



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 821 065 852
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 35 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

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: 20.03.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

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, 27.04.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Operating income	1		
Freight income	1	188 198 215	149 505 395
Other income		9 663 991	5 587
Sum inntekter		197 862 206	149 510 982
Kostnader			
Crew-hire	2	28 483 355	29 948 150
Ordinary depreciation	3	43 725 858	42 495 412
Voyage related costs	1		3 176 099
Commissions			9 501 665
Other operating expenses		22 604 398	21 847 089
Administration	2	8 716 333	7 557 225
Sum kostnader		103 529 944	114 525 640
Driftsresultat		94 332 263	34 985 342
Finansinntekter og finanskostnader			
Financial income	4	1 654 834	6 181 253
Foreign exchange gain/loss		-1 194	9 377 181
Sum finansinntekter		1 653 640	15 558 434
Financial expenses	4	53 339 359	39 760 028
Sum finanskostnader		53 339 359	39 760 028
Netto finans		-51 685 720	-24 201 594
Ordinært resultat før skattekostnad		42 646 543	10 783 748
Taxes	5		
Ordinært resultat etter skattekostnad		42 646 543	10 783 748
Årsresultat		42 646 543	10 783 748
Årsresultat etter minoritetsinteresser		42 646 543	10 783 748



Resultatregnskap

Beløp i: NOK	Note	2023	2022
Totalresultat		42 646 543	10 783 748



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	3	851 578 087	895 960 482
Vessel under construction	3		
Sum varige driftsmidler		851 578 087	895 960 482
Finansielle anleggsmidler			
Investering i datterselskap	8		
Sum anleggsmidler		851 578 087	895 960 482
Omløpsmidler			
Varer			
Inventories	6	2 828 970	2 471 707
Sum varer		2 828 970	2 471 707
Fordringer			
Receivables	11	3 804 350	5 646 842
Konsernfordringer			243 136
Sum fordringer		3 804 350	5 889 978
Bankinnskudd, kontanter og lignende			
Bank deposits	7	36 071 708	12 514 563
Sum bankinnskudd, kontanter og lignende		36 071 708	12 514 563
Sum omløpsmidler		42 705 027	20 876 247
SUM EIENDELER		894 283 114	916 836 729

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2023	2022
Innskutt egenkapital			
Share capital		30 000	30 000
Overkurs		9 930	9 930
Annen innskutt egenkapital		97 342 839	107 835 825
Sum innskutt egenkapital		97 382 769	107 875 755
Opptjent egenkapital			
Other equity		42 646 543	10 822 215
Sum opptjent egenkapital		42 646 543	10 822 215
Sum egenkapital	8, 9	140 029 312	118 697 969
Gjeld			
Langsiktig gjeld			
Utsatt skatt	5	5 406	6 758
Sum avsetninger for forpliktelser		5 406	6 758
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	736 156 786	778 061 538
Langsiktig konserngjeld	11		
Sum annen langsiktig gjeld		736 156 786	778 061 538
Sum langsiktig gjeld		736 162 192	778 068 295
Kortsiktig gjeld			
Leverandørgjeld	11	3 466 881	3 610 082
Tax payable	5	1 352	1 690
Kortsiktig konserngjeld	11	2 367 140	6 294 109
Accrued interest		10 456 211	9 098 974
Other current liabilities		1 800 026	1 065 608
Sum kortsiktig gjeld		18 091 610	20 070 464
Sum gjeld		754 253 802	798 138 760
SUM EGENKAPITAL OG GJELD		894 283 114	916 836 729



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List of Signatures Page 1/1

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Name	Method	Signed at
Seglem, Trygve	BANKID	2024-03-13 18:29 GMT+01
Domyo, Takashi	BANKID	2024-03-13 15:24 GMT+01
Dahl, Karl Gerhard B	BANKID	2024-03-13 15:02 GMT+01



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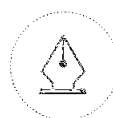


KNOT Shuttle Tankers 35 AS Annual Report 2023



M/T "Synnøve Knutsen"

KNOT
Offshore Partners LP



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KNOT SHUTTLE TANKERS 35 AS

REPORT OF THE BOARD OF DIRECTORS 2023

KNOT Shuttle Tankers 35 AS owns one 153,000 DWT suez-max DP2 shuttle tanker, M/T Synnøve Knutsen, delivered from Hyundai Heavy Industries Co., Ltd. in South Korea in 2020.

