



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 999 274 323
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNUTSEN SHUTTLE TANKERS 19 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
RESULTATREGNSKAP			
Inntekter			
Driftsinntekter	2	133 782 481	146 796 090
Kommisjoner		-671 478	-801 152
Annen driftsinntekt		5 529 418	3 846
Sum inntekter		138 640 422	145 998 783
Kostnader			
Lønnskostnader og andre sosiale kostnader	12		
Leie mannskap	12	22 603 041	21 310 508
Ordinære avskrivninger skip	5	35 641 659	35 677 817
Andre driftskostnader		29 811 399	16 576 893
Administrasjonskostnader	8	6 988 785	5 873 856
Sum kostnader		95 044 884	79 439 074
Driftsresultat		43 595 539	66 559 709
Finansinntekter og finanskostnader			
Finansinntekter	6	113 011	659 230
Agio/disagio		-1 166 179	306 745
Sum finansinntekter		-1 053 167	965 975
Finanskostnader	6	23 564 060	26 805 312
Sum finanskostnader		23 564 060	26 805 312
Netto finans		-24 617 227	-25 839 337
Ordinært resultat før skattekostnad		18 978 311	40 720 373
Skattekostnad	13		
Ordinært resultat etter skattekostnad		18 978 311	40 720 373
Årsresultat		18 978 311	40 720 373
Årsresultat etter minoritetsinteresser		18 978 311	40 720 373
Totalresultat		18 978 311	40 720 373



Resultatregnskap

Beløp i: NOK	Note	2020	2019
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Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Maskiner og anlegg	5, 9		
Skip	5, 9	618 409 835	629 037 811
Sum varige driftsmidler		618 409 835	629 037 811
Sum anleggsmidler		618 409 835	629 037 811
Omløpsmidler			
Varer			
Delelager	4		
Beholdninger	4	2 835 739	2 977 492
Sum varer		2 835 739	2 977 492
Fordringer			
Debitorer	7	2 312 412	2 673 366
Andre kortsiktige fordringer	7		
Sum fordringer		2 312 412	2 673 366
Bankinnskudd, kontanter og lignende			
Bank	3	29 615 739	45 719 908
Sum bankinnskudd, kontanter og lignende		29 615 739	45 719 908
Sum omløpsmidler		34 763 890	51 370 765
SUM EIENDELER		653 173 725	680 408 577
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital 100 á kr 1 000	10, 11	100 000	100 000



Balanse

Beløp i: NOK	Note	2020	2019
Annen innskutt egenkapital		133 582 225	133 582 225
Sum innskutt egenkapital		133 682 225	133 682 225
Opptjent egenkapital			
Annen egenkapital		101 976 822	82 998 511
Sum opptjent egenkapital		101 976 822	82 998 511
Sum egenkapital	10	235 659 046	216 680 735
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	409 448 117	449 304 889
Sum annen langsiktig gjeld		409 448 117	449 304 889
Sum langsiktig gjeld		409 448 117	449 304 889
Kortsiktig gjeld			
Leverandørgjeld	7	4 364 221	5 375 871
Kortsiktig konserngjeld		2 187 558	588 839
Påløpne renter		618 455	226 789
Annen kortsiktig gjeld		896 327	8 231 454
Sum kortsiktig gjeld		8 066 562	14 422 952
Sum gjeld		417 514 679	463 727 842
SUM EGENKAPITAL OG GJELD		653 173 725	680 408 577



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 25.01.2013	Vår dato 30.01.2013
Telefon 22078139	Deres referanse	Vår referanse 2013/72130

KNUTSEN OAS SHIPPING AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 25. januar 2013 og telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

Knutsen EOR Solutions AS	org. nr. 999 332 676
Knutsen Shuttle Tankers 19 AS	org. nr. 999 274 323
Knutsen Shuttle Tankers Invest AS	org. nr. 999 250 793
KNOT Shuttle Tankers 17 AS	org. nr. 998 942 969
KNOT Shuttle Tankers 18 AS	org. nr. 998 943 035
KNOT Shuttle Tankers AS	org. nr. 998 942 829

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

Knutsen EOR Solutions AS er eid 100 % av TS Shipping Invest AS. De øvrige 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. Det er også gitt tillatelse til datter selskaper og selskaper som er eid 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. 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.

