



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 923 166 211
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 42 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

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

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 28.03.2023



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Operating income	1	39 333 534	
Sum inntekter		39 333 534	
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		1 497 555	
Voyage related expenses		38 794 738	
Crew-hire	2	13 892 254	278 737
Ordinary depreciation	3	16 948 570	
Other operating expenses		6 443 264	2 076
Administration	2	2 428 997	237 350
Sum kostnader		80 005 378	518 164
Driftsresultat		-40 671 843	-518 164
Finansinntekter og finanskostnader			
Financial income	4	254 206	971 959
Foreign exchange gain/loss		1 835 204	-142 444
Sum finansinntekter		2 089 411	829 514
Financial expenses	4	24 997 700	2 878 694
Sum finanskostnader		24 997 700	2 878 694
Netto finans		-22 908 289	-2 049 180
Ordinært resultat før skattekostnad		-63 580 133	-2 567 344
Taxes	5		
Ordinært resultat etter skattekostnad		-63 580 133	-2 567 344
Årsresultat		-63 580 133	-2 567 344
Årsresultat etter minoritetsinteresser		-63 580 133	-2 567 344
Totalresultat		-63 580 133	-2 567 344



Resultatregnskap

Beløp i: NOK	Note	2022	2021
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Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	3	1 361 529 813	
Vessel under construction	3		409 197 885
Sum varige driftsmidler		1 361 529 813	409 197 885
Sum anleggsmidler		1 361 529 813	409 197 885
Omløpsmidler			
Varer			
Inventories	6	15 971 448	
Sum varer		15 971 448	
Fordringer			
Other short-term receivables		12 108 125	1 114 547
Konsernfordringer		9 559 927	4 226 537
Krav på innbetaling av selskapskapital		17 668 194	
Sum fordringer		39 336 246	5 341 083
Bankinnskudd, kontanter og lignende			
Bank deposits	7	24 963 244	686 778
Sum bankinnskudd, kontanter og lignende		24 963 244	686 778
Sum omløpsmidler		80 270 938	6 027 861
SUM EIENDELER		1 441 800 751	415 225 746
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	8	30 000	30 000



Balanse

Beløp i: NOK	Note	2022	2021
Overkurs		1 036	1 036
Annen innskutt egenkapital		224 124 285	287 704 417
Sum innskutt egenkapital		224 155 321	287 735 454
Other equity			
Sum egenkapital	8, 9	224 155 321	287 735 454
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	1 128 367 787	111 361 226
Sum annen langsiktig gjeld		1 128 367 787	111 361 226
Sum langsiktig gjeld		1 128 367 787	111 361 226
Kortsiktig gjeld			
Leverandørgjeld		13 478 564	775 199
Tax payable	9		
Kortsiktig konserngjeld		60 712 029	13 848 396
Accrued interest		6 925 624	309 867
Payables to related parties		3 287 462	164 559
Other current liabilities		4 873 964	1 031 044
Sum kortsiktig gjeld		89 277 644	16 129 066
Sum gjeld		1 217 645 431	127 490 293
SUM EGENKAPITAL OG GJELD		1 441 800 751	415 225 746



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 337109

Enheten

Organisasjonsnummer: 923 166 211
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 42 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

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Morselskap i konsern: Nei

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

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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, 27.03.2023



Organisasjonsnr: 923 166 211
KNOT SHUTTLE TANKERS 42 AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
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Administration	2	2 428 997	237 350
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Financial expenses	4	24 997 700	2 878 694
Sum finanskostnader		24 997 700	2 878 694
Netto finans		-22 908 289	-2 049 180
Ordinært resultat før skattekostnad			
Taxes	5	-63 580 133	-2 567 344
Ordinært resultat etter skattekostnad		-63 580 133	-2 567 344
Årsresultat		-63 580 133	-2 567 344
Årsresultat etter minoritetsinteresser		-63 580 133	-2 567 344
Totalresultat		-63 580 133	-2 567 344