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

The company's activity

KNOT Shuttle Tankers 35 AS has liquified the subsidiary Luky KS in 2022. The partnership-chartered MT Synnøve Knutsen from the company and chartered the vessel out to Petrobras. MT Synnøve Knutsen was redelivered in January 2022 to the partnership and further back to the company. MT Synnøve Knutsen has been chartered to Equinor Shipping Inc., a Equinor ASA company, from February 2022 on a five-year time charter agreement with three options of two years and 9 options of one year in charters option.

Result for the year

The operating result was NOK 94 332 263 in 2023 compared to NOK 34 985 342 in 2022. After net financial loss of NOK 51 685 720 in 2023, a loss of NOK 24 201 594 in 2022, the result for the year was NOK 42 646 543 in 2023 compared to NOK 10 783 748 in 2022.

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

Total cash flow for operational activities was NOK 93 567 645, NOK 150 965 655 in 2022. The liquidity position was NOK 36 071 708 as per 31.12.2023 compared to NOK 12 514 563 as per 31.12.2022. The company's ability to finance its investments is good.

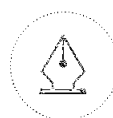
Total capital was by the end of the year NOK 894 283 114, NOK 916 836 729 at the end of 2022. The equity-share as of 31.12.2023 was 16 % compared to 13 % the year before.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since most of the company's operating expenses and financial costs are also denominated in USD, this limits the company's foreign exchange risk. The company has not entered into any forward contracts or other agreements in order to reduce the company's foreign exchange risk, and thereby operating related market risk.

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 KNOT Offshore Partners Group emphasize operational quality. There have been no accidents linked to operations that have had serious consequences for crew, the environment, or assets in 2023.

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 accounts for these due diligence assessments and other obligations pursuant to the Act's section 5 are included in a report that can be found here www.knutsenoas.com and the report is updated minimum one time per year.

Future prospects

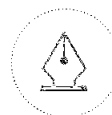
M/T Synnøve Knutsen is operated on a long-term charter with Equinor Shipping Inc. with a fixed period until the 1st quarter of 2027. The charterer and trading area is well known for the manager and the Board of Directors. Based on the operation of the vessel in 2023, the long-term financing of the vessel and the long-term charter-party of the vessel, the Board of Directors of KNOT Shuttle Tankers 35 AS expects 2024 to be a satisfactory year for the vessel and the company.

Haugesund, March 13, 2024

Trygve Seglem
Chairman of the Board

Karl Gerhard Bråstein Dahl
Member of the Board

Takashi Domyo
Member of the Board



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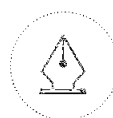
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KNOT Shuttle Tankers 35 AS

Profit & Loss Account

	<u>Note</u>	2023	2022
<u>Operating Income</u>			
Freight income	1	188 198 215	149 505 395
Other income		9 663 991	5 587
<i>Total Operating income</i>		<u>197 862 206</u>	<u>149 510 982</u>
<u>Operating Expenses</u>			
Voyage related costs	1	0	3 176 099
Crew-hire	2	28 483 355	29 948 150
Commissions		0	9 501 665
Other operating expenses		22 604 398	21 847 089
Administration	2	8 716 333	7 557 225
<i>Total Operating Expenses</i>		<u>59 804 086</u>	<u>72 030 228</u>
<i>Operating result before depreciation</i>		<u>138 058 121</u>	<u>77 480 754</u>
Ordinary depreciation	3	43 725 858	42 495 412
<i>Operating Result</i>		<u>94 332 263</u>	<u>34 985 342</u>
<u>Financial Income and Expenses</u>			
Financial income	4	1 654 834	6 181 253
Foreign exchange gain/loss		-1 194	9 377 181
Financial expenses	4	-53 339 359	-39 760 028
<i>Net Financial Items</i>		<u>-51 685 720</u>	<u>-24 201 594</u>
<i>Result before taxes</i>		<u>42 646 543</u>	<u>10 783 748</u>
Taxes	5	0	0
<i>Result for the year</i>		<u>42 646 543</u>	<u>10 783 748</u>



