



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 997 404 009
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNUTSEN NYK SHUTTLE TANKERS 16 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: 17.03.2023

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, 31.05.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Freight income	1	161 425 526	146 067 443
Sum inntekter		161 425 526	146 067 443
Kostnader			
Crew-hire	2	29 335 023	28 423 403
Ordinary depreciation	3	31 091 598	31 193 100
Other operating expenses		14 724 578	14 161 289
Administration	2	7 331 216	6 172 055
Sum kostnader		82 482 415	79 949 847
Driftsresultat		78 943 112	66 117 596
Finansinntekter og finanskostnader			
Financial income	4	519 660	201 169
Foreign exchange gain/loss		1 382 956	1 452 408
Sum finansinntekter		1 902 616	1 653 577
Financial expenses	4	17 947 343	11 739 849
Sum finanskostnader		17 947 343	11 739 849
Netto finans		-16 044 727	-10 086 272
Ordinært resultat før skattekostnad		62 898 385	56 031 324
Taxes	5		
Ordinært resultat etter skattekostnad		62 898 385	56 031 324
Årsresultat		62 898 385	56 031 324
Årsresultat etter minoritetsinteresser		62 898 385	56 031 324
Totalresultat		62 898 385	56 031 324



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5		
Varige driftsmidler			
Vessel	3	419 797 941	450 889 539
Dry-docking	3		
Sum varige driftsmidler		419 797 941	450 889 539
Sum anleggsmidler		419 797 941	450 889 539
Omløpsmidler			
Varer			
Inventories	6	2 500 961	1 642 353
Sum varer		2 500 961	1 642 353
Fordringer			
Receivables	11	18 731 670	2 688 647
Konsernfordringer		4 156 687	558 912
Sum fordringer		22 888 358	3 247 560
Bankinnskudd, kontanter og lignende			
Bank deposits	7	27 111 021	10 669 722
Sum bankinnskudd, kontanter og lignende		27 111 021	10 669 722
Sum omløpsmidler		52 500 340	15 559 635
SUM EIENDELER		472 298 280	466 449 173
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		100 000	100 000



Balanse

Beløp i: NOK	Note	2022	2021
Annen innskutt egenkapital		147 375 369	147 375 369
Sum innskutt egenkapital		147 475 369	147 475 369
Opptjent egenkapital			
Other equity		105 770 689	56 031 324
Sum opptjent egenkapital		105 770 689	56 031 324
Sum egenkapital	8	253 246 057	203 506 692
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	215 458 366	241 736 605
Mortgage debt related parties	10		
Sum annen langsiktig gjeld		215 458 366	241 736 605
Sum langsiktig gjeld		215 458 366	241 736 605
Kortsiktig gjeld			
Leverandørgjeld	11	2 522 536	2 526 594
Tax payable	5		
Utbytte			17 408 800
Kortsiktig konserngjeld		2 170	
Accrued interest		746 678	255 245
Other current liabilities	11	322 473	1 015 237
Sum kortsiktig gjeld		3 593 857	21 205 876
Sum gjeld		219 052 223	262 942 481
SUM EGENKAPITAL OG GJELD		472 298 280	466 449 173



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 17.11.2011	Vår dato 08.12.2011
Telefon 22078139	Deres referanse Jørn Knutsen	Vår referanse 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 Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se www.skatteetaten.no Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
For elektronisk henvendelse se www.skatteetaten.no		



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



 Admincontrol

List of Signatures Page 1/1

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Name	Method	Signed at
Seglem, Trygve	BANKID	2023-03-13 12:50 GMT+01
Domyo, Takashi	BANKID	2023-03-13 12:19 GMT+01
Dahl, Karl Gerhard B	BANKID	2023-03-13 11:45 GMT+01



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Knutsen NYK Shuttle Tankers 16 AS Annual Report 2022



WT "Ingrid Knutsen"

KNOT
Offshore Partners LP



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KNUTSEN NYK SHUTTLE TANKERS 16 AS

REPORT OF THE BOARD OF DIRECTORS 2022

Knutsen NYK Shuttle Tankers 16 AS owns one 111,634 dwt suez-max DP2 shuttle tanker, M/T Ingrid 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. KNOT Management AS in Haugesund manages the daily operations of the company and the vessel in accordance with separate agreements.

The company's activity

M/T Ingrid Knutsen started in 2014 on a time-charter contract to Eni Energi Marine AS subsidiary to Vår Energi for a fixed period of ten years. The vessel was redelivered to the Company on January 2, 2023. The Company operated the vessel in the spot and short-term time charter market after the redelivery and has on March 2, 2023 started on a time charter contract to Altera Shuttle Loading AS for a period of 10 months +/- 15 dys. The Company has secured a new 3-year fixed time-charter contract with 3 twelve-month options to Eni Trade & Biofuels S.p.A. with delivery in January 2024.