Organisasjonsnr: 923 166 211
KNOT SHUTTLE TANKERS 42 AS

BALANSE

Beløp i: NOK **Note** **2022** **2021**

BALANSE - EIENDELER

Anleggsmidler Immaterielle eiendeler

Varige driftsmidler

Vessel	3	1 361 529 813	
Vessel under construction	3		409 197 885
Sum varige driftsmidler		1 361 529 813	409 197 885
Sum anleggsmidler		1 361 529 813	409 197 885

Omløpsmidler

Varer

Inventories	6	15 971 448	
Sum varer		15 971 448	

Fordringer

Other short-term receivables		12 108 125	1 114 547
Konsernfordringer		9 559 927	4 226 537
Krav på innbetaling av selskapskapital		17 668 194	
Sum fordringer		39 336 246	5 341 083

Bankinnskudd, kontanter og lignende

Bank deposits	7	24 963 244	686 778
Sum bankinnskudd, kontanter og lignende		24 963 244	686 778
Sum omløpsmidler		80 270 938	6 027 861

SUM EIENDELER		1 441 800 751	415 225 746
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Share capital	8	30 000	30 000
Overkurs		1 036	1 036
Annen innskutt egenkapital		224 124 285	287 704 417
Sum innskutt egenkapital		224 155 321	287 735 454

Other equity

Sum egenkapital	8, 9	224 155 321	287 735 454
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Gjeld



Langsiktig gjeld		
Annen langsiktig gjeld		
Gjeld til		
kredittinstitusjoner	10	1 128 367 787
Sum annen langsiktig gjeld		1 128 367 787
Sum langsiktig gjeld		1 128 367 787
Kortsiktig gjeld		
Leverandørgjeld		13 478 564
Tax payable	9	
Kortsiktig konserngjeld		60 712 029
Accrued interest		6 925 624
Payables to related parties		3 287 462
Other current liabilities		4 873 964
Sum kortsiktig gjeld		89 277 644
Sum gjeld		1 217 645 431
SUM EGENKAPITAL OG GJELD		1 441 800 751



Organisasjonsnr: 923 166 211
KNOT SHUTTLE TANKERS 42 AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret
0.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Skatteetaten

Vår dato
25.01.2020

Din/Deres dato
20.12.2019

Saksbehandler
Erik Østby

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
48133581

Org.nr
974761076

Vår referanse
2020/5001106

Postadresse
Postboks 9200 Grønland
0134 OSLO

U.off. offl. § 13, sktvl. § 3-1

TS SHIPPING INVEST AS
Postboks 2017
5504 HAUGESUND

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til TS Shipping Invest AS søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk for følgende konsernselskaper:

Selskapsnavn	Org.nr.
KNOT Shuttle Tankers 40 AS	923 822 070
KNOT Shuttle Tankers 41 AS	923 166 343
KNOT Shuttle Tankers 42 AS	923 166 211
Norspan LNG 16 AS	923 594 779
Norspan LNG 17 AS	923 594 736
Norspan LNG 18 AS	923 594 744
Norspan LNG 19 AS	923 594 760
Norspan LNG 20 AS	923 594 701
Norspan LNG 21 AS	923 991 824
ACE Norway as	919 018 755

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapene 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.

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

Fra søknaden siteres:

"TS Shipping Invest AS ønsker å omfatte flere av selskapene i konsernet til å kunne utarbeide regnskaper og årsberetning på engelsk fra og med regnskapsåret 2019. Alle selskapene i konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper.



Brukerne av regnskapene er hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften (ansatte, kunder, leverandører etc.). Aksjonærstrukturen er begrenset. Noen av selskapene eies 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V.

De aller fleste av selskapenes kunder og leverandører og andre brukere har engelsk som sitt naturlige språk/forretningsspråk. Dette gjelder også konsernets långivere.

Utarbeidelse av årsregnskap på to språk innebærer en vesentlig kostnad for konsernet uten synlig gevinst."

Skattekontorets 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 mv., 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, kunder og lokalsamfunnet.