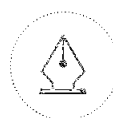
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KNOT Shuttle Tankers 35 AS
Balance Sheet as of 31. December

<u>Assets</u>	<u>Note</u>	2023	2022
<u>Fixed assets</u>			
Vessel	3	851 578 087	895 960 482
<i>Total Fixed Assets</i>		<u>851 578 087</u>	<u>895 960 482</u>
<u>Current Assets</u>			
Inventories	6	2 828 970	2 471 707
Receivables	11	3 804 350	5 646 842
Intercompany receivables		0	243 136
Bank deposits	7	36 071 708	12 514 563
<i>Total Current Assets</i>		<u>42 705 027</u>	<u>20 876 247</u>
<i>TOTAL ASSETS</i>		<u>894 283 114</u>	<u>916 836 729</u>



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KNOT Shuttle Tankers 35 AS
Balance Sheet as of 31. December

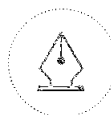
<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2023	2022
<u>Equity</u>			
Share capital		30 000	30 000
Share premium		9 930	9 930
Other paid-in capital		97 342 839	107 835 825
<i>Total capital paid-in</i>		97 382 769	107 875 755
Other equity		42 646 543	10 822 215
<i>Total Shareholders' Equity</i>	8, 9	140 029 312	118 697 969
<u>Long Term Debt</u>			
Deferred tax	5	5 406	6 758
Mortgage debt	10	736 156 786	778 061 538
<i>Total Long Term Debt</i>		736 162 192	778 068 295
<u>Current Liabilities</u>			
Account payables	11	3 466 881	3 610 082
Accrued interest		10 456 211	9 098 974
Tax payable	5	1 352	1 690
Intercompany liabilities	11	2 367 140	6 294 109
Other current liabilities		1 800 026	1 065 608
<i>Total Current Liabilities</i>		18 091 610	20 070 464
<i>Total liabilities</i>		754 253 802	798 138 760
SHAREHOLDERS' EQUITY AND LIABILITIES		894 283 114	916 836 729

Haugesund, March 13, 2024,

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 35 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.

	2023	2022
Result before tax	42,646,543	10,783,748
+ Ordinary depreciation	43,725,858	42,495,412
+ Paid tax	-1,690	-2,112
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	5,887,313	1,854,078
+ Financial expenses - liabilities to financial institutions	1,559,772	1,553,702
+/- Loss/Gain on liquidating limited partnerships	0	2,567,369
= Total generated from operations	93,817,796	59,252,197
+ Net received on current assets	1,728,365	83,339,164
+ Net received on current liabilities	-1,978,516	8,374,294
Net cashflow from operations	93,567,645	150,965,655
<u>Cashflow from investments</u>		
Upgrading / disposals of vessel	656,537	-26,221
Dividends and repayment of equity from group companies	0	15,347,068
Net cashflow from investments	656,537	15,320,846
<u>Cashflow from financing</u>		
Repayment of liabilities to financial institutions	-49,351,837	-45,318,602
Mergers	0	38,467
Dividend paid-out	-21,315,200	-170,941,501
Net cashflow from financing	-70,667,037	-216,221,636
Net cashflow for the year	23,557,145	-49,935,135
+ Bank deposits per 01.01.	12,514,563	62,449,698
= Bank deposits per 31.12.	36,071,708	12,514,563



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KNUTSEN SHUTTLE TANKERS 35 AS

Notes to the Financial Statement 31.12.2023

Accounting Principles

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

Transactions in Foreign Currency

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

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

Related party transactions

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

1 Contracts

The company has secured employment of the vessel M/T Synnøve Knutsen, with a 5 year fix time charter contract with charterers option to extend the contract with 3 x 2 + 9 x 1 year options to Equinor Shipping Inc. from February 2022.

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.

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

Voyage related costs

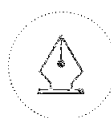
Specification:

Port Charges

Bunkers

Total

	<u>2023</u>	<u>2022</u>
Port Charges	0	1,231,648
Bunkers	0	1,944,451
Total	0	3,176,099



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2 Employees and remuneration

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from Knutsen OAS Shipping AS in accordance with a separate management agreement.

	<u>2023</u>	<u>2022</u>
Grants crew expenses	-201,835	-657,345

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.

	<u>2023</u>	<u>2022</u>
Auditors remuneration (excl. VAT):		
Audit	21,284	117,334
Other services besides audit	0	0
	<u>21,284</u>	<u>117,334</u>

3 Fixed Assets

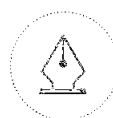
The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of shuttle tankers is estimated to 23 years from delivery as newbuilding. We use extended life or reduced life if there are commercial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

Dry-docking 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.

<u>Vessel</u>	<u>2023</u>	<u>2022</u>
Historical value 1.1.	960,188,800	960,162,579
Accumulated depreciation 1.1.	80,718,335	44,042,929
Book value 1.1.	879,470,465	916,119,650
Additions/Disposals	-656,537	26,221
Annual depreciation	37,905,852	36,675,406
Book value 31.12.	<u>840,908,076</u>	<u>879,470,465</u>

<u>Dry-docking</u>	<u>2023</u>	<u>2022</u>
Capitalised dry-docking	29,100,028	29,100,028
Accumulated depreciation dry-docking 1.1.	12,610,011	6,790,005
Capitalised dry-docking 1.1.	16,490,018	22,310,024
Annual depreciation	5,820,006	5,820,006
Book value 31.12.	<u>10,670,012</u>	<u>16,490,018</u>

Total vessel	<u>851,578,087</u>	<u>895,960,482</u>
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4 Financial Income and -Expenses

	<u>2023</u>	<u>2022</u>
Financial Income:		
Deletion Luky KS	0	2,567,369
Dividends from subsidiaries	0	3,105,193
Other interest income	1,654,834	508,691
Total financial income	<u>1,654,834</u>	<u>6,181,253</u>
Financial expenses:		
Interest expenses	48,677,868	35,447,329
Guarantee expenses group companies/related parties	4,198,826	4,128,983
Other financial expenses	462,665	183,716
Total financial expenses	<u>53,339,359</u>	<u>39,760,028</u>

5 Tax

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

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

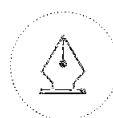
Specification on the temporary differences:

	<u>31.12.2023</u>	<u>Change</u>	<u>31.12.2022</u>
Gain & loss account entrance tax	24,575	-6,144	30,718
Loss carried forward	-106,050,455	9,556,712	-115,607,167
Basis for deferred tax (benefit)	<u>-106,025,880</u>	<u>9,550,568</u>	<u>115,637,885</u>
Deferred tax (benefit)	<u>5,406</u>	<u>-1,352</u>	<u>6,758</u>

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

scheme:

	<u>2023</u>	<u>2022</u>
Net financial result	-51,685,720	-24,201,594
Non-taxable result from investment	0	-4,003,614
Non deductible currency loss	-188,294	-8,667,611
Interest deduction	61,430,726	30,409,305
Taxable income before loss carried forward	9,556,712	-6,463,513
Change in loss carried forward	-9,556,712	6,463,513
Taxable income	<u>0</u>	<u>0</u>
Tax payable	-1,352	-1,690
Change in deferred tax	1,352	1,690
Tax expense	<u>0</u>	<u>0</u>
Tonnage tax expenses under operating expenses	<u>144,540</u>	<u>145,728</u>



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6 Inventories

Specification of inventories per 31.12.

	<u>2023</u>	<u>2022</u>
Lube oil	2,828,970	2,471,707

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	Additional paid-in capital	Other equity	Total equity
Equity 01.01.	30,000	9,930	107,835,825	10,822,215	118,697,969
Dividend	0	0	-10,492,985	-10,822,215	-21,315,200
Result for the year	0	0	0	42,646,543	42,646,543
Equity 31.12.	30,000	9,930	97,342,839	42,646,543	140,029,312

Share capital consist of 1 000 shares à NOK 30, all the shares is owned by KNOT Shuttle Tankers AS.

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

9 Shares Owned by Board Members and Affiliates

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

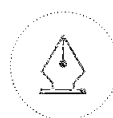
10 Mortgage Debt and Financial Instruments

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

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

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

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	Accounting balance	
				2023	2022
Mortgage debt	USD	80,553,348	9.1728	738,896,925	782,361,449
Debt issuance cost				-2,740,139	-4,299,911
Liabilities to financial institutions				736,156,786	778,061,538

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.

