



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 918 447 954
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 32 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			
Freight income	2	151 317 158	144 175 009
Sum inntekter		151 317 158	144 175 009
Kostnader			
Crew-hire	12	22 663 471	22 143 305
Ordinary depreciation	4	39 230 148	39 246 607
Other operating expenses		19 350 401	16 289 571
Administration	8	6 304 254	5 765 256
Sum kostnader		87 548 273	83 444 740
Driftsresultat		63 768 885	60 730 269
Finansinntekter og finanskostnader			
Financial income	6	9 311	63 501
Foreign exchange gain/loss		336 569	408 355
Sum finansinntekter		345 880	471 856
Financial expenses	6	25 244 563	32 176 049
Sum finanskostnader		25 244 563	32 176 049
Netto finans		-24 898 682	-31 704 194
Ordinært resultat før skattekostnad		38 870 202	29 026 076
Taxes	11		
Ordinært resultat etter skattekostnad		38 870 202	29 026 076
Årsresultat		38 870 202	29 026 076
Årsresultat etter minoritetsinteresser		38 870 202	29 026 076
Totalresultat		38 870 202	29 026 076



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	4	619 655 814	658 885 962
Accrued income	2	9 724 223	17 033 212
Sum varige driftsmidler		629 380 037	675 919 174
Sum anleggsmidler		629 380 037	675 919 174
Omløpsmidler			
Varer			
Inventories	13	1 329 570	1 261 807
Sum varer		1 329 570	1 261 807
Fordringer			
Receivables	7	1 554 726	2 772 013
Sum fordringer		1 554 726	2 772 013
Bankinnskudd, kontanter og lignende			
Bank deposits	3	23 313 969	34 018 988
Sum bankinnskudd, kontanter og lignende		23 313 969	34 018 988
Sum omløpsmidler		26 198 265	38 052 808
SUM EIENDELER		655 578 302	713 971 982
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	9, 10	100 000	100 000
Overkurs		14 430	14 430
Annen innskutt egenkapital		177 822 850	183 371 530



Balanse

Beløp i: NOK	Note	2020	2019
Sum innskutt egenkapital		177 937 280	183 485 960
Opptjent egenkapital			
Other equity		40 641 688	29 026 076
Sum opptjent egenkapital		40 641 688	29 026 076
Sum egenkapital	9	218 578 968	212 512 036
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5	423 592 140	474 827 214
Sum annen langsiktig gjeld		423 592 140	474 827 214
Sum langsiktig gjeld		423 592 140	474 827 214
Kortsiktig gjeld			
Leverandørgjeld	7	5 869 930	4 660 599
Kortsiktig konserngjeld		2 728 211	2 628 066
Accrued interest		3 351 049	5 287 575
Other financial instruments	5		
Other current liabilities		1 458 004	14 056 493
Sum kortsiktig gjeld		13 407 194	26 632 733
Sum gjeld		436 999 334	501 459 946
SUM EGENKAPITAL OG GJELD		655 578 302	713 971 982



KNOT Shuttle Tankers 32 AS Annual Report 2020



M/T "Brasil Knutsen"

KNOT
Offshore Partners LP



KNOT SHUTTLE TANKERS 32 AS

REPORT OF THE BOARD OF DIRECTORS 2020

KNOT Shuttle Tankers 32 AS owns one 154,000 DWT Suez-max shuttle tanker, M/T Brasil Knutsen, delivered from Samsung Heavy Industries in South Korea in 2013.

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

The company's activity

M/T Brasil Knutsen have been chartered to Galp Sinopec Brazil Services B.V., for international trade with offshore loading in Brazil from 2017. The long-term time charter the vessel is operating on have a fixed period until September 20, 2022 with charters option to extend two times for three years.

Result for the year

The operating result for KNOT Shuttle Tankers 32 AS was NOK 63 768 885 in 2020 compared to NOK 60 730 269 in 2019. After net financial loss of NOK 24 898 682 in 2020, against a loss of NOK 31 704 194 in 2019, the result for the year were NOK 38 870 202 in 2020 compared to NOK 29 026 076 in 2019.