Det er etter skattekontorets 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 dette tilfellet er det opplyst at kommunikasjon med de fleste av kunder og leverandører skjer på engelsk. En vesentlig andel av selskapenes eiere er engelskspråklige og vil ikke ha mulighet for å forstå årsregnskap og årsberetning på norsk. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.



Med hilsen

Roar Thorbjørnsen
Underdirektør
Innsats, storbedrift
Skatteetaten

Erik Østby

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



 Admincontrol

List of Signatures Page 1/1

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Name	Method	Signed at
Seglem, Trygve	BANKID	2023-02-24 11:52 GMT+01
Domyo, Takashi	BANKID	2023-02-24 10:56 GMT+01
Dahl, Karl Gerhard B	BANKID	2023-02-24 08:45 GMT+01



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KNOT Knutsen
NYK Offshore
Tankers

KNOT Shuttle Tankers 42 AS

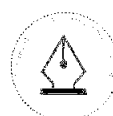
Annual Report 2022



M/T "Sindre Knutsen"



Knutsen
Group



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KNOT SHUTTLE TANKERS 42 AS

REPORT OF THE BOARD OF DIRECTORS 2022

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 in accordance with separate agreement.

The company's activity

The Company has contracted took delivery of the 124 000 DWT LNG Fueled DP 2 shuttle tanker M/T Sindre Knutsen from Daewoo Shipbuilding & Marine Engineering Co- Ltd. in August 2022. The vessel will be able to reduce emissions of CO2 equivalents significantly compared to conventional oil-fueled shuttle tankers, through using LNG as the primary fuel and further utilizing the energy recovered from volatile organic compounds. There is also installed a battery package to save energy during DP operation.

The vessel has been operated in the spot market during the mobilization and final testing phase after delivery in South Korea before the vessel is planned to be delivered in the North Sea on time charter contract to Eni Trading and Shipping S.p.A. in 1st quarter 2023, on a five-year charter agreement with charterers option to extend the fixed period for two additional periods each of twenty-four months plus one additional period of twelve months and will be operate in the North Sea.

Result for the year

The operating result for KNOT Shuttle Tankers 42 AS was minus NOK 40 671 843 in 2022 compared to a loss of NOK 518 164 in 2021. After net financial loss of NOK 22 908 289 in 2022, against a loss of NOK 2 049 180 in 2021, the loss of the year was NOK 63 580 133 in 2022 compared to a loss of NOK 2 567 344 in 2021.

The Board of Directors propose to cover the loss of the year by other paid in equity.

Total cash flow for operational activities was minus NOK 22 265 028 in 2022 compared to NOK 90 803 006 in 2021. The liquidity position was NOK 24 963 244 as per 31.12.2022 compared to NOK 686 778 as per 31.12.2021.

The company's short-term debts per 31.12.2022 was 7.3 % of total debt (13 % in 2021).

Total capital was by the end of the year NOK 1 441 800 751, compared to NOK 415 225 746 the year before. The equity-share as of 31.12.2022 was 16 % compared to 69 % per 31.12.2021.

The financial accounts are made on the assumption of a going concern. The Board of Directors confirms the conditions for continued operation. The Board of Directors is of the opinion that the financial statements give a true and fair reflection of the company's assets and liabilities as well as financial strength and profitability.

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



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company vessel consists of modern ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ship is maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources into quality assurance and there are strict requirements for safety systems and the operation of the ship.

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

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

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

Future prospects

M/T Sindre Knutsen will start operating on a long-term charter with Eni Trading and Shipping S.p.A. where the fixed period is five years from the startup in 1st quarter 2023. The charterer and trading area is well known for the manager and the Board of Directors. Based on the construction testing and operation of the vessel in 2022, the long-term financing of the vessel and the long-term charter-party of the vessel, the Board of Directors of KNOT Shuttle Tankers 42 AS expects 2023 to be a satisfactory year for the vessel and the company.

