



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 914 021 251
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 26 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: 10.03.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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	2021	2020
RESULTATREGNSKAP			
Inntekter			
Freight income	3	182 165 151	195 452 038
Other income		9 597	13 948
Sum inntekter		182 174 748	195 465 986
Kostnader			
Crew-hire	11	23 093 157	21 173 303
Ordinary depreciation	4	46 806 688	48 246 572
Other operating expenses		17 001 774	18 215 802
Administration	10	6 268 931	6 396 994
Sum kostnader		93 170 550	94 032 671
Driftsresultat		89 004 198	101 433 315
Finansinntekter og finanskostnader			
Financial income	6	96 164	76 103
Foreign exchange gain/loss		509 756	-387 048
Sum finansinntekter		605 921	-310 945
Financial expenses	6	28 681 212	30 357 491
Sum finanskostnader		28 681 212	30 357 491
Netto finans		-28 075 291	-30 668 436
Ordinært resultat før skattekostnad		60 928 907	70 764 879
Taxes	12		
Ordinært resultat etter skattekostnad		60 928 907	70 764 879
Årsresultat		60 928 907	70 764 879
Årsresultat etter minoritetsinteresser		60 928 907	70 764 879
Totalresultat		60 928 907	70 764 879



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	12		
Varige driftsmidler			
Vessel	4, 5	893 376 895	940 181 476
Sum varige driftsmidler		893 376 895	940 181 476
Sum anleggsmidler		893 376 895	940 181 476
Omløpsmidler			
Varer			
Inventories	13	1 817 424	1 143 427
Sum varer		1 817 424	1 143 427
Fordringer			
Receivables	7	8 243 114	4 519 721
Konsernfordringer		221 183	383 619
Sum fordringer		8 464 297	4 903 340
Bankinnskudd, kontanter og lignende			
Bank deposits	2	30 625 492	16 475 543
Sum bankinnskudd, kontanter og lignende		30 625 492	16 475 543
Sum omløpsmidler		40 907 212	22 522 311
SUM EIENDELER		934 284 108	962 703 787
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	8, 9	100 000	100 000
Overkurs		2 064	2 064



Balanse

Beløp i: NOK	Note	2021	2020
Annen innskutt egenkapital		226 480 130	247 810 880
Sum innskutt egenkapital		226 582 194	247 912 944
Opptjent egenkapital			
Other equity		67 740 937	70 764 879
Sum opptjent egenkapital		67 740 937	70 764 879
Sum egenkapital	8	294 323 131	318 677 823
Gjeld			
Langsiktig gjeld			
Utsatt skatt	12	236 165	295 210
Sum avsetninger for forpliktelser		236 165	295 210
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5	629 372 943	637 115 206
Langsiktig konserngjeld	7		
Other long term liabilities related parties	5		
Sum annen langsiktig gjeld		629 372 943	637 115 206
Sum langsiktig gjeld		629 609 108	637 410 416
Kortsiktig gjeld			
Leverandørgjeld	7	3 009 139	2 602 841
Tax payable	12	59 045	73 821
Kortsiktig konserngjeld		1 204 223	954 982
Accrued interest		2 548 818	2 226 424
Other current liabilities		3 530 644	757 479
Sum kortsiktig gjeld		10 351 869	6 615 547
Sum gjeld		639 960 977	644 025 964
SUM EGENKAPITAL OG GJELD		934 284 108	962 703 787



KNOT Shuttle Tankers 26 AS

Annual Report 2021



M/T “Lena Knutsen”

KNOT
Offshore Partners LP



KNOT SHUTTLE TANKERS 26 AS

REPORT OF THE BOARD OF DIRECTORS 2021

KNOT Shuttle Tankers 26 AS owns one 158,000 DWT suez-max DP2 shuttle tanker, M/T Lena Knutsen, delivered from Hyundai Heavy Industries Co., Ltd. in South Korea in 2017.

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

Result for the year

The company's operating income during 2021 was NOK 182 174 748 (NOK 195 465 986 in 2020). The operating result for the year was NOK 89 004 198, compared to NOK 101 433 315 in 2020. The financial loss was NOK 28 075 291 in 2021 compared to NOK 30 668 436 in 2020. The result for the year was NOK 60 928 907, compared to NOK 70 764 879 the year before.

The Board of Directors suggests the result for the year are transferred to other equity. The equity ratio at year-end was 32 % (33 % the year before).

Total cash flow from operating activities in the company was NOK 110 463 305, compared to NOK 128 745 477 in 2020.