Result for the year

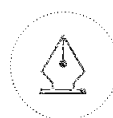
The operating result for Knutsen NYK Shuttle Tankers 16 AS was NOK 78 943 112 in 2022 compared to NOK 66 117 596 in 2021. After net financial loss of NOK 16 044 727 in 2022, against a loss of NOK 10 086 272 in 2021, the result for the year were NOK 62 898 385 in 2022 compared to NOK 56 031 324 in 2021.

The Board of Directors suggests the result for the year transferred to other equity. The company has during the year paid out extraordinary dividends of NOK 13 159 020 in addition to the ordinary dividend of NOK 17 408 800.

Total cash flow from operating activities in the company was NOK 90 833 506, NOK 99 397 366 in 2021. The liquidity position was NOK 27 111 021 as per 31.12.2022 compared to NOK 10 669 722 as per 31.12.2021. The company's ability to finance its investments is good. The outstanding mortgage loan is at the end of 2022 USD 35 901 088, USD 40 423 612 at the end of 2021. The loan is coming up for refinance in 2023 and the management has started the process of securing refinancing of the balloon.

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



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Total capital was by the end of the year NOK 472 298 280, NOK 466 449 173 at the end of 2021. The equity-share as of 31.12.2022 was 54 %, compared to 44 % as of 31.12.2021.

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.

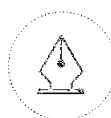
The environment safety and quality control

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 to the quality assurance and there are strict requirements for safety systems and an operation of the ship.

The operation of the vessel can affect the external environment through emissions to air and water and the company and the manager therefor 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 minimize the energy consumption and reduce 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 KNOT Offshore Partners 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 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 board of directors considers the working conditions as 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.



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Prospects

The Company has secured a mid term charterparty with Altera from March 2023 and a long term charterparty with Eni from January 2024 and are in the process of securing long term refinancing of the vessel financing. The vessel is due for 10-year class renewal and drydocking in 2023. The charterer and trading area are well known for the manager and the Board of Directors. The Board of Directors expect that operation of the vessel in the North Europe spot and short-term charter market during 2023 will be a stable profitable result for the company.

Haugesund, March 13, 2023

Trygve Seglem
Chairman of the Board/CEO

Karl Gerhard Bråstein Dahl
Member of the Board

Takashi Domyo
Member of the Board



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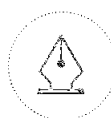
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Knutsen NYK Shuttle Tankers 16 AS

Profit & Loss Account

	<u>Note</u>	2022	2021
<u>Operating Income</u>			
Freight income	1	161 425 526	146 067 443
<i>Total Operating income</i>		<u>161 425 526</u>	<u>146 067 443</u>
<u>Operating Expenses</u>			
Crew-hire	2	29 335 023	28 423 403
Other operating expenses		14 724 578	14 161 289
Administration	2	7 331 216	6 172 055
<i>Total Operating Expenses</i>		<u>51 390 817</u>	<u>48 756 747</u>
Ordinary depreciation	3	31 091 598	31 193 100
<i>Operating Result</i>		<u>78 943 112</u>	<u>66 117 596</u>
<u>Financial Income and Expenses</u>			
Financial income	4	519 660	201 169
Foreign exchange gain/loss		1 382 956	1 452 408
Financial expenses	4	-17 947 343	-11 739 849
<i>Net Financial Items</i>		<u>-16 044 727</u>	<u>-10 086 272</u>
<i>Result before taxes</i>		<u>62 898 385</u>	<u>56 031 324</u>
Taxes	5	0	0
<i>Result for the year</i>		<u>62 898 385</u>	<u>56 031 324</u>



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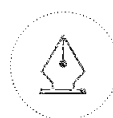
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Knutsen NYK Shuttle Tankers 16 AS

Balance Sheet as of 31. December

<u>Assets</u>	<u>Note</u>	2022	2021
<u>Fixed assets</u>			
Vessel	3	419 797 941	450 889 539
<i>Total Fixed Assets</i>		<u>419 797 941</u>	<u>450 889 539</u>
<u>Current Assets</u>			
Inventories	6	2 500 961	1 642 353
Receivables	11	18 731 670	2 688 647
Current receivables group		4 156 687	558 912
Bank deposits	7	27 111 021	10 669 722
<i>Total Current Assets</i>		<u>52 500 340</u>	<u>15 559 635</u>
<i>TOTAL ASSETS</i>		<u>472 298 280</u>	<u>466 449 173</u>