Haugesund, February 24, 2023

Trygve Seglem
Chairman of the Board

Takashi Domyo
Member of the Board

Karl Gerhard Bråstein Dahl
Member of the Board



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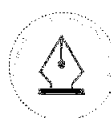
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KNOT Shuttle Tankers 42 AS

Profit & Loss Account

	<u>Note</u>	2022	2021
<u>Operating Income</u>			
Operating income	1	39 333 534	0
<i>Total Operating income</i>		<u>39 333 534</u>	<u>0</u>
<u>Operating Expenses</u>			
Commissions		1 497 555	0
Voyage related expenses		38 794 738	0
Crew-hire	2	13 892 254	278 737
Other operating expenses		6 443 264	2 076
Administration	2	2 428 997	237 350
<i>Total Operating Expenses</i>		<u>63 056 808</u>	<u>518 164</u>
Ordinary depreciation	3	16 948 570	0
<i>Operating Result</i>		<u>-40 671 843</u>	<u>-518 164</u>
<u>Financial Income and Expenses</u>			
Financial income	4	254 206	971 959
Foreign exchange gain/loss		1 835 204	-142 444
Financial expenses	4	-24 997 700	-2 878 694
<i>Net Financial Items</i>		<u>-22 908 289</u>	<u>-2 049 180</u>
<i>Result before taxes</i>		<u>-63 580 133</u>	<u>-2 567 344</u>
Taxes	5	0	0
<i>Result for the year</i>		<u>-63 580 133</u>	<u>-2 567 344</u>



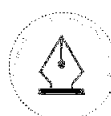
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KNOT Shuttle Tankers 42 AS
Balance Sheet as of 31. December

<u>Assets</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Vessel	3	1 361 529 813	0
Vessel under construction	3	0	409 197 885
<i>Total Fixed Assets</i>		<u>1 361 529 813</u>	<u>409 197 885</u>
<u>Current Assets</u>			
Inventories	6	15 971 448	0
Other short-term receivables		12 108 125	1 114 547
Intercompany receivables		9 559 927	4 226 537
Receivables from related parties		17 668 194	0
Bank deposits	7	24 963 244	686 778
<i>Total Current Assets</i>		<u>80 270 938</u>	<u>6 027 861</u>
<i>TOTAL ASSETS</i>		<u>1 441 800 751</u>	<u>415 225 746</u>



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KNOT Shuttle Tankers 42 AS
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2022	2021
<u>Equity</u>			
Share capital	8	30 000	30 000
Share premium		1 036	1 036
Other paid-in capital		224 124 285	287 704 417
<i>Total capital paid-in</i>		<u>224 155 321</u>	<u>287 735 454</u>
Other equity		0	0
<i>Total Shareholders' Equity</i>	8, 9	<u>224 155 321</u>	<u>287 735 454</u>
<u>Long Term Debt</u>			
Liabilities to financial institutions	10	1 128 367 787	111 361 226
<i>Total Long Term Debt</i>		<u>1 128 367 787</u>	<u>111 361 226</u>
<u>Current Liabilities</u>			
Trade payables		13 478 564	775 199
Accrued interest		6 925 624	309 867
Intercompany liabilities		60 712 029	13 848 396
Payables to related parties		3 287 462	164 559
Other current liabilities		4 873 964	1 031 044
<i>Total Current Liabilities</i>		<u>89 277 644</u>	<u>16 129 066</u>
<i>Total liabilities</i>		<u>1 217 645 431</u>	<u>127 490 293</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>1 441 800 751</u>	<u>415 225 746</u>

