b>1 361 111</b>
<b>Fordringer</b>			
Receivables	7	4 425 536	5 027 603
<b>Sum fordringer</b>		<b>4 425 536</b>	<b>5 027 603</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bank deposits	3	18 688 421	24 476 674
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>18 688 421</b>	<b>24 476 674</b>
<b>Sum omløpsmidler</b>		<b>24 506 389</b>	<b>30 865 388</b>
<b>SUM EIENDELER</b>		<b>947 971 431</b>	<b>1 003 695 784</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

#### Innskutt egenkapital

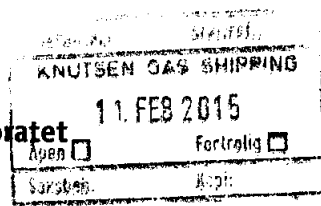


### Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Share capital	9, 10	100 000	100 000
Annen innskutt egenkapital		227 081 265	246 634 645
<b>Sum innskutt egenkapital</b>		<b>227 181 265</b>	<b>246 734 645</b>
<b>Opptjent egenkapital</b>			
Other equity		69 896 047	69 159 855
<b>Sum opptjent egenkapital</b>		<b>69 896 047</b>	<b>69 159 855</b>
<b>Sum egenkapital</b>	9	<b>297 077 312</b>	<b>315 894 500</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Obligasjonslån	5	4 939 522	
Gjeld til kredittinstitusjoner	5	639 043 983	680 480 953
Other long term liabilities	5		
<b>Sum annen langsiktig gjeld</b>		<b>643 983 505</b>	<b>680 480 953</b>
<b>Sum langsiktig gjeld</b>		<b>643 983 505</b>	<b>680 480 953</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	7	1 295 120	1 845 393
Kortsiktig konserngjeld		1 274 368	811 634
Accrued interest	5	2 594 207	2 949 020
Other current liabilities		1 746 919	1 714 284
<b>Sum kortsiktig gjeld</b>		<b>6 910 613</b>	<b>7 320 331</b>
<b>Sum gjeld</b>		<b>650 894 118</b>	<b>687 801 284</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>947 971 431</b>	<b>1 003 695 784</b>



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](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



**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*



## **KNOT Shuttle Tankers 24 AS**

### **Annual Report 2020**



**M/T "Tordis Knutsen"**

**KNOT**  
Offshore Partners LP



## **KNOT SHUTTLE TANKERS 24 AS**

### **REPORT OF THE BOARD OF DIRECTORS 2020**

KNOT Shuttle Tankers 24 AS owns one 158 000 dwt suez-max DP2 shuttle tanker, M/T Tordis Knutsen, delivered from Hyundai Heavy Industries (HHI) Shipyard in South Korea in 2016.

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 company vessel operates under a 5-year fixed contract with Brazil Shipping I Limited, a subsidiary of Royal Dutch Shell, the fixed period ending January 2022. In December 2020, the company entered into a new three-year fixed contract with Brazil Shipping I Limited, the newly agreed contracts are schedule to commence in 2023.

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

The operating result for KNOT Shuttle Tankers 24 AS was NOK 101 068 364 in 2020 compared to NOK 93 595 317 in 2019. After net financial loss of NOK 40 049 292 in 2020, against a loss of NOK 30 934 608 in 2019, the profit for the year were NOK 61 019 072 in 2020 compared to NOK 62 660 709 in 2019.

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 121 217 832, NOK 115 559 125 in 2019. The liquidity position was NOK 18 688 421 as per 31.12.2020 compared to NOK 24 476 674 as per 31.12.2019. The company's ability to finance its investments is good. The outstanding mortgage loan is at the end of 2020 USD 75 871 000, USD 80 931 000 in mortgage debt at the end of 2019.

The company's short-term debt per 31.12.2020 was 1.1 % of total debt (1.1 % in 2019).

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 three interest rate swaps agreement in the amount of USD 84.9 million to reduce the company's interest rate risk.

Total capital was by the end of the year NOK 947 971 431, NOK 1 003 695 784 at the end of 2019. The equity share as of 31.12.2020 was 31 %, compare to 31 % as of 31.12.2019.

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 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 on-board the vessel as satisfactory. M/T Tordis Knutsen 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.