The Board of Directors suggests the result for the year transferred to other equity.

Total cash flow from operating activities in the company was NOK 81 959 683, NOK 83 742 373 in 2019. The liquidity position was NOK 23 313 969 as per 31.12.2020 compared to NOK 34 018 988 as per 31.12.2019. The company's ability to finance its investments is good. The outstanding mortgage loan is at the end of 2020 USD 50 997 184, USD 57 281 288 at the end of 2019.

The company's short-term debt per 31.12.2020 was 3.1 % of total debt (5.3 % in 2019).

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since the majority of 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 exchange rate 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 company has not entered into any interest rate swap agreement.

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 a safety operation of ships are increasing, and both the company and the manager KNOT Management AS are concerned with an operational excellence. KNOT Shuttle Tankers Group's fleet consists of modern ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ships are maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources to the quality assurance and there are strict requirements for safety systems and an operation of the ships.


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.

Future prospects

M/T Brasil Knutsen is operated on a long-term charter with Galp Sinopec Brazil Services B.V. The charterer and trading area are well known for the manager and the Board of Directors. The Board of Directors expect that 2021 will be a stable profitable year for the company.

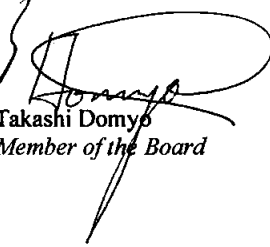
Haugesund, March 10, 2021



Trygve Seglem
Chairman of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



Takashi Domyo
Member of the Board



KNOT Shuttle Tankers 32 AS

Profit & Loss Account

	Note	2020	2019
<u>Operating Income</u>			
Freight income	2	151 317 158	144 175 009
<i>Total Operating income</i>		<u>151 317 158</u>	<u>144 175 009</u>
<u>Operating Expenses</u>			
Crew-hire	12	22 663 471	22 143 305
Other operating expenses		19 350 401	16 289 571
Administration	8	6 304 254	5 765 256
<i>Total Operating Expenses</i>		<u>48 318 125</u>	<u>44 198 133</u>
Ordinary depreciation	4	39 230 148	39 246 607
<i>Operating Result</i>		<u>63 768 885</u>	<u>60 730 269</u>
<u>Financial Income and Expenses</u>			
Financial income	6	9 311	63 501
Foreign exchange gain/loss		336 569	408 355
Financial expenses	6	-25 244 563	-32 176 049
<i>Net Financial Items</i>		<u>-24 898 682</u>	<u>-31 704 194</u>
<i>Result before taxes</i>		<u>38 870 202</u>	<u>29 026 076</u>
Taxes	11	0	0
<i>Result for the year</i>		<u>38 870 202</u>	<u>29 026 076</u>




KNOT Shuttle Tankers 32 AS
Balance Sheet as of 31. December

	Note	2020	2019
<u>Assets</u>			
<u>Fixed assets</u>			
Vessel	4	619 655 814	658 885 962
Accrued income	2	9 724 223	17 033 212
<i>Total Fixed Assets</i>		<u>629 380 037</u>	<u>675 919 174</u>
<u>Current Assets</u>			
Inventories	13	1 329 570	1 261 807
Receivables	7	1 554 726	2 772 013
Bank deposits	3	23 313 969	34 018 988
<i>Total Current Assets</i>		<u>26 198 265</u>	<u>38 052 808</u>
<i>TOTAL ASSETS</i>		<u>655 578 302</u>	<u>713 971 982</u>