Haugesund, February 24, 2023,

Trygve Seglem
chairman of the board

Karl Gerhard Bråstein Dahl
member of the board

Takashi Domyo
member of the board



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KNOT Shuttle Tankers 42 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	-63 580 133	-2 567 344
+ Ordinary depreciation	16 948 570	0
+ Paid tax	0	-31 006
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	833 691	0
+ Financial expenses - liabilities to financial institutions	350 877	0
= Total generated from operations	-45 446 995	-2 598 350
+ Net received on current assets	-49 966 611	77 335 595
+ Net received on current liabilities	73 148 578	16 065 761
Net cashflow from operations	-22 265 028	90 803 006
<u>Cashflow from investments</u>		
Payments for vessel under construction and conversion	-968 622 948	-200 982 803
Net cashflow from investments	-968 622 948	-200 982 803
<u>Cashflow from financing</u>		
Proceeds from liabilities to financial institutions	1 031 028 152	124 222 130
Paid debt issuance costs	0	-13 504 639
Repayment of liabilities to financial institutions	-15 863 709	0
Net cashflow from financing	1 015 164 443	110 717 491
Net cashflow for the year	24 276 466	537 693
+ Bank deposits per 01.01.	686 778	149 085
= Bank deposits per 31.12.	24 963 244	686 778



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KNOT Shuttle Tankers 42 AS

Notes to the Financial Statement 31.12.2022

Accounting Principles

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

Going concern

The financial accounts are made on a going concern basis. The Board of Directors confirms the conditions for continued operation. The Board of Directors is of the opinion that the financial statements give a true and fair reflection of the company's assets and liabilities as well as financial strength and profitability.

Transactions in Foreign Currency

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

Related party transactions

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

1 Contracts

The newbuilding has been chartered to Eni Trading and Shipping S.p.A, on a five year time charter agreement with charters option to extend the fixed period for two additional periods each of twenty-four months plus one additional period of twelve months. The contract involves operations in North Europe.

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.

The Company has secured a construction contract for one 124 000 DWT LNG Fueled DP 2 shuttle tanker at Daewoo Shipbuilding & Marine Engineering Co- Ltd., in South Korea with hull number 5483. The vessel was delivered from the yard 30 August 2022.

KNOT Management AS is appointed as manager for the company and the vessel. The company has signed a contract regarding a construction supervision of the newbuildings with Knutsen OAS Shipping AS.

2 Employees and remuneration

The company has no employees and thereby no pension liabilities (under the new OTP regulation). KNOT Management AS manages the Company in accordance with a separate management agreement. The company hires the crew from related crewing companies in accordance with separate crewing agreements.

	<u>2022</u>	<u>2021</u>	
Grants crew expenses	-660 006	0	

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

Auditors remuneration (excl. VAT):	<u>2022</u>	<u>2021</u>	
Audit	31 500	0	

3 Fixed Assets

Yard instalments paid on newbuildings and vessels under conversion are gradually recorded as fixed assets as the instalments are paid. All costs regarding construction supervision, construction financing (including building loan interest, arrangement fees, provision of guarantees), additions and upgrading beyond the yard contract regarding the individual contract and other expenses related to the construction or conversion of the vessel are recorded on the fixed asset under construction/conversion.



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The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of shuttle tankers is estimated to 23 years from delivery as newbuilding. We use extended life or reduced life if there are commercial or technical indications that the 23 year profile for that specific entity is not correct, i.e. fixed charter contracts above 23 year age, commercial restrictions or technical conditions or -requirements. Equipment or part of the vessels with a material cost or specific use that have another estimated life is evaluated separately.

Dry-docking expenses, in connection with certificate renewal and class of the vessel, are capitalised and expensed over the period till the next class renewal with dry-docking. This is in line with the depreciation plan of the vessel, and takes into account that the vessel is classified to operate for an additional period. Dry-docking is carried out every 5th year for vessels less than 15 years, and every 2.5 year for vessels more than 15 years. In the case of a newbuilding, a portion of the total cost of the vessel equal to the dry-docking cost is capitalised. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed.