#### **Prospects**

M/T Tordis Knutsen is operated on a long-term charter with Brazil Shipping I Limited. The charterer and trading area is well known for the manager and the Board of Directors. The Board of Directors expect that 2021 will be a stable profitable year for the company and that the company will successfully refinance the balloon that matures in November 2021

Haugesund, March 10, 2021

  
Jørgen Sagten  
Chairman of the Board/CEO

  
Karl Gerhard Bråstein Dahl  
Member of the Board

  
Takashi Domyo  
Member of the Board



## KNOT Shuttle Tankers 24 AS

## Profit &amp; Loss Account

	Note	2020	2019
<b><u>Operating Income</u></b>			
Freight income	2	196 489 297	185 641 679
Other operating income		12 248	18 882
<i>Total Operating income</i>		<u>196 501 545</u>	<u>185 660 561</u>
<b><u>Operating Expenses</u></b>			
Crew-hire	12	22 375 766	21 027 479
Other operating expenses		17 903 987	16 401 265
Administration	8	6 444 173	5 927 250
<i>Total Operating Expenses</i>		<u>46 723 927</u>	<u>43 355 993</u>
Ordinary depreciation	4	48 709 254	48 709 251
<i>Operating Result</i>		<u>101 068 364</u>	<u>93 595 317</u>
<b><u>Financial Income and Expenses</u></b>			
Financial income	6	78 530	537 910
Foreign exchange gain/loss		-848 363	2 274 378
Financial expenses	6	-39 279 459	-33 746 896
<i>Net Financial Items</i>		<u>-40 049 292</u>	<u>-30 934 608</u>
<i>Result before taxes</i>		<u>61 019 072</u>	<u>62 660 709</u>
Taxes	11	0	0
<i>Result for the year</i>		<u>61 019 072</u>	<u>62 660 709</u>



**KNOT Shuttle Tankers 24 AS**  
**Balance Sheet as of 31. December**

	Note	2020	2019
<b><u>Assets</u></b>			
<b><u>Fixed assets</u></b>			
Vessel	4	920 724 129	969 433 383
Financial contracts	5	2 740 913	3 397 013
<i>Total Fixed Assets</i>		<u>923 465 042</u>	<u>972 830 396</u>
<b><u>Current Assets</u></b>			
Inventories	13	1 392 432	1 361 111
Receivables	7	4 425 536	5 027 603
Bank deposits	3	18 688 421	24 476 674
<i>Total Current Assets</i>		<u>24 506 389</u>	<u>30 865 388</u>
<b>TOTAL ASSETS</b>		<u>947 971 431</u>	<u>1 003 695 784</u>



**KNOT Shuttle Tankers 24 AS**

**Balance Sheet as of 31. December**

	Note	2020	2019
<b><u>Shareholders Equity and Liabilities</u></b>			
<b><u>Equity</u></b>			
Share capital	9, 10	100 000	100 000
Other paid-up equity		227 081 265	246 634 645
<i>Total capital paid-in</i>		<u>227 181 265</u>	<u>246 734 645</u>
Other equity		69 896 047	69 159 855
<i>Total Shareholders' Equity</i>	9	<u>297 077 312</u>	<u>315 894 500</u>
<b><u>Long Term Liabilities</u></b>			
Financial instruments	5	4 939 522	0
Liabilities to financial institutions	5	639 043 983	680 480 953
<i>Total Long Term Liabilities</i>		<u>643 983 505</u>	<u>680 480 953</u>
<b><u>Current Liabilities</u></b>			
Accounts payable	7	1 295 120	1 845 393
Accrued interest	5	2 594 207	2 949 020
Current liabilities group		1 274 368	811 634
Other current liabilities		1 746 919	1 714 284
<i>Total Current Liabilities</i>		<u>6 910 613</u>	<u>7 320 331</u>
<i>Total liabilities</i>		<u>650 894 118</u>	<u>687 801 284</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>947 971 431</u>	<u>1 003 695 784</u>

Haugesund, March 10, 2021

 Trygve Seglém 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 24 AS**

**CASHFLOW STATEMENT**

	<b>2020</b>	<b>2019</b>
Total generated from operations 1)	121 056 804	115 596 458
Change in working capital	<u>161 028</u>	<u>-37 333</u>
Net cashflow from operations	<u>121 217 832</u>	<u>115 559 125</u>
Dividend paid-out	-79 836 260	-67 601 390
Paid installments on mortgage debt	<u>-47 169 826</u>	<u>-44 969 484</u>
Net cashflow from financing	<u>-127 006 086</u>	<u>-112 570 874</u>
Net cashflow for the year	-5 788 254	2 988 251
+ Cash balance per 01.01.	<u>24 476 674</u>	<u>21 488 423</u>
<b>= Cash Balance per 31.12.</b>	<u><b>18 688 421</b></u>	<u><b>24 476 674</b></u>

1) Generated from operations:

Result for the year	61 019 072	62 660 709
+Realized profit/loss on foreign exchange mortgage debt	4 478 606	2 278 265
+Unrealized profit/loss on foreign exchange rate contracts	4 939 522	0
+Ordinary depreciation	48 709 254	48 709 251
+Amortized financial contracts	656 100	654 307
+Amortized debt issuance cost	<u>1 254 250</u>	<u>1 293 926</u>
= Total generated from operations	<u>121 056 804</u>	<u>115 596 458</u>



**KNOT SHUTTLE TANKERS 24 AS**

**Notes to the Financial Statement 31.12.2020**

**1 Accounting Principles**

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

**Current Assets/Current Liabilities**

Fixed assets are intended for long-term ownership and use. Other assets are classified as current assets. Short-term liabilities are due within one year or tied to the operation of the vessel. Other liabilities are classified as long-term liabilities.

Current assets are valued at the lower of cost and fair value. Short-term liabilities are recorded at nominal value at the time of the entering.

**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.

**Inventories**

Inventories are valued according to the net realisable value principle.

**Fixed Assets and Dry-Docking**

The total cost of the vessel is capitalised at delivery and depreciated linearly to zero at the date 25 years after delivery of the vessel from newbuilding yard.

The total cost of the contract value is linearly capitalised over the contract period.

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.

The debt is valued at the historical rate, to the extent that the future net nominal income flow exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal income flow, the unrealised foreign exchange loss on the exceeding amount is recorded.

Realized and unrealized profit and loss on foreign exchange are recorded as financial income / expenses.



## **Financial contracts**

The company will from time to time step into/take over interest rate contracts from other group or related companies. The transfer of interest rate swaps between companies will be done with the financial counterpart's participation and will be sold/transferred to the new party at market value. The seller will take the value as a financial gain or loss into the profit and loss statement and the purchasing company will capitalize the value and amortize the value linearly to zero over the contract period.

## **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.

## **Tax**

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

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

Tonnage tax is classified as an operating expense in the profit and loss statement.

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

## **Cash flow statement**

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



## **Related party transactions**

The Company has undertaken several agreements and transactions with related parties in the KNOT and KNOP 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 vessel operate under a 5 year fixed contract with Brazil Shipping I Limited, a subsidiary of Royal Dutch Shell, the fixed period ending January 2022. In December 2020, the company entered into a new three year fixed contract with Brazil Shipping I Limited, the newly agreed contracts are schedule to commence in 2023.

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**

<b><u>Vessel</u></b>	<b>2020</b>	<b>2019</b>
Historical value 1.1.	1 095 575 230	1 095 575 230
Accumulated depreciation 1.1.	135 098 047	91 273 996
Book value 1.1.	960 477 183	1 004 301 234
Annual depreciation	43 824 054	43 824 051
Book value 31.12.	916 653 129	960 477 183

The economic life of the vessels is estimated to 25 years, and is depreciated accordingly.

<b><u>Dry-docking</u></b>	<b>2019</b>	<b>2019</b>
Capitalised dry-docking	24 012 000	24 012 000
Accumulated depreciation dry-docking 1.1.	15 055 800	10 170 600
Capitalised dry-docking 1.1.	8 956 200	13 841 400
Annual depreciation	4 885 200	4 885 200
Book value 31.12.	4 071 000	8 956 200
Total book value vessel 31.12.	920 724 129	969 433 383



## 5 Mortgage Debt, Loan from Associated Company and Financial Instruments

	31.12.2020	USD	Historical rate	Rate as at 31.12.	NOK
1. priority USD-loan		75 871 000	8,4370	8,4370	640 123 627
Deferred debt issuance					-1 079 644
					<u>639 043 983</u>
Current portion:					
USD-loan		75 871 000			640 123 627
Deferred debt issuance					-1 079 644
					<u>639 043 983</u>
	31.12.2019	USD	Historical rate	Rate as at 31.12.	NOK
1. priority USD-loan		80 931 000	8,4370	8,4370	682 814 847
Deferred debt issuance					-2 333 894
					<u>680 480 953</u>
Current portion:					
USD-loan		5 060 000			42 691 220
Deferred debt issuance					-1 254 246
					<u>41 436 974</u>

The USDNOK exchange rate at the year-end was 8,5375 (8,8176 in 31.12.2019).

