



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 998 942 969
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 17 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		163 692 389	166 064 109
Offentlig tilskudd		209 458	582 808
Other operating income	3		
Sum inntekter		163 901 847	166 646 917
Kostnader			
Leie mannskap	13	27 164 690	24 422 532
Ordinære avskrivninger skip	3	43 289 570	43 246 614
Ordinære avskrivninger periodisk vedlikehold	3		
Andre driftskostnader		16 996 315	14 893 942
Administrasjonskostnader	6	6 147 545	5 825 951
Sum kostnader		93 598 120	88 389 038
Driftsresultat		70 303 726	78 257 879
Finansinntekter og finanskostnader			
Finansinntekter	4	4 481 022	6 918 184
Agio/disagio		-1 063 742	194 675
Sum finansinntekter		3 417 279	7 112 859
Finanskostnader	4	17 790 018	31 546 138
Sum finanskostnader		17 790 018	31 546 138
Netto finans		-14 372 739	-24 433 279
Ordinært resultat før skattekostnad		55 930 987	53 824 600
Skattekostnad	11		
Ordinært resultat etter skattekostnad		55 930 987	53 824 600
Årsresultat		55 930 987	53 824 600
Årsresultat etter minoritetsinteresser		55 930 987	53 824 600
Totalresultat		55 930 987	53 824 600



Resultatregnskap

Beløp i: NOK	Note	2020	2019
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Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Concessions, patents, licences, trademarks, and similar rights	3		
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	3		
Varige driftsmidler			
Skip	3	588 128 045	630 990 561
Periodisk vedlikehold	3		
Sum varige driftsmidler		588 128 045	630 990 561
Sum anleggsmidler		588 128 045	630 990 561
Omløpsmidler			
Varer			
Beholdninger	12	1 234 224	1 949 801
Sum varer		1 234 224	1 949 801
Fordringer			
Debitorer	7	15 220 353	7 746 784
Konsernfordringer		1 466 529	
Sum fordringer		16 686 882	7 746 784
Other financial instruments	10		
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		35 818 144	12 197 354
Sum bankinnskudd, kontanter og lignende		35 818 144	12 197 354
Sum omløpsmidler		53 739 250	21 893 939
SUM EIENDELER		641 867 294	652 884 500

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital 2 400 á kr 55	5, 9	132 000	132 000
Overkurs		103 175 845	103 175 845
Annen innskutt egenkapital		182 830 822	182 830 822
Sum innskutt egenkapital		286 138 667	286 138 667
Opptjent egenkapital			
Annen egenkapital		78 729 296	73 805 603
Sum opptjent egenkapital		78 729 296	73 805 603
Sum egenkapital	5	364 867 963	359 944 271
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	255 331 756	287 952 069
Sum annen langsiktig gjeld		255 331 756	287 952 069
Sum langsiktig gjeld		255 331 756	287 952 069
Kortsiktig gjeld			
Leverandørgjeld	7	3 795 172	3 337 679
Kortsiktig konserngjeld		540 534	486 118
Annen kortsiktig gjeld	10		
Annen kortsiktig gjeld		17 331 869	1 164 363
Sum kortsiktig gjeld		21 667 576	4 988 160
Sum gjeld		276 999 332	292 940 229
SUM EGENKAPITAL OG GJELD		641 867 294	652 884 500



KNOT Shuttle Tankers 17 AS

Annual Report 2020



M/T "Bodil Knutsen"

KNOT
Offshore Partners LP



KNOT SHUTTLE TANKERS 17 AS

REPORT OF THE BOARD OF DIRECTORS 2020

KNOT Shuttle Tankers 17 AS owns and operates M/T Bodil Knutsen a 157 644-dwt shuttle tanker delivered from Daewoo shipyard at Busan South Korea in 2011.

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

The company's activities

The vessel was delivered to the Equinor ASA after mobilisation from the yard in May 2011 on a five-year time-charter with eight one-year options. Equinor ASA has utilised its option to extend the time charter until April 9, 2021 and the contract is internally transferred to Equinor Shipping Inc., an Equinor ASA subsidiary.

Result for the year

The company got a total operating income of NOK 163 901 847 in 2020 (NOK 166 646 917 in 2019). The operating result for KNOT Shuttle Tankers 17 AS was NOK 70 303 726 in 2020 compared to NOK 78 257 879 in 2019. After net financial loss of NOK 14 372 739 in 2020, against a loss of NOK 24 433 279 in 2019, the results of the year were NOK 55 930 987 in 2020 compared to NOK 53 824 600 in 2019.

The Board of Directors propose to transfer the result for the year to other equity.

Total cash flow from operational activities was NOK 128 166 882 in 2020, compared to NOK 87 170 984 in 2019. The liquidity position was NOK 35 818 144 as per 31.12.2020 compared to NOK 12 197 354 as per 31.12.2019. The company's ability to finance its investments is good.