The company's short-term debt per 31.12.2021 was 1.6 % of total debt, 1.0 % at 31.12.20. The company has refinanced the vessel in 2021 for a new long term together with several group companies.

The liquidity balance was NOK 30 625 492 as at 31.12.2021 (NOK 16 475 543 at 31.12.20).

Total capital was by the end of the year NOK 934 284 108, NOK 962 703 787 at 31.12.20.

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 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 USD 60 million in interest rate swaps to reduce the company's interest rate risk.



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 Lena Knutsen is certified in accordance with both the ISM and ISPS codes.

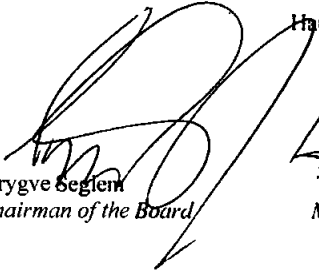
The company have no employees and thus no working environment. The company aims to be workplace where there is no discrimination related to gender, ethnicity, religion, or disability. The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board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

Future prospects


The vessel is operated on a long-term charter with Brazil Shipping I Limited with charterers option to extend the contract.

Based on the operation of the vessel in 2021, the long-term financing and the long-term employment of the vessel the Board of Directors of KNOT Shuttle Tankers 26 AS expects 2022 to be a satisfactory year for the vessel and the company.


Haugesund, March 10, 2022



Trygve Seglem
Chairman of the Board



Takashi Domyo
Member of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



KNOT Shuttle Tankers 26 AS

Profit & Loss Account

	Note	2021	2020
<u>Operating Income</u>			
Freight income	3	182 165 151	195 452 038
Other income		9 597	13 948
<i>Total Operating income</i>		<u>182 174 748</u>	<u>195 465 986</u>
<u>Operating Expenses</u>			
Crew-hire	11	23 093 157	21 173 303
Other operating expenses		17 001 774	18 215 802
Administration	10	6 268 931	6 396 994
<i>Total Operating Expenses</i>		<u>46 363 862</u>	<u>45 786 099</u>
Ordinary depreciation	4	46 806 688	48 246 572
<i>Operating Result</i>		<u>89 004 198</u>	<u>101 433 315</u>
<u>Financial Income and Expenses</u>			
Financial income	6	96 164	76 103
Foreign exchange gain/loss		509 756	-387 048
Financial expenses	6	-28 681 212	-30 357 491
<i>Net Financial Items</i>		<u>-28 075 291</u>	<u>-30 668 436</u>
<i>Result before taxes</i>		<u>60 928 907</u>	<u>70 764 879</u>
Taxes	12	0	0
<i>Result for the year</i>		<u>60 928 907</u>	<u>70 764 879</u>




KNOT Shuttle Tankers 26 AS
Balance Sheet as of 31. December

	Note	2021	2020
<u>Assets</u>			
<u>Fixed assets</u>			
Vessel	4, 5	893 376 895	940 181 476
<i>Total Fixed Assets</i>		<u>893 376 895</u>	<u>940 181 476</u>
<u>Current Assets</u>			
Inventories	13	1 817 424	1 143 427
Receivables	7	8 243 114	4 519 721
Current receivables group		221 183	383 619
Bank deposits	2	30 625 492	16 475 543
<i>Total Current Assets</i>		<u>40 907 212</u>	<u>22 522 311</u>
<i>TOTAL ASSETS</i>		<u>934 284 108</u>	<u>962 703 787</u>



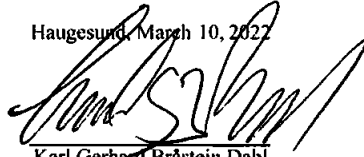
KNOT Shuttle Tankers 26 AS
Balance Sheet as of 31. December

	Note	2021	2020
<u>Shareholders Equity and Liabilities</u>			
<u>Equity</u>			
Share capital	8, 9	100 000	100 000
Share premium		2 064	2 064
Other paid-up equity		226 480 130	247 810 880
<i>Total capital paid-in</i>		<u>226 582 194</u>	<u>247 912 944</u>
Other equity		67 740 937	70 764 879
<i>Total Shareholders' Equity</i>	8	<u>294 323 131</u>	<u>318 677 823</u>
<u>Long-Term Liabilities</u>			
Deferred tax	12	236 165	295 210
Liabilities to financial institutions	5	629 372 943	637 115 206
<i>Total Long-Term Liabilities</i>		<u>629 609 108</u>	<u>637 410 416</u>
<u>Current Liabilities</u>			
Accounts payable	7	3 009 139	2 602 841
Accrued interest		2 548 818	2 226 424
Tax payable	12	59 045	73 821
Current liabilities group		1 204 223	954 982
Other current liabilities		3 530 644	757 479
<i>Total Current Liabilities</i>		<u>10 351 869</u>	<u>6 615 547</u>
<i>Total liabilities</i>		<u>639 960 977</u>	<u>644 025 964</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>934 284 108</u>	<u>962 703 787</u>