The estimated outstanding debt per 2025 is USD 51 million.

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 31.12.2020 the not recorded foreign exchange loss (i.e. off-balance) is NOK 8 million compared to a loss of NOK 31 million as per 31.12.2019.

Security for the loan is made through a first priority in the vessel, transportation of income, pledged bank deposit, factoring agreement, pledged shares in the company and guarantees from the owner.

Book value of mortgaged assets is NOK 948 million (NOK 1 004 last year).

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 84.9 million. Mark to market loss on interest swaps have not been taken into account with USD 4.9 million (loss of USD 0.9 million last year). Inefficient part of interest swap contract is been taken into account with USD 0.6 MUSD.



<b><u>Aquired interest swaps</u></b>	<b>2020</b>	<b>2019</b>
Book value 01.01.	3 397 013	4 051 320
Amortization	656 100	654 307
Book value 31.12.	2 740 913	3 397 013

## **6 Financial Income and -Expenses**

	<b>2020</b>	<b>2019</b>
<b>Financial Income:</b>		
Other interest income	78 530	537 910
Total financial income	78 530	537 910
<b>Financial expenses:</b>		
Inefficient part of interest rate swap	4 939 522	0
Interest expenses	30 454 654	29 940 469
Guarantee cost from related parties	3 574 071	3 533 510
Other financial expenses	311 212	272 916
Total financial expenses	39 279 459	33 746 896

## **7 Balances with related parties**

	<b>2020</b>	<b>2019</b>
<b><u>Receivables</u></b>		
Knutsen OAS Shipping AS	98 817	1 390 886
KNOT Management AS	1 884 410	962 592
	1 983 227	2 353 478
<b><u>Accounts payable</u></b>		
Knutsen OAS Shipping AS	636 125	0
Knutsen OAS Crewing AS	57 864	567 052
KNOT Management AS	138 338	161 417
Knutsen Shuttle Tankers 2 AS	0	169
Knutsen OAS Management AS	0	1 589
	832 327	730 227

## **8 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.

<b>Auditors remuneration (excl. VAT):</b>	<b>2020</b>	<b>2019</b>
Audit	37 638	36 033
Other services besides audit	0	0
	37 638	36 033



## 9 Equity

Specification of the equity per 31.12.

	Share capital	Additional paid-in capital	Other equity	Total equity
Equity 01.01.	100 000	246 634 645	69 159 855	315 894 500
Extraordinary dividend paid-out	0	-19 553 380	-60 282 880	-79 836 260
Result for the year	0	0	61 019 072	61 019 072
Equity 31.12.	100 000	227 081 265	69 896 047	297 077 312

Share capital consist of 100 shares à NOK 1,000, all held 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/>.

## 10 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 27,84% of KNOT Offshore Partners LP.

## 11 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which in 2020 amounted to NOK 156 174 (NOK 156 174 in 2019). Tonnage tax is classified as an operating expense.

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

	31.12.2020	Change	31.12.2019
Interest rate swaps	4 939 522	4 939 522	0
Deductibel interest carried forward	-6 333 146	0	-6 333 146
Loss carried forward	-41 043 727	-12 587 360	-28 456 367
Basis for deferred tax (benefit)	-42 437 351	-7 647 838	-34 789 513
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:

	<u>2020</u>	<u>2019</u>
Net financial Items	-40 049 292	-30 934 608
Non-taxable currency gain	687 991	-2 274 496
Non-deductable interest	21 834 423	33 025 975
Non-taxable interest	-4	-66
Unrealized interest rate swaps	4 939 522	0
Taxable income before loss carried forward	-12 587 360	-183 195
Loss carried forward	-12 587 360	-183 195
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>

## 12 Crew

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

	<u>2020</u>	<u>2019</u>
Grants crew expenses	2 203 933	1 739 986

## 13 Inventories

Inventories refer to lube oil and stores as per 31.12.



Statsautoriserte revisorer  
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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 24 AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of KNOT Shuttle Tankers 24 AS, which comprise the balance sheet as at 31 December 2020, the income statement and statements 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

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individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

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

## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 10 March 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan Lid Nordby  
State Authorised Public Accountant

Independent auditor's report - KNOT Shuttle Tankers 24 AS

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## Johan Nordby

Statsautorisert revisor

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