The company's short-term debt was 7.8 % of total debt as of 31.12.2020, compared to 1.7 % as of 31.12.2019.

Total capital was by the end of the year NOK 641 867 294, compared to NOK 652 884 500 the year before. The equity-share as of 31.12.2020 was 57 %, compared to 55 % per 31.12.2019.



The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since most the company's operating expenses and financial costs also are denominated in USD, this limits the company's foreign exchange risk. The company has entered into forward contracts in order to reduce the company's foreign exchange risk, and thereby operating related market risk.

The company is also exposed to changes in the interest rate level, as its long-term debt carrying floating interest rate.

The financial accounts are made on the assumption of a going concern. The Board of Directors confirms the conditions for continued operation. The Board of the 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.

Environment, safety and quality control

Shipping is being subjected to ever-stricter environment and safety requirements, and the company, the group and KNOT Management AS, as manager, have joint objectives concerning high quality of the operation of the vessels.

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

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


Prospects

The vessel is operated on a long-term charter with Equinor Shipping Inc. for a period of up to April 9, 2021 and the Board of Directors and the management are evaluating potential business for the vessel.

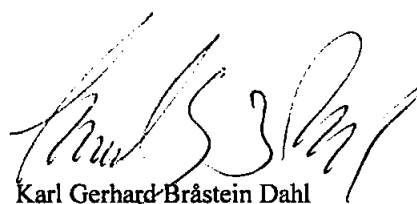
The Board of Directors of KNOT Shuttle Tankers 17 AS expects 2021 to be a challenging year for the vessel and the company.



Haugesund, March 10, 2021



Trygve Seglem
Chairman of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



Takashi Domyo
Member of the Board



KNOT Shuttle Tankers 17 AS

Profit & Loss Account

	Note	2020	2019
<u>Operating Income</u>			
Operating income		163 692 389	166 064 109
Other income		209 458	582 808
<i>Total Operating income</i>		<u>163 901 847</u>	<u>166 646 917</u>
<u>Operating Expenses</u>			
Crew-hire	13	27 164 690	24 422 532
Other operating expenses		16 996 315	14 893 942
Administration	6	6 147 545	5 825 951
<i>Total Operating Expenses</i>		<u>50 308 550</u>	<u>45 142 424</u>
Ordinary depreciation	3	43 289 570	43 246 614
<i>Operating Result</i>		<u>70 303 726</u>	<u>78 257 879</u>
<u>Financial Income and Expenses</u>			
Financial income	4	4 481 022	6 918 184
Foreign exchange gain/loss		-1 063 742	194 675
Financial expenses	4	-17 790 018	-31 546 138
<i>Net Financial Items</i>		<u>-14 372 739</u>	<u>-24 433 279</u>
<i>Result before taxes</i>		<u>55 930 987</u>	<u>53 824 600</u>
Taxes	11	0	0
<i>Result for the year</i>		<u>55 930 987</u>	<u>53 824 600</u>



KNOT Shuttle Tankers 17 AS
Balance Sheet as of 31. December

<u>ASSETS</u>	Note	2020	2019
<u>Non Current Assets</u>			
Vessel	3	588 128 045	630 990 561
<i>Total non Current Assets</i>		<u>588 128 045</u>	<u>630 990 561</u>
<u>Current Assets</u>			
Inventories	12	1 234 224	1 949 801
Receivables	7	15 220 353	7 746 784
Current receivables group		1 466 529	0
Bank deposits		35 818 144	12 197 354
<i>Total Current Assets</i>		<u>53 739 250</u>	<u>21 893 939</u>
TOTAL ASSETS		<u>641 867 294</u>	<u>652 884 500</u>

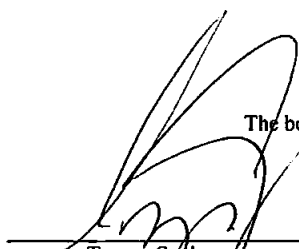


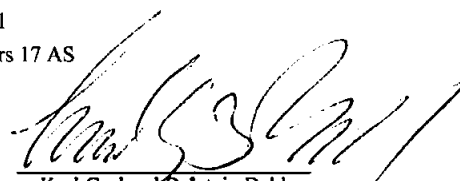
KNOT Shuttle Tankers 17 AS
Balance Sheet as of 31. December

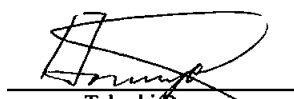
<u>Shareholders Equity and Liabilities</u>	Note	2020	2019
<u>Equity</u>			
Share capital	5, 9	132 000	132 000
Share premium		103 175 845	103 175 845
Other paid-in equity		182 830 822	182 830 822
<i>Total capital paid-in</i>		<u>286 138 667</u>	<u>286 138 667</u>
Other equity		78 729 296	73 805 603
<i>Total Shareholders' Equity</i>	5	<u>364 867 963</u>	<u>359 944 271</u>
<u>Long Term Debt</u>			
Liabilities to financial institutions	10	255 331 756	287 952 069
<i>Total Long Term Debt</i>		<u>255 331 756</u>	<u>287 952 069</u>
<u>Current Liabilities</u>			
Accounts payable	7	3 795 172	3 337 679
Current liabilities group		540 534	486 118
Other current liabilities		17 331 869	1 164 363
<i>Total Current Liabilities</i>		<u>21 667 576</u>	<u>4 988 160</u>
<i>Total liabilities</i>		<u>276 999 332</u>	<u>292 940 229</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>641 867 294</u>	<u>652 884 500</u>

Haugesund, March 10, 2021

The board of KNOT Shuttle Tankers 17 AS


Trygve Seglem
chairman of the board


Karl Gerhard Bråstein Dahl
member of the board


Takashi Domyo
member of the board



KNOT SHUTTLE TANKERS 17 AS

CASH FLOW STATEMENT

	2020	2019
<u>Cashflow from operations</u>		
Total generated from operations 1)	119 711 987	113 019 485
Change in working capital	<u>8 454 895</u>	<u>-25 848 501</u>
Net cashflow from operations	<u>128 166 882</u>	<u>87 170 984</u>
<u>Cashflow from investments</u>		
Additions/Disposals vessel	<u>-427 053</u>	<u>0</u>
Net cashflow from investments	<u>-427 053</u>	<u>0</u>
<u>Cashflow from financing</u>		
Decrease capital/paid-out dividend	-51 007 295	-52 583 675
Paid installments on mortgage debt	<u>-53 111 743</u>	<u>-48 471 548</u>
Net cashflow from financing	<u>-104 119 038</u>	<u>-101 055 223</u>
Net change in cashflow for the period	23 620 791	-13 884 239
+ Cash balance per 01.01.	<u>12 197 354</u>	<u>26 081 593</u>
= Cash Balance per 31.12.	<u>35 818 144</u>	<u>12 197 354</u>

1) Generated from operations:

Result before taxes	55 930 987	53 824 600
+ Ordinary depreciation	43 289 570	43 246 614
+Amortization deferred debt issuance cost	1 154 016	1 251 052
+Realized currency gain mortgage debt	<u>19 337 414</u>	<u>14 697 219</u>
= Total generated from operations	<u>119 711 987</u>	<u>113 019 485</u>



KNOT SHUTTLE TANKERS 17 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. 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.

This principle is not used for current items in foreign currency, which are valued at the rate of exchange at the year-end.

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.

Other non Current Assets

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

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

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

The fixed assets are valued according to the lowest of the depreciated value and the market value unless the fall in value is assumed to be temporary.

Interest-bearing loan and borrowings

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

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

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



Tax

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

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.

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.

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 assets.

Related party transactions

The Company has undertaken several agreements and transactions with related parties in the KNOT Group 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.

Financial Instruments

The treatment of foreign exchange and interest rate instruments in the accounts 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.



2 Contracts

The company has secured employment of the vessel with a long-term fix time charter contract which expires 9 April 2021.

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

3 Non Current Assets

<u>Vessel</u>	2020	2019
Historical value 1.1	889 889 834	889 889 834
Acc. Depreciation 1.1	264 200 842	225 498 430
Book value 1.1	625 688 992	664 391 404
Additions/disposals	333 349	0
Ordinary annual depreciation	38 714 133	38 702 412
Book value 31.12.	587 308 208	625 688 992
<u>Dry docking</u>	2020	2019
Capitalised dry-docking 1.1	22 696 473	22 696 473
Acc. Depreciation dry-docking 1.1	17 394 904	12 850 702
Capitalised dry-docking 1.1	5 301 570	9 845 771
Additions/disposals	93 705	0
Ordinary annual depreciation	4 575 437	4 544 202
Book value 31.12.	819 838	5 301 570
Total vessel	588 128 045	630 990 561

4 Financial Income and -Expenses

	2020	2019
Financial Income:		
Realized gain currency swaps	4 417 686	2 856 500
Unrealized gain currency swaps	0	3 557 250
Other interest income	63 336	504 434
Total financial income	4 481 022	6 918 184
Financial expenses:		
Interest expenses	15 016 717	22 077 167
Realized loss currency swaps	415 914	6 972 984
Guarantee expenses group companies/related parties	2 070 987	2 154 651
Other financial expenses	286 400	341 336
Total financial expenses	17 790 018	31 546 138

5 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity 01.01	132 000	103 175 845	182 830 822	73 805 604	359 944 271
Result for the year	0	0	0	55 930 987	55 930 987
Extraordinary dividend paid-out	0	0	0	-51 007 295	-51 007 295
Equity 31.12.	132 000	103 175 845	182 830 822	78 729 296	364 867 963

Share capital consists of 2 400 shares NOK 55 each, all held by KNOT Shuttle Tankers AS.