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Knutsen NYK Shuttle Tankers 16 AS

Balance Sheet as of 31. December

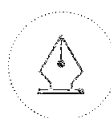
<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2022	2021
<u>Equity</u>			
Share capital		100 000	100 000
Other paid-in capital		147 375 369	147 375 369
<i>Total capital paid-in</i>		147 475 369	147 475 369
Other equity		105 770 689	56 031 324
<i>Total Shareholders' Equity</i>	8	253 246 057	203 506 692
<u>Long Term Debt</u>			
Mortgage debt	10	215 458 366	241 736 605
<i>Total Long Term Liabilities</i>		215 458 366	241 736 605
<u>Current Liabilities</u>			
Accounts payable	11	2 522 536	2 526 594
Accrued interest		746 678	255 245
Current liabilities group		2 170	0
Dividends		0	17 408 800
Other current liabilities	11	322 473	1 015 237
<i>Total Current Liabilities</i>		3 593 857	21 205 876
<i>Total liabilities</i>		219 052 223	262 942 481
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		472 298 280	466 449 173

Haugesund, March 13, 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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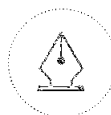


KNUTSEN NYK SHUTTLE TANKERS 16 AS

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	62,898,385	56,031,324
+ Ordinary depreciation	31,091,598	31,193,100
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	16,608,291	12,471,538
+ Financial expenses - liabilities to financial institutions	937,858	1,007,179
= Total generated from operations	111,536,132	100,703,141
+ Net received on current assets	-20,499,406	-315,111
+ Net received on current liabilities	-203,219	-990,664
Net cashflow from operations	90,833,507	99,397,366
<u>Cashflow from investments</u>		
Net cashflow from investments	0	0
<u>Cashflow from financing</u>		
Repayment of liabilities to financial institutions	-43,824,388	-39,687,636
Dividend paid-out	-30,567,820	-64,837,700
Net cashflow from financing	-74,392,208	-104,525,336
Net cashflow for the year	16,441,298	-5,127,970
+ Bank deposits per 01.01.	10,669,722	15,797,691
= Bank deposits per 31.12.	27,111,021	10,669,722



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KNUTSEN NYK SHUTTLE TANKERS 16 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.

Transactions in Foreign Currency

The income received in USD is recorded at the rate of exchange on the day the transaction is carried out.

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

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.

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.

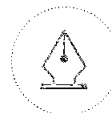
1 Contracts

The vessel, M/T Ingrid Knutsen, has operated on a 10 year fix time charter contract to Vår Energi Marine AS, (a subsidiary of Vår Energi) and the vessel was redelivered to the company 2th of January 2023.

The vessel will be operated in the spot market until the Company secure a fix time charter contract or until the vessel can be delivered under the new time charter contract with Eni. The Company has secured a new 3 year fix time charter contract with 3 twelve months options to Eni Trade Biofuels S.p.A. with delivery in January 2024.

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.

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



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2 Employees and remuneration

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 in accordance with a separate management agreement.

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):	2022	2021
Audit	40,103	18,819
Other services besides audit	0	0
	<u>40,103</u>	<u>18,819</u>

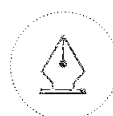
3 Fixed Assets

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 expsenses, 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>	2022	2021
Historical value 1.1.	651,118,141	651,118,141
Accumulated depreciation 1.1.	210,273,520	184,321,246
Book value 1.1.	440,844,621	466,796,895
Annual depreciation	25,850,772	25,952,274
Book value 31.12.	<u>414,993,849</u>	<u>440,844,621</u>

<u>Dry-docking</u>	2022	2021
Capitalised dry-docking	26,354,113	26,354,113
Accumulated depreciation dry-docking 1.1.	16,309,196	11,068,370
Capitalised dry-docking 1.1.	10,044,916	15,285,742
Annual depreciation	5,240,826	5,240,826
Book value 31.12.	<u>4,804,091</u>	<u>10,044,916</u>
Total vessel	<u>419,797,941</u>	<u>450,889,539</u>



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4 Financial Income and -Expenses

	2022	2021
Financial Income:		
Dividend	0	201,144
Other interest income	519,660	25
Total financial income	519,660	201,169
Financial expenses:		
Interest expenses	15,962,635	9,816,180
Guarantee expenses group	1,786,863	1,784,073
Other financial expenses related parties	0	0
Other financial expenses	197,845	139,596
Total financial expenses	17,947,343	11,739,849

5 Tax

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

In the tonnage tax regime, the company pay no tax on qualifying operational result and part of the net financial related to the ownership of the vessel, but pay an annual tax set annually by the parliament related to the tonnage owned by the company. The limited part of the profit that is taxable are taxed under the standard Norwegian company tax that for the accounting period is 22%. Tonnage taxed companies will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital.