Trygve Saglem
chairman of the board

Haugesund, March 10, 2022



Karl Gerhard Bråstein Dahl
member of the board



Takashi Domyo
member of the board



KNOT SHUTTLE TANKERS 26 AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	111 021 000	125 381 392
Paid taxes	-73 821	-92 258
Change in working capital	<u>-483 874</u>	<u>3 456 343</u>
Net cashflow from operations	<u>110 463 305</u>	<u>128 745 477</u>
Invested in vessel	<u>-2 107</u>	<u>-104 881</u>
Net cashflow from investments	<u>-2 107</u>	<u>-104 881</u>
Paid out dividend	-85 283 600	-76 336 800
Capitalized issuance costs	-7 179 717	0
Proceeds from long term-debt	646 974 017	0
Repayment of long-term debt	<u>-650 821 949</u>	<u>-46 020 555</u>
Net cashflow from financing	<u>-96 311 249</u>	<u>-122 357 355</u>
Net cashflow for the year	14 149 949	6 283 242
+ Cash balance per 01.01.	<u>16 475 543</u>	<u>10 192 301</u>
= Cash Balance per 31.12.	<u>30 625 492</u>	<u>16 475 543</u>

1) Generated from operations:

Result before taxes	60 928 907	70 764 879
+Ordinary depreciation	46 806 688	48 246 572
+Amortization deferred debt issuance cost	2 717 828	1 596 606
+ Realized currency gain mortgage debt	<u>567 577</u>	<u>4 773 335</u>
= Total generated from operations	<u>111 021 000</u>	<u>125 381 392</u>



KNOT SHUTTLE TANKERS 26 AS

Notes to the Financial Statement 31.12.2021

1 Accounting Principles

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

Income

The income from charter party is in USD, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

Inventories

Inventories are valued according to the net realisable value principle.

Fixed Assets and Dry-Docking

The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of shuttle tankers and FSO's 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 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.

We use hedge accounting for long term debt in foreign currencies. The expected net future nominal cash-flow in the same currency from chartering out vessel is the hedging instruments. The realized foreign exchange gain and -losses are booked together with the hedging instrument. We book realized- and unrealized foreign exchange gain/-loss for any uneffective part of the debt in foreign currencies over financial items.



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. 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 Knutsen NYK Offshore Tankers Group and KNOT Offshore Partners Group. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management AS delivers ship management services for the Company's vessel. Ship management fee includes services like technical management, crewing management, IT and energy management.

2 Bank deposits

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

3 Contracts

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

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

4 Fixed Assets

<u>Vessel</u>	2021	2020
Historical value 01.01.	1 085 752 878	1 085 752 878
Accumulated depreciation 01.01.	152 895 249	109 506 525
Book value 01.01.	932 857 629	976 246 353
Annual depreciation	41 924 124	43 388 724
Book value 31.12.	890 933 505	932 857 629

The economic life of the vessels is estimated to 23 years, and is depreciated accordingly.

<u>Dry-docking</u>	2021	2020
Capitalised dry-docking	24 377 881	24 273 000
Accumulated depreciation dry-docking 01.01.	17 054 033	12 196 185
Capitalised dry-docking 01.01.	7 323 847	12 076 815
Additions/disposals	2 107	104 881
Annual depreciation	4 882 564	4 857 848
Book value 31.12.	2 443 390	7 323 847
Total book value vessel 31.12.	893 376 895	940 181 476

The company changed in third quarter 2021 the useful life estimate for M/T Lena Knutsen from 25 years to 23 years due to prevailing longer-term market trends. The company updated at the same time the estimated net sales price at the end of estimated life from NOK 0 at 25 years to estimated net sales price at end of the new estimated end of life.