KNOT Shuttle Tankers 17 AS is controlled 100% by KNOT Offshore Partners LP. Accounting for the Group can be obtained from the website, <http://knotoffshorepartners.com/>.



6 Remuneration

No remuneration is paid to the Board of Directors during the year.

The company have not given any loan or guarantees to any leading person or board member during the year.

Auditor's fee (excl. VAT):	2020	2019
Auditing	37 638	36 033
Other consultancy	0	0
	<u>37 638</u>	<u>36 033</u>

7 Balances with related parties

	2020	2019
<u>Current receivables</u>		
Knutsen OAS Crewing AS	203 002	400 096
Luky KS	4 651	0
KNOT Management AS	5 247	594 377
KNOT Shuttle Tankers 23 AS	0	1 222
	<u>212 900</u>	<u>995 695</u>

Accounts payable related parties

Knutsen OAS Shipping AS	2 519 948	1 551 495
KNOT Management AS	201 102	281 814
	<u>2 721 050</u>	<u>1 833 309</u>

8 Salary and social costs

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.

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 27,84 % of KNOT Offshore Partners LP.

10 Mortgage Debt and Financial Instruments

31.12.2020

	USD	Historical rate	Rate per 31.12	NOK
USD-loan	42 153 190	8,1556	6,1177	257 880 570
Deferred debt issuance costs				<u>-2 548 814</u>
				<u>255 331 756</u>
Current portion:				
USD-loan	5 520 756			33 774 329
Deferred debt issuance costs				<u>-1 046 653</u>
				<u>32 727 676</u>



31.12.2019

	USD	Historical rate	Rate per 31.12	NOK
USD-loan	47 673 946	8,1556	6,1177	291 654 899
Deferred debt issuance costs				-3 702 830
				<u>287 952 069</u>
Current portion:				
USD-loan	5 520 756			33 774 329
Deferred debt issuance costs				-1 154 017
				<u>32 620 312</u>

The USD/NOK exchange rate at the year-end was 8,5375 (8,8176 per 31.12.2019).

Estimated outstanding debt per year end 2025 is USD 15 million.

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in USD (cash flow hedge). Loans in USD are used as hedging instrument. The profit and loss impact of the hedging instrument (loan in USD) is presented together with the hedged risk. This implies that realized currency gain/losses on the loans are presented as an increase/reduction of operating income.

Future income flows from anticipated fixed contracts in USD exceed debt in USD. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate. Per 31.12.2020 the not recorded foreign exchange loss (i.e. off-balance) is NOK 102 million compared to a loss of NOK 129 million as per 31.12.2019.

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 643 million per 31.12.2020 (NOK 653 million at 31.12.19).

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 25 million. Mark to market loss on interest swaps have not been taken into account with USD 0.5 million.

11 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which amounted to NOK 141 720 (NOK 160 007 in 2019). Tonnage tax is classified as an operating expense.

The company should meet certain requirements to be within the scheme, such as only ownership of ship/ shares in the shipping companies, and only own certain types of financial assets.

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

	2020	Change	2019
Loss carried forward	-52 720 127	-3 251 974	-49 468 153
Basis for deferred tax (benefit)	-52 720 127	-3 251 974	-49 468 153
Deferred tax (benefit) 22%	-11 598 428	-715 434	-10 882 994
Deferred tax (benefit) booked	0	0	0

Deferred tax assets related to losses carried forward are only recognized to the extent that there is convincing evidence that these will be utilized in the future.



Taxable result tonnage tax scheme:

	<u>2020</u>	<u>2019</u>
Net financial items	-14 372 739	-24 433 279
Non-deductible currency loss	551 722	-310 882
Interest swaps/foreign exchange rate contracts	-3 681 630	435 739
Non-deductible interest / taxable interest	14 250 673	21 634 833
Taxable income before loss carried forward	-3 251 974	-2 673 588
Change in loss carried forward	-3 251 974	-2 673 588
Taxable income	<u>0</u>	<u>0</u>
Tax payable	0	0
Change in deferred tax	<u>0</u>	<u>0</u>
Tax expense	<u>0</u>	<u>0</u>

12 Inventories

Inventories refer to lube oil and stores as per 31 December. Due to the fact that the vessel is contracted on a time charter, bunkers and bunkers stock are for charterer's account.

13 Crew Hire

The company has no own employees, but hires all crew from related parties in accordance with a separate management agreement.



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

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Tlf: +47 24 00 24 00

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 17 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 17 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 - KNOT Shuttle Tankers 17 AS

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Johan Nordby

Statsautorisert revisor

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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.

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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