	2022	2021
<u>Vessel under construction</u>		
Book value 01.01.	409 197 885	207 571 346
Additions	969 280 498	201 626 539
Delivery new vessel	-1 378 478 383	0
Book value 31.12.	0	409 197 885
<u>Vessel</u>		
Delivery of vessel for operation	1 347 600 841	0
Annual depreciation	14 890 066	0
Book value 31.12.	1 332 710 775	0
<u>Dry-docking</u>		
Delivery of vessel for operation - allocation of cost	30 877 542	0
Annual depreciation	2 058 504	0
Book value 31.12.	28 819 038	0
Total book value vessel 31.12.	1 361 529 813	0

4 **Financial Income and -Expenses**

	2022	2021
Financial Income:		
Other interest income	254 206	24
Interest income from group companies	0	971 934
Total financial income	254 206	971 959
Financial Expenses:		
Interest expenses to group companies	706 655	249 718
Interest expenses	21 856 636	0
Financial expenses to group companies	0	2 618 009
Other financial expenses	321 968	10 967
Guarantee fee to group companies	2 112 440	0
Total financial expenses	24 997 700	2 878 694

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.

We classify the tonnage tax as an operating expense.

Specification on the temporary differences:

	31.12.2022	Change	31.12.2021
Loss carried forward	-16 006 780	10 975 040	-5 031 740
Temporary differences	-16 006 780	10 975 040	-5 031 740
Calculated deferred tax	3 521 492	-2 414 509	1 106 983
Deferred tax in balance	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.



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Tax cost

	2022	2021
Net financial items	-22 908 289	-2 049 180
Non-taxable currency gain	-1 797 276	124 507
Non-deductible interest	21 693 540	-2 247 546
Deductible financial items	-7 963 015	-1 448 236
Income supplement for high equity ratio	0	588 716
Taxable income before loss carried forward	-10 975 040	-5 031 740
Loss carried forward	10 975 040	5 031 740
Taxable income	0	0
Tax payable	0	0
Change deferred tax/(tax benefit)	0	0
Tax calculated	0	0
Tonnage tax expenses under operating expenses	48 392	0

6 Inventories

Specification of inventories per 31.12.

	2022	2021
Lube oil	2 734 687	0
Bunker	13 236 761	0
Total inventory	15 971 448	0

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	Share premium	Other paid-in equity	Other equity	Total equity
Equity 01.01.	30 000	1 036	287 704 417	0	287 735 454
Result for the year	0	0	-63 580 133	0	-63 580 133
Equity 31.12.	30 000	1 036	224 124 284	0	224 155 321

Share capital consist of 1,000 shares à NOK 30.

The company is a wholly owned subsidiary of Knutsen NYK Offshore Tankers AS. Financial statements for the group can be obtained at company's registered office, Smedasundet 40, 5529 Haugesund.

9 Shares Owned by Board Members and Affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the parent company Knutsen NYK Offshore Tankers AS.

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 freight income. We book realized- and unrealized foreign exchange gain/-loss for any ineffective part of the hedging over financial items.

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



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	Currency	Outstanding currency amount	Hedge accounting rate 31.12.	Accounting balance	
				2022	2021
Mortgage debt	USD	120 906 250	9,4306	1 140 220 263	124 222 130
Debt issuance cost				-11 852 476	-12 860 903
Liabilities to financial institutions				1 128 367 787	111 361 227

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):	-37 549 593	-8 234 007

Amounts due within 12 months of the balance sheet date:

Mortgage debt	60 120 168	0
Debt issuance cost	-1 008 427	0
Liabilities to financial institutions	59 111 741	0

Repayment profile:

0 - 12 months	6 375 000	1 593 750
13 - 24 months	6 375 000	6 375 000
25 - 36 months	6 375 000	6 375 000
37 - 48 months	6 375 000	6 375 000
49 - 60 months	6 375 000	6 375 000
After 60 months	89 031 250	95 406 250
	120 906 250	122 500 000

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 and guarantees from Knutsen NYK Offshore Tankers AS.

Book value of mortgaged assets is NOK 1 362 million.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 42 AS

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 42 AS (the Company), which comprise the balance sheet as at 31 December 2022, the profit and loss account and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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



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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Oslo, 24 February 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Magnus Hegertun Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report - KNOT Shuttle Tankers 42 AS 2022

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

Magnus Hegertun Birkeland

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On behalf of: Ernst & Young AS

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