5 Mortgage Debt and Financial Instruments

<u>31-12-21</u>	USD	Historical rate	Rate as at 31.12.	NOK
USD-loan	75 455 690	8,6589	8,4295	636 051 555
Deferred debt issuance				-6 678 612
				<u>629 372 943</u>
Current portion:				
USD-loan	5 182 988	8,6589	8,4295	43 689 847
Deferred debt issuance				-1 581 202
				<u>42 108 645</u>

<u>31-12-20</u>	USD	Historical rate	Rate as at 31.12.	NOK
USD-loan	75 950 000	8,4178	8,4178	639 331 910
Deferred debt issuance				-2 216 704
				<u>637 115 206</u>
Current portion:				
USD-loan	4 900 000	8,4178	8,4178	41 247 220
Deferred debt issuance				-1 541 144
				<u>39 706 076</u>

The USDNOK exchange rate at the year-end was 8,8363 (8,5375 in 2020).

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 31.12.2021 the not recorded foreign exchange loss (i.e. off-balance) is NOK 31 million compared to a loss of NOK 9 million as per 31.12.2020.

Security for the loan is made through a first priority mortgage in the vessels, assignment of earnings, assignment of insurances, bank accounts, factoring agreement, pledged shares in the company, guarantees from the owner, and undertakings from the manager.

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 60 million. Mark to market loss on interest swaps have not been taken into account with USD 1.0 million (loss of USD 3.5 million last year).

Book value of mortgaged assets is NOK 934 million (NOK 963 million in 2020).



The estimated outstanding debt per 31.12.2026 is USD 49.5 million.

6 Financial Income and -Expenses

	<u>2021</u>	<u>2020</u>
Financial Income:		
Dividend	92 262	0
Other interest income	3 902	76 103
Total financial income	<u>96 164</u>	<u>76 103</u>
Financial expenses:		
Interest expenses	25 329 006	26 478 007
Guarantee expenses group companies/related parties	3 140 709	3 587 299
Other financial expenses	211 497	292 184
Total financial expenses	<u>28 681 212</u>	<u>30 357 491</u>

7 Related parties balances

	<u>2021</u>	<u>2020</u>
<u>Receivables</u>		
Knutsen Ballastvann AS	3 296	0
KNOT Management AS	4 151 007	1 774 537
Knutsen OAS Shipping AS	63 720	0
	<u>4 218 023</u>	<u>1 774 537</u>
	<u>2021</u>	<u>2020</u>
<u>Accounts payable</u>		
Knutsen OAS Crewing AS	186 381	67 919
Knutsen OAS Management AS	9 400	0
KNOT Management AS	175 231	145 807
Knutsen OAS Shipping AS	1 407 379	1 292 456
	<u>1 778 391</u>	<u>1 506 183</u>

8 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Additional paid-in capital	Other equity	Total equity
Equity 01.01.	100 000	2 064	247 810 880	70 764 879	318 677 823
Result for the year	0	0	0	60 928 907	60 928 907
Extraordinary dividend paid-out	0	0	-21 330 750	-63 952 850	-85 283 600
Equity 31.12.	<u>100 000</u>	<u>2 064</u>	<u>226 480 130</u>	<u>67 740 937</u>	<u>294 323 131</u>

Share capital consist of 100 shares à NOK 1,000, all held by KNOT Shuttle Tankers AS.

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



9 Shares Owned by Board Members and Affiliates

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

10 Remuneration

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

Auditors remuneration (excl. VAT):	2021	2020
Audit	18 819	37 638
Tax advice	0	0
Other services besides audit	0	0
	<u>18 819</u>	<u>37 638</u>

11 Employees

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

Specification:	2021	2020
Grants crew expenses	2 040 628	2 866 492

12 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating results. There are however ordinary tax of 22% on the company's net financial income. At the same time the company is within the tonnage tax scheme, the tonnage tax is calculated, which amounted to NOK 156 174 (NOK 156 174 last year).

Temporary differences relating to financial items are assessed when calculating deferred tax / benefit, which is 22 % of net temporary differences. The accounting treatment follows the general valuation rules for capitalization.

Entrance to the tonnage tax regime resulted in an entrance tax. Entrance tax is calculated as the difference between the market value and the tax value.



Entrance tax

	2021	2020
Gain and loss account 01.01.	1 341 932	1 677 414
Short-term tax payable basis (20%)	268 386	335 483
Long-term tax payable basis (80%)	1 073 545	1 341 932
Incoming balance long-term	295 225	369 031
Tax payable short-term	59 045	73 806
Tax payable long-term	236 180	295 225
Payable tax costs calculated	0	0

Specification on the temporary differences:

	31-12-21	Change	31-12-20
Gain and loss account	1 073 545	268 386	1 341 932
Loss carried forward	-38 381 170	12 902 984	-25 478 186
Temporary differences	-37 307 625	13 171 370	-24 136 254
Calculated deferred tax	-8 207 677	-2 897 701	-5 309 976
Deferred tax in balance	236 165	-59 045	295 210

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.