	2023	2022
Foreign exchange gain/-loss not taken over profit and loss (i.e. off-balance):	-82,948,606	-62,590,089

Amounts due within 12 months of the balance sheet date:

Mortgage debt	43,464,523	43,464,523
Debt issuance cost	-1,532,993	-1,559,774
Liabilities to financial institutions	41,931,530	41,904,749

Repayment profile:

0 - 12 months	4,738,432	4,738,432
13 - 24 months	4,738,432	4,738,432
25 - 36 months	4,738,432	4,738,432
37 - 48 months	4,738,432	4,738,432
49 - 60 months	4,738,432	4,738,432
After 60 months	56,861,188	61,599,619
	80,553,348	85,291,779

The exchange rate at the year-end	USDNOK	10.2025	9.9066
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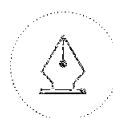
Security for the loan is made through a first priority mortgage in the vessel, transportation of income, pledged bank deposit, factoring agreement, pledged shares in the company and guarantees from the owner.

Book value of mortgaged assets is NOK 894 million.

The company has entered into interest rate swap contracts to reduce the effects of exchange rate fluctuations. Hedge accounting has been applied for revenue in interest rate swap contracts - cash flow hedge. Fixed rate interest rate swaps 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 gains/-losses on the interest rate swaps are presented as an reduction/increase of Interest expenses.

Future interest payments on the floating rate liabilities to financial institutions exceed the interest rate swaps notional amounts at the balance sheet date. Therefore it is not recognized mark to market gains/losses on fixed interest rate swaps on the basis of the year-end market interest rates.

	Currency	2023	2022
Outstanding fixed interest rate swaps	USD	41,875,000	44,375,000
Mark to market valuation	USD	1,448,817	2,232,426



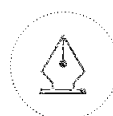
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11 Related party balances

	<u>2023</u>	<u>2022</u>
<u>Current receivables</u>		
KNOT Shuttle Tankers 37 AS	0	1,372
KNOT Management	24,984	0
	<u>24,984</u>	<u>1,372</u>
<u>Accounts payable</u>		
Knutsen O.A.S. Shipping AS	1,156,857	1,761,372
Knutsen OAS Management AS	7,752	2,138
Knutsen OAS Crewing AS	23,919	112,587
KNOT Management AS	1,191,572	608,437
Knutsen NYK Offshore Tankers AS	799	0
	<u>2,380,898</u>	<u>2,484,534</u>



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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 35 AS

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 35 AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, 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 2023 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 of the 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.

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



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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Oslo, 13 March 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Independent auditor's report - KNOT Shuttle Tankers 35 AS 2023

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Johan Lid Nordby

Statsautorisert revisor

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Skatteetaten

TS SHIPPING INVEST AS
Postboks 2017
5504 HAUGESUND

Vår dato
13.02.2019

Din/Deres dato
11.01.2019

Saksbehandler
Henning Stokke

800 80 000
Skatteetaten.no

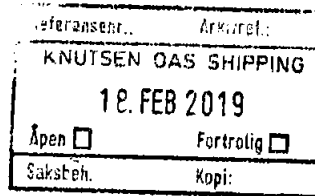
Din/Deres referanse
Petter M Opsal

Telefon
800 80 000

Org.nr
974761076

Vår referanse
2019/5238778

Postadresse
Postboks 9200 Grønland
0134 OSLO



Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk

Vi viser til deres brev av 11. januar 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- KNOT Shuttle Tankers 36 AS 921 657 595
- KNOT Shuttle Tankers 33 AS 920 610 455
- KNOT Shuttle Tankers 37 AS 921 657 633
- KNOT Shuttle Tankers 35 AS 821 065 852
- KNOT Shuttle Tankers 38 AS 921 684 789
- KNOT Shuttle Tankers 39 AS 921 684 762
- KNOT Shuttle Tankers 34 AS 921 065 698
- Knutsen OAS ML AS 920 992 153
- Norspan LNG 14 AS 921 118 546
- Norspan LNG 15 AS 921 968 450

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering selskapene nevnt ovenfor dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge 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

Fra søknaden gjengis:

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 2018. 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 / forretningspråk. Dette gjelder også konsernets långivere.



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 et særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapenes eierkrets er begrenset. I tillegg opererer selskapene i en internasjonal bransje, og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

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