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

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

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

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

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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at tilsvarende selskaper i konsernet er innvilget dispensasjon. Eierkretsen er begrenset. 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 saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland



Knutsen Shuttle Tankers 19 AS

Annual Report 2020



M/T "Raquel Knutsen"

KNOT
Offshore Partners LP



KNUTSEN SHUTTLE TANKERS 19 AS

REPORT OF THE BOARD OF DIRECTORS 2020

Knutsen Shuttle Tankers 19 AS owns one 152,000 DWT suez-max DP2 shuttle tanker, M/T Raquel Knutsen, delivered from COSCO (Zhoushan) Shipyard Co., Ltd. in China in 2015.

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 vessel and the company in accordance with separate agreement.

The company's activity

The vessel operates on a ten-year time charter agreement with five optional years in charters, Repsol Sinopec Brasil BV's, option.

Result for the year

The company's operating income during 2020 was NOK 138 640 422 (NOK 145 998 783 in 2019). The operating result for the year was NOK 43 595 539 after completing the five-year main class in the year, compared to NOK 66 559 709 in 2019. The financial loss was NOK 24 617 227 in 2020 compared to a loss of NOK 25 839 337 in 2019. The result for the year was NOK 18 978 311, compared to NOK 40 720 373 the year before.

The Board of Directors suggests the result for the year transferred to other equity. The company has during 2020 not paid any dividend. The equity ratio at year-end was 36% compared to 32 % in 2019.

Total cash flow from operating activities in the company was NOK 59 123 955, compared to NOK 94 051 882 in 2019.

The company's short-term debt per 31.12.2020 was 1.9 % of total debt, 3.1 % at 31.12.19.

The liquidity balance was NOK 29 615 739 as at 31.12.2020 (NOK 45 719 908 31.12.19).

Total capital was by the end of the year NOK 653 173 725, NOK 680 408 577 at 31.12.19.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. However, since the majority of the company's operating expenses and financial expenses also are denominated in USD, this limits the company's foreign exchange risk. The group has not entered into any



forward contracts or other agreements in order to reduce the company's foreign exchange risk, hence the operating related market risk.

The company is also exposed to changes in the interest rate level, as it has long-term debt carrying floating interest rate. The company has entered into interest rate swaps to reduce the company's interest rate risk.

The company entered into a Sales & Leaseback contract in December, 2020 and closed the transaction in January, 2021. The company's vessel was sold to an Asian based lessor and leased back for a period of 10 years, with an obligation to repurchase the vessel at agreed price on maturity. The company used the net proceeds to repay existing debt on the vessel and paid out dividend to the owner.

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 environment and safety in the operations of the vessels are increasing, and both the Company, KNOT Management AS as manager and the KNOT Offshore Partners Group emphasize operational quality.

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

The company have no employees and thus no working environment. The company aims to be workplace where there is no discrimination related to gender, ethnicity, religion or disability. The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board of Directors are all men.


Future prospects

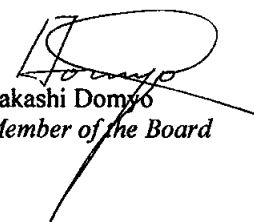
The vessel is operated on a long-term charter with Repsol Sinopec Brasil BV with charterers option to extend the contract. Based on the completion of the five-year class renewal, operation of the vessel in 2020, the long term financing and the long term employment of the vessel the Board of Directors of Knutsen Shuttle Tankers 19 AS expects 2021 to be a satisfactory year for the vessel and the company.

Haugesund, March 10, 2021




Trygve Seglem
Chairman of the Board


Karl Gerhard Bråstein Dahl
Member of the Board


Takashi Domyo
Member of the Board



Knutsen Shuttle Tankers 19 AS

Profit & Loss Account

	<u>Note</u>	2020	2019
<u>Operating Income</u>			
Freight income	2	133 782 481	146 796 090
Commissions		-671 478	-801 152
Other operating income		5 529 418	3 846
<i>Total Operating income</i>		<u>138 640 422</u>	<u>145 998 783</u>
<u>Operating Expenses</u>			
Crew-hire	12	22 603 041	21 310 508
Other operating expenses		29 811 399	16 576 893
Administration	8	6 988 785	5 873 856
<i>Total Operating Expenses</i>		<u>59 403 225</u>	<u>43 761 257</u>
Ordinary depreciation	5	35 641 659	35 677 817
<i>Operating Result</i>		<u>43 595 539</u>	<u>66 559 709</u>
<u>Financial Income and Expenses</u>			
Financial income	6	113 011	659 230
Foreign exchange gain/loss		-1 166 179	306 745
Financial expenses	6	-23 564 060	-26 805 312
<i>Net Financial Items</i>		<u>-24 617 227</u>	<u>-25 839 337</u>
<i>Result before taxes</i>		<u>18 978 311</u>	<u>40 720 373</u>
Taxes	13	0	0
<i>Result for the year</i>		<u>18 978 311</u>	<u>40 720 373</u>