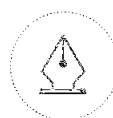
Specification on the temporary differences:

	31.12.2022	Change	31.12.2021
Deductibel interest carried forward	-5,228,046	0	-5,228,046
Loss carried forward	-42,536,928	-2,697,719	-39,839,209
Basis for deferred tax (benefit)	-47,764,974	-2,697,719	-45,067,255
Deferred tax (benefit)	0	0	0

Deferred tax assets are only recognized to the extent that it is more probable than not that these will be utilized in the future.

Taxable result tonnage tax scheme:

	2022	2021
Net financial result	-16,044,727	-10,086,272
Non-taxable currency gain	-1,761,353	-1,498,445
Non-deductable interest cost	15,108,360	9,637,157
Other non-deductable items	0	-195,110
Taxable income before loss carried forward	-2,697,719	-2,142,670
Change in loss carried forward	2,697,719	2,142,670
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0
Tonnage tax expenses under operating expenses	112,867	111,046



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6 Inventories

Specification of inventories per 31.12.

	<u>2022</u>	<u>2021</u>
Lube oil	2,500,961	1,642,353
Total inventory	2,500,961	1,642,353

7 Bank deposits

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

8 Equity

Specification of the equity per 31.12.

	Share capital	Other paid-in equity	Other equity	Total equity
Equity 01.01.	100,000	147,375,369	56,031,324	203,506,692
Extraordinary dividend paid out	0	0	-13,159,020	-13,159,020
Result for the year	0	0	62,898,385	62,898,385
Equity 31.12.	100,000	147,375,369	105,770,689	253,246,057

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

9 Shares Owned by Board Members and Affiliates

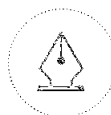
Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the company Knutsen NYK Offshore Tankers AS, which controls 30,47% of KNOT Offshore Partners LP.

10 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.

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 uneffective part of the hedging over financial items.



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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	Hedge accounting	Accounting balance	
				2022	2021
Mortgage debt	USD	35,901,088	6.0179	216,049,157	243,265,255
Debt issuance cost				-590,792	-1,528,649
Liabilities to financial institutions				215,458,366	241,736,605

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.

	2022	2021
Foreign exchange gain/-loss not taken over profit and loss (i.e. off-balance):	-139,608,561	-113,929,908

Amounts due within 12 months of the balance sheet date:

Mortgage debt	216,049,157	27,218,962
Debt issuance cost	-590,792	-937,860
Liabilities to financial institutions	215,458,366	26,281,102

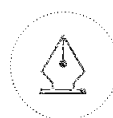
Repayment profile: based on expected refinancing

0 - 12 months	4,523,000	4,523,000
13 - 24 months	4,523,000	4,523,000
25 - 36 months	4,523,000	4,523,000
37 - 48 months	4,523,000	4,523,000
49 - 60 months	4,523,000	4,523,000
After 60 months	13,286,088	17,808,612
	35,901,088	40,423,612

The exchange rate at the year-end	USDNOK	9.9066	8.8363
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Security for the loan is made through a first priority mortgage 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 472 million.



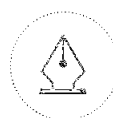
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11 Balances with related parties

	<u>2022</u>	<u>2021</u>
<u>Accounts payable</u>		
Knutsen OAS Management AS	26,468	0
KNOT Management Denmark A/S	0	72
KNOT Management AS	221,491	184,084
KNOT Shuttle Tankers 37 AS	1,349	0
Knutsen OAS Shipping AS	<u>754,690</u>	<u>1,433,897</u>
	1,003,998	1,618,052
 <u>Receivables</u>		
Knutsen OAS Shipping AS	234,276	138,918
Knutsen Ballastvann IS	0	339,074
Knutsen OAS Crewing AS	<u>415,277</u>	<u>356,382</u>
	649,553	834,373



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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

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Knutsen NYK Shuttle Tankers 16 AS

Opinion

We have audited the financial statements of Knutsen NYK Shuttle Tankers 16 AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement 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



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, 13 March 2023
ERNST & YOUNG AS

(The auditor's report is signed electronically)

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Independent auditor's report - Knutsen NYK Shuttle Tankers 16 AS 2022

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Johan Nordby

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