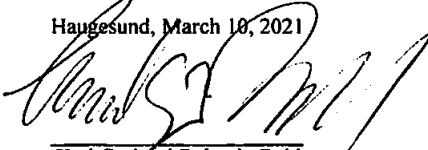


KNOT Shuttle Tankers 32 AS
Balance Sheet as of 31. December

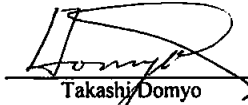
	Note	2020	2019
<u>Shareholders Equity and Liabilities</u>			
<u>Equity</u>			
Share capital	9, 10	100 000	100 000
Share premium		14 430	14 430
Other paid-in equity		177 822 850	183 371 530
<i>Total capital paid-in</i>		<u>177 937 280</u>	<u>183 485 960</u>
Other equity		40 641 688	29 026 076
<i>Total Shareholders' Equity</i>	9	<u>218 578 968</u>	<u>212 512 036</u>
<u>Long-Term Liabilities</u>			
Liabilities to financial institutions	5	423 592 140	474 827 214
<i>Total Long-Term Liabilities</i>		<u>423 592 140</u>	<u>474 827 214</u>
<u>Current Liabilities</u>			
Accounts payable	7	5 869 930	4 660 599
Accrued interest		3 351 049	5 287 575
Current liabilities group		2 728 211	2 628 066
Other current liabilities		1 458 004	14 056 493
<i>Total Current Liabilities</i>		<u>13 407 194</u>	<u>26 632 733</u>
<i>Total liabilities</i>		<u>436 999 334</u>	<u>501 459 946</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>655 578 302</u>	<u>713 971 982</u>



Trygve Seglem
chairman of the board

Haugesund, March 10, 2021


Karl Gerhard Bråstein Dahl
member of the board



Takashi Domyo
member of the board



KNOT SHUTTLE TANKERS 32 AS

CASHFLOW STATEMENT

	2020	2019
Total generated from operations 1)	94 035 698	70 409 003
Change in working capital	<u>-12 076 015</u>	<u>13 333 370</u>
Net cashflow from operations	<u>81 959 683</u>	<u>83 742 373</u>
Net invested in vessel	<u>0</u>	<u>193 876</u>
Net cashflow from investments	<u>0</u>	<u>193 876</u>
Group contribution, received	0	0
Dividend paid-out	-32 803 270	-10 439 010
Paid installments mortgage debt	<u>-59 861 433</u>	<u>-53 750 800</u>
Net cashflow from financing	<u>-92 664 703</u>	<u>-64 189 810</u>
Net cashflow for the year	-10 705 020	19 746 439
+ Cash balance per 01.01.	<u>34 018 988</u>	<u>14 272 549</u>
= Cash Balance per 31.12.	<u>23 313 969</u>	<u>34 018 988</u>

1) Generated from operations:

Result for the year	38 870 202	29 026 076
+Realized profit/loss on foreign exchange mortgage debt	7 324 166	2 149 740
+Accrued income	7 308 989	-1 419 686
+Ordinary depreciation	39 230 148	39 246 607
+Amortized debt issuance cost	1 302 192	1 406 266
= Total generated from operations	<u>94 035 698</u>	<u>70 409 003</u>



KNOT SHUTTLE TANKERS 32 AS

Notes to the Financial Statement 31.12.2020

1 Accounting Principles

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

Current Assets/Current Liabilities

Fixed assets are intended for long-term ownership and use. Other assets are classified as current assets. Short-term liabilities are due within one year or tied to the operation of the vessel. Other liabilities are classified as long-term liabilities.

Current assets are valued at the lower of cost and fair value. Short-term liabilities are recorded at nominal value at the time of the entering.

Income

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

Inventories

Inventories are valued according to the net realisable value principle.

Fixed Assets and Dry-Docking

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

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

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

Transactions in Foreign Currency

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

All current assets and current liabilities in foreign currency are registered at the rate of exchange as per 31.12. Realised foreign exchange gain and loss are registered as financial items.

The debt is valued at the historical rate, to the extent that the future net nominal income flow exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal income flow, the unrealised foreign exchange loss on the exceeding amount is recorded.

Realized and unrealized profit and loss on foreign exchange are recorded as financial income / expenses.



Interest-bearing loan and borrowings

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

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

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

Financial Instruments

The treatment of foreign exchange and interest rate instruments depends on the intention behind the agreement. If the intention of the contracts is to hedge the company's exposure against fluctuations in interest rates and foreign exchange rates, then the income and expenses related to the hedging and the corresponding items in the balance sheet are classified in the same manner.

Tax

The company have elected to be taxed based on the Norwegian tonnage tax regime. The tonnage tax regime have a list of requirements that companies have to fulfill to qualify for election of the regime, such as minimum 3% direct or indirect ownership in vessels that perform transportation only. The company are restricted to what assets, liabilities and business they can participate in, and the same will apply for underlying companies and/or partnerships.

In the tonnage tax regime the company pay a tonnage tax based on the weight of the owned vessels and taxable result is based on a taxable financial result. This means that the company's operating results is not taxable. The taxable financial result is based on the net financial items in the profit and loss account where only a portion of the foreign exchange gain is taxable and a portion of the foreign exchange loss and interest expenses is deductible. The portion is based on the amount of financial assets compared to total assets in the balance sheet. The company will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital.

Tonnage tax is classified as an operating expense in the profit and loss statement.

The calculated tax expenses in the profit and loss statement includes both the payable tax for the period in addition to the change in deferred tax. Deferred tax is calculated based on the temporary differences between the balance sheet values in the accounts and the tax values in addition to the tax loss carried forward at the end of the financial year. Tax increasing and decreasing changes in temporary differences that can be reversed in the same period are offset and the net value is taken into the accounts.

Cash flow statement

The cash flow statement is presented using the indirect method of NRS. The liquidity balance is defined as the sum of cash, bank deposits and other short term liquid deposits.

Related party transactions

The Company has undertaken several agreements and transactions with related parties in the KNOT and KNOP Group. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management AS delivers ship management services for the Company's vessel. Ship management fee includes services like technical management, crewing management, IT and energy management.



2 Contracts

The company has secured employment of the vessel with a 5 year fix time charter contract with 3+3 years options to Galp Sinopec from delivery to the charterer in November 2017. Accrued income is related to income from charter party due to recording on a straight line basis.

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

3 Bank deposits

The company doesn't have locked-up bank funds per 31.12.

4 Fixed Assets

<u>Vessel</u>	<u>2020</u>	<u>2019</u>
Historical value 1.1.	732 341 359	732 341 359
Accumulated depreciation 1.1.	87 511 195	52 497 787
Book value 1.1.	644 830 164	679 843 572
Annual depreciation	35 013 408	35 013 408
Book value 31.12.	609 816 756	644 830 164

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

<u>Dry-docking</u>	<u>2019</u>	<u>2019</u>
Capitalised dry-docking	21 174 609	21 368 485
Accumulated depreciation dry-docking 1.1.	7 118 811	2 885 612
Capitalised dry-docking 1.1.	14 055 798	18 482 873
Additions/Disposals	0	-193 876
Annual depreciation	4 216 740	4 233 199
Book value 31.12.	9 839 058	14 055 798
Total book value vessel 31.12.	619 655 814	658 885 962

5 Mortgage Debt, Loan from Associated Company and Financial Instruments

<u>31.12.2020</u>	USD	Historical rate	Rate as at 31.12.	NOK
USD-loan	50 997 184	8,3404	8,3404	425 336 232
Deferred debt issuance				-1 744 092
				423 592 140
Current portion:				
USD-loan	6 284 104			52 411 857
Deferred debt issuance				-1 185 218
				51 226 639



<u>31.12.2019</u>	USD	Historical rate	Rate as at 31.12.	NOK
USD-loan	57 281 288	8,3426	8,3426	477 873 497
Deferred debt issuance				<u>-3 046 284</u>
				<u>474 827 214</u>
Current portion:				
USD-loan	6 284 104			52 425 615
Deferred debt issuance				<u>-1 302 195</u>
				<u>51 123 420</u>

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

The estimated outstanding debt per 2025 is USD 20 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 10 million (gain of NOK 27 million in 2019).

Security for the loan is made through a first priority in the vessel, transportation of income, pledged bank deposit, factoring agreement, pledged shares in the company and guarantees from the owner.

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 50 million. Mark to market loss on interest swaps have not been taken into account with USD 2.5 million (loss of USD 0.6 million in 2019). The company has also entered into foreign exchange rate contracts which have been taken into account with a net loss of 2.9 million in 2019. In 2019 all of the foreign exchange rate contracts was realized.

Book value of mortgaged assets is NOK 656 million (NOK 714 million last year).

6 Financial Income and -Expenses

	<u>2020</u>	<u>2019</u>
Financial Income:		
Other interest income	9 311	63 501
Total financial income	<u>9 311</u>	<u>63 501</u>
Financial expenses:		
Interest expenses	22 546 970	26 514 355
Unrealized loss currency swaps	0	-1 131 000
Realized loss currency swaps	0	3 986 000
Guarantee cost to related parties	2 434 559	2 524 532
Other financial expenses	263 034	282 163
Total financial expenses	<u>25 244 563</u>	<u>32 176 049</u>



7 Balances with related parties

	2020	2019
<u>Receivables</u>		
KNOT Management AS	62	0
KNOT Shuttle Tankers 35 AS	20 708	0
Knutsen Shuttle Tankers 3 AS	1 264	0
KNOT FSO 2 AS	0	16 509
	22 034	16 509
<u>Accounts payable</u>		
Knutsen OAS Shipping AS	1 517 044	443 148
Knutsen OAS Management AS	0	1 589
Knutsen Produkt Tanker XII AS	1 264	0
Knutsen OAS Crewing AS	58 556	12 145
KNOT Management AS	3 203 154	3 442 844
	4 780 018	3 899 726

8 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):	2020	2019
Audit	37 638	36 033
Tax advice	0	0
Other services besides audit	0	0
	37 638	36 033

9 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	14 430	183 371 530	29 026 076	212 512 036
Extraordinary dividend paid-out	0	0	-5 548 680	-27 254 590	-32 803 270
Result for the year	0	0	0	38 870 202	38 870 202
Equity 31.12.	100 000	14 430	177 822 850	40 641 688	218 578 968

Share capital consist of 1,000 shares à NOK 100, 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 webside, <http://knotoffshorepartners.com/>.

10 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.



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 in 2020 amounted to NOK 158 091 (NOK 158 091 in 2019). Tonnage tax is classified as an operating expense.

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

	<u>31.12.2020</u>	<u>Change</u>	<u>31.12.2019</u>
Loss carried forward	-19 821 493	-8 047 372	-11 774 121
Basis for deferred tax (benefit)	-19 821 493	-8 047 372	-11 774 121
Deferred tax (benefit)	0	0	0

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

Taxable result tonnage tax scheme:

	<u>2020</u>	<u>2019</u>
Net financial Items	-24 898 682	-31 704 194
Non-taxable currency gain	-787 683	-511 368
Non-deductible interest	17 638 997	25 197 043
Foreign exchange rate contracts	0	2 536 120
Deductible financial items	-4	0
Taxable income before loss carried forward	-8 047 372	-4 482 399
Loss carried forward	-8 047 372	-4 482 399
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0

12 Employees

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

13 Inventories

Inventories refer to lube oil and stores as per 31.12.



Statsautoriserte revisorer
Ernst & Young AS

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

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 32 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 32 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 32 AS

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

Johan Nordby

Statsautorisert revisor

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Skattedirektoratet

Knutson Dals Shipping	
22. FEB 2018	
Åpen <input type="checkbox"/>	Fertrlig <input type="checkbox"/>
Saksbeh	Kopi.

Saksbehandler
Torstein Kinden Helleland
Telefon
22078139

Deres dato
30.01.2018
Deres referanse
Peter Myklebust Opsal
Vår dato
20.02.2018
Vår referanse
2018/336915

TS SHIPPING INVEST 2 AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 30. januar 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

KNOT Shuttle Tankers 32 AS	org.nr. 918 447 954
Norspan LNG XIII AS	org.nr. 919 981 245

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 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

Skattedirektoratet innvilget dispensasjon fra kravet om å utarbeide årsregnskap og -beretning på norsk språk til TS Shipping Invest AS med datterselskaper. 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.

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:

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



”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

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

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