Knutsen Shuttle Tankers 19 AS
Balance Sheet as of 31. December

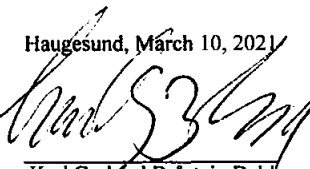
<u>Assets</u>	<u>Note</u>	2020	2019
<u>Fixed assets</u>			
Vessel	5, 9	618 409 835	629 037 811
<i>Total Fixed Assets</i>		<u>618 409 835</u>	<u>629 037 811</u>
<u>Current Assets</u>			
Inventories	4	2 835 739	2 977 492
Receivables	7	2 312 412	2 673 366
Bank deposits	3	29 615 739	45 719 908
<i>Total Current Assets</i>		<u>34 763 890</u>	<u>51 370 765</u>
TOTAL ASSETS		<u>653 173 725</u>	<u>680 408 577</u>




Knutsen Shuttle Tankers 19 AS
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2020	2019
Equity			
Share capital	10, 11	100 000	100 000
Other paid-up equity		133 582 225	133 582 225
<i>Total capital paid-in</i>		<u>133 682 225</u>	<u>133 682 225</u>
Other equity		101 976 822	82 998 511
<i>Total Shareholders' Equity</i>	10	<u>235 659 046</u>	<u>216 680 735</u>
Long Term Debt			
Mortgage debt	9	409 448 117	449 304 889
<i>Total Long Term Liabilities</i>		<u>409 448 117</u>	<u>449 304 889</u>
Current Liabilities			
Accounts payable	7	4 364 221	5 375 871
Accrued interest		618 455	226 789
Current liabilities group		2 187 558	588 839
Other current liabilities		896 327	8 231 454
<i>Total Current Liabilities</i>		<u>8 066 562</u>	<u>14 422 952</u>
<i>Total liabilities</i>		<u>417 514 679</u>	<u>463 727 842</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>653 173 725</u>	<u>680 408 577</u>


Trygve Seglem
chairman of the board

Haugesund, March 10, 2021

Karl Gerhard Bråstein Dahl
member of the board


Takashi Domyo
member of the board



KNUTSEN SHUTTLE TANKERS 19 AS

CASHFLOW STATEMENT

	2020	2019
Total generated from operations 1)	64 977 638	82 470 663
Change in working capital	<u>-5 853 683</u>	<u>11 581 219</u>
Net cashflow from operations	<u>59 123 955</u>	<u>94 051 882</u>
Invested in vessel	<u>-25 013 683</u>	<u>-2 954 994</u>
Net cashflow from investments	<u>-25 013 683</u>	<u>-2 954 994</u>
Paid installments mortgage debt	-50 214 440	-45 851 111
Dividend paid-out	<u>0</u>	<u>-17 123 800</u>
Net cashflow from financing	<u>-50 214 440</u>	<u>-62 974 911</u>
Net cashflow for the year	-16 104 168	28 121 977
+ Cash balance per 1.1	<u>45 719 908</u>	<u>17 597 930</u>
= Cash Balance per 31.12.	<u>29 615 739</u>	<u>45 719 908</u>

1) Generated from operations:

Result for the year	18 978 311	40 720 373
+ Ordinary depreciation	35 641 659	35 677 817
+ Amortized debt issuance cost	1 131 726	1 209 861
+ Currency loss (- gain) mortgage debt	<u>9 225 942</u>	<u>4 862 612</u>
= Total generated from operations	<u>64 977 638</u>	<u>82 470 663</u>



KNUTSEN SHUTTLE TANKERS 19 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 to zero at the date 25 years after delivery.

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.



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



2 Contracts

The company has secured employment of the vessels with a 10 year fix time charter contract with 3+2 years options to Repsol Sinopec Brasil BV from delivery in 2015.

KNOT Management AS operates as 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 and stores as per 31.12.

5 Fixed Assets

<u>Vessel</u>	<u>2020</u>	<u>2019</u>
Historical value 1.1.	772 030 930	772 030 930
Accumulated depreciation 1.1.	145 948 113	115 030 448
Book value 1.1.	626 082 817	657 000 482
Additions/Disposals	617 086	0
Annual depreciation	30 936 031	30 917 665
Book value 31.12.	595 763 873	626 082 817

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

<u>Dry-docking</u>	<u>2020</u>	<u>2019</u>
Capitalised dry-docking	2 954 994	19 040 000
Accumulated depreciation dry-docking 1.1.	0	14 279 848
Capitalised dry-docking 1.1.	2 954 994	4 760 152
Additions/Disposals	24 396 596	2 954 994
Annual depreciation	4 705 628	4 760 152
Book value 31.12.	22 645 962	2 954 994
Total book value vessel 31.12.	618 409 835	629 037 811



6 Financial Income and -Expenses

	<u>2020</u>	<u>2019</u>
Financial Income:		
Other interest income	113 011	659 230
Total financial income	<u>113 011</u>	<u>659 230</u>
Financial expenses:		
Interest expense	20 738 078	23 764 547
Guarantee cost from group companies	2 549 239	2 586 917
Other financial expenses	276 743	453 847
Total financial expenses	<u>23 564 060</u>	<u>26 805 312</u>

7 Balances with related parties

	<u>2020</u>	<u>2019</u>
<u>Short-term receivables</u>		
KNOT Management AS	<u>765 320</u>	<u>488 821</u>
<u>Accounts payable</u>		
Knutsen Shuttle Tankers 2 AS	922	0
KNOT Management AS	548 535	161 417
Knutsen OAS Crewing AS	75 332	28 348
Knutsen OAS Shipping AS	2 622 088	1 569 374
	<u>3 246 876</u>	<u>1 759 139</u>

8 Remuneration

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

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

9 Mortgage debt

Specification of the loans:

<u>31.12.2020</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate per 31.12</u>	<u>NOK</u>
USD-loan	52 725 200	7,8380	7,8380	413 260 117
Deferred debt issuance cost				-3 812 000
				<u>409 448 117</u>
Current portion	5 229 459	7,8380	7,8380	40 988 498
Deferred debt issuance costs				-1 044 270
				<u>39 944 228</u>



31.12.2019				
	USD	Historical rate	Rate per 31.12	NOK
USD-loan	57 954 659	7,8380	7,8380	454 248 615
Deferred debt issuance cost				-4 943 726
				<u>449 304 889</u>
Current portion	5 229 459	7,8380	7,8380	40 988 498
Deferred debt issuance costs				-1 131 725
				<u>39 856 773</u>

The USDNOK exchange rate at the year-end was 8,5375 (8,8176 in 2019).

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 37 million compared to a loss of NOK 57 million as per 31.12.2019.

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

Book value of mortgaged assets is NOK 618 million (NOK 629 million in 2019).

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 34 million. Mark to market loss on interest swaps have not been taken into account with USD 2.0 million (loss of USD 0.3 million in 2019).

The estimated outstanding debt per 31.12.2025 is USD 27 million.

The company entered into a Sales & Leaseback contract December, 2020 and closed the transaction January, 2021. The company vessel was sold to a Asian based lessor and leased back for a period of 10 year, with an obligation to repurchase the vessel to agreed price on maturity. The company used the net proceeds to repay existing outstanding indebtedness on the vessel and paid out dividend to the owner.

10 Equity

Specification of the equity per 31.12.

	Share capital	Other paid-in capital	Other equity	Total equity
Equity 01.01.	100 000	133 582 225	82 998 511	216 680 735
Result for the year	0	0	18 978 311	18 978 311
Equity 31.12.	100 000	133 582 225	101 976 822	235 659 046

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/>.



11 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.

12 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 related parties.

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 in 2020 amounted to NOK 152 342 (NOK 152 342 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.

	<u>2020</u>	<u>Change</u>	<u>2019</u>
Loss carried forward	-39 063 804	7 326 374	-31 737 430
Basis for deferred tax (benefit)	-39 063 804	7 326 374	-31 737 430
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	-24 617 227	-25 839 337
Non-taxable currency gain	540 248	-532 747
Non-deductable interest	16 750 606	24 619 338
Taxable income before loss carried forward	-7 326 374	-1 752 746
Loss carried forward	-7 326 374	-1 752 746
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Knutsen Shuttle Tankers 19 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Knutsen Shuttle Tankers 19 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
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The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant

Independent auditor's report - Knutsen Shuttle Tankers 19 AS

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Johan Nordby

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