Tax cost

	2021	2020
Financial Results	-28 075 291	-30 668 436
Non-deductible interest / taxable interest	16 319 899	21 595 427
Foreign exchange gain/loss, not taxable	-1 147 591	288 343
Tax base prior losses carried forward	-12 902 984	-8 784 665
Change in tax losses carried forward	-12 902 984	-8 784 665
Base for tax payable	0	0
Tax payable	59 045	73 806
Change deferred tax	-59 045	-73 806
Tax costs calculated	0	0

13 Inventories

Inventories refer to lube oil as per 31 December.



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

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www.ey.no
Medlemmer av Den norske Revisorforening

To the Shareholders' Meeting of KNOT Shuttle Tankers 26 AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 26 AS (the company) which comprise the balance sheet as at December 31, 2021, the statement of income 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 statutory requirements, and
- the financial statements present fairly in all material respects the financial position of the Company as at December 31, 2021 and (of) its financial performance and its 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International 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 information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report and for the other information presented with the financial statements 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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view 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.



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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 insofar as it is not likely that the enterprise will cease operations.

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 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.

Oslo, 10 March 2022
Ernst & Young AS

Johan Lid Nordby
State Authorised Public Accountant
(This document is signed electronically)

Independent auditor's report - Knot Shuttle Tankers 26 AS

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

Johan Nordby

Statsautorisert revisor

On behalf of: Ernst & Young AS

Serial number: 9578-5997-4-729076

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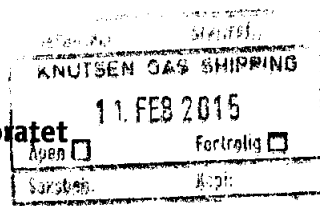
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Skattedirektoratet



Saksbehandler
Torstein Kinden Helleland

Deres dato
30.01.2015

Vår dato
09.02.2015

Telefon
22078139

Deres referanse
Geir Tore Henriksen

Vår referanse
2015/87104

KNUTSEN OAS SHIPPING AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 30. januar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

KNOT Shuttle Tankers 30 AS	org. nr. 914 716 527
KNOT Shuttle Tankers 31 AS	org. nr. 914 750 326
Knutsen Technology AS	org. nr. 991 517 553
KNOT Shuttle Tankers 23 AS	org. nr. 913 154 576
KNOT Shuttle Tankers 28 GP AS	org. nr. 914 450 160
KNOT Shuttle Tankers 28 LP AS	org. nr. 914 450 063
KNOT Shuttle Tankers 27 AS	org. nr. 914 021 456
KNOT Shuttle Tankers 29 AS	org. nr. 914 450 055
KNOT FSO 2 AS	org. nr. 814 450 112
KNOT Shuttle Tankers 24 AS	org. nr. 914 012 902
KNOT Shuttle Tankers 25 AS	org. nr. 914 006 600
KNOT Shuttle Tankers 26 AS	org. nr. 914 021 251

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskap dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Skattedirektoratet innvilget i vedtak 09/867030 av 2. juni 2010, TS Shipping Invest AS samt en rekke navngitte datterselskap dispensasjon fra kravet om å utarbeide årsregnskap og -beretning på norsk språk. Konsernet ønsker nå å søke om samme dispensasjon for ytterligere et antall selskap som inngår i konsernet. Alle selskapene inngår i konsernregnskapet til TS Shipping Invest AS. Selskapene det søkes om dispensasjon for er enten eid 100 % av TS Shipping Invest AS, eller 50 % av TS Shipping Invest AS og 50 % av det nederlandske selskapet NYK Logistics Holding (Europe) B.V. Alle selskapene i konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper.

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



Skattedirektoratets vurdering og konklusjon

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

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

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

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

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

De samme fakta og argument for dispensasjon foreligger i denne søknaden som ble vurdert ved innvilgelse av dispensasjon for konsernspissen og enkelte søsterselskap. Selskapenes aktivitet er knyttet til en internasjonal bransje hvor engelsk språk benyttes både internt i selskapene samt mot aksjonærer, og i kommunikasjon med eksterne forretningspartnere. Videre er eierkretsen begrenset.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer