



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 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 | | | |
| Freight income | 1 | 184 878 263 | 145 321 913 |
| Other income | | 1 892 | 3 877 |
| Sum inntekter | | 184 880 155 | 145 325 790 |
| Kostnader | | | |
| Crew-hire | 2 | 27 386 076 | 26 566 078 |
| Ordinary depreciation | 3 | 49 052 118 | 45 482 783 |
| Other operating expenses | | 22 286 359 | 38 184 568 |
| Administration | 2 | 8 506 684 | 7 432 745 |
| Sum kostnader | | 107 231 238 | 117 666 175 |
| Driftsresultat | | 77 648 917 | 27 659 615 |
| Finansinntekter og finanskostnader | | | |
| Financial income | 4 | 2 009 876 | 396 947 |
| Foreign exchange gain/loss | | 4 668 513 | 5 776 344 |
| Sum finansinntekter | | 6 678 388 | 6 173 291 |
| Financial expenses | 4 | 38 841 304 | 31 668 090 |
| Sum finanskostnader | | 38 841 304 | 31 668 090 |
| Netto finans | | -32 162 916 | -25 494 799 |
| Ordinært resultat før skattekostnad | | 45 486 002 | 2 164 817 |
| Taxes | 5 | | 15 |
| Ordinært resultat etter skattekostnad | | 45 486 002 | 2 164 802 |
| Årsresultat | | 45 486 002 | 2 164 802 |
| Årsresultat etter minoritetsinteresser | | 45 486 002 | 2 164 802 |
| Totalresultat | | 45 486 002 | 2 164 802 |



Balanse

| Beløp i: NOK | Note | 2023 | 2022 |
|--|------|--------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Utsatt skattefordel | 5 | | |
| Varige driftsmidler | | | |
| Vessel | 3 | 825 796 570 | 877 512 302 |
| Sum varige driftsmidler | | 825 796 570 | 877 512 302 |
| Sum anleggsmidler | | 825 796 570 | 877 512 302 |
| Omløpsmidler | | | |
| Varer | | | |
| Inventories | 6 | 2 292 445 | 2 787 102 |
| Sum varer | | 2 292 445 | 2 787 102 |
| Fordringer | | | |
| Receivables | 11 | 5 197 849 | 22 899 285 |
| Konsernfordringer | | | 639 826 |
| Sum fordringer | | 5 197 849 | 23 539 111 |
| Bankinnskudd, kontanter og lignende | | | |
| Bank deposits | 7 | 32 151 994 | 5 837 891 |
| Sum bankinnskudd, kontanter og lignende | | 32 151 994 | 5 837 891 |
| Sum omløpsmidler | | 39 642 288 | 32 164 104 |
| SUM EIENDELER | | 865 438 858 | 909 676 406 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Share capital | | 100 000 | 100 000 |
| Overkurs | | 2 064 | 2 064 |



Balanse

| Beløp i: NOK | Note | 2023 | 2022 |
|--|-------------|--------------------|--------------------|
| Annen innskutt egenkapital | | 228 621 510 | 228 621 510 |
| Sum innskutt egenkapital | | 228 723 574 | 228 723 574 |
| Opptjent egenkapital | | | |
| Other equity | | 83 418 940 | 69 905 738 |
| Sum opptjent egenkapital | | 83 418 940 | 69 905 738 |
| Sum egenkapital | 8, 9 | 312 142 514 | 298 629 312 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Utsatt skatt | 5 | 151 155 | 188 944 |
| Sum avsetninger for forpliktelser | | 151 155 | 188 944 |
| Annen langsiktig gjeld | | | |
| Gjeld til kredittinstitusjoner | 10 | 545 071 369 | 587 264 303 |
| Sum annen langsiktig gjeld | | 545 071 369 | 587 264 303 |
| Sum langsiktig gjeld | | 545 222 524 | 587 453 247 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 11 | 3 709 894 | 3 433 564 |
| Tax payable | 5 | 37 789 | 47 236 |
| Kortsiktig konserngjeld | | 1 771 489 | 17 595 225 |
| Accrued interest | | | 429 174 |
| Other current liabilities | | 2 554 649 | 2 088 648 |
| Sum kortsiktig gjeld | | 8 073 820 | 23 593 847 |
| Sum gjeld | | 553 296 344 | 611 047 094 |
| SUM EGENKAPITAL OG GJELD | | 865 438 858 | 909 676 406 |



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List of Signatures Page 1/1

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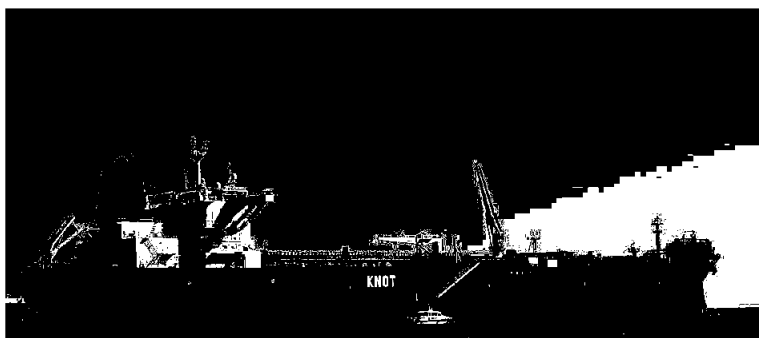
| Name | Method | Signed at |
|----------------------|--------|-------------------------|
| Seglem, Trygve | BANKID | 2024-03-13 18:29 GMT+01 |
| Dahl, Karl Gerhard B | BANKID | 2024-03-13 17:06 GMT+01 |
| Domyo, Takashi | BANKID | 2024-03-13 16:33 GMT+01 |



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KNOT Shuttle Tankers 26 AS Annual Report 2023



M/T "Lena Knutsen"

KNOT
Offshore Partners LP



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KNOT SHUTTLE TANKERS 26 AS

REPORT OF THE BOARD OF DIRECTORS 2023

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 was redelivered from a fixed contract with Chartering and Shipping Services SA of Genova, a subsidiary of Total in September 2023. The vessel was thereafter delivered to Brazil Shipping I Limited, a subsidiary of Shell, for a fixed period of four years.

Result for the year

The company's operating income during 2023 was NOK 184 880 155 (NOK 145 325 790 in 2022). The operating result for the year was NOK 77 648 917, compared to NOK 27 659 615 in 2022. The financial loss was NOK 32 162 916 in 2023 compared to NOK 25 494 799 in 2022. The result for the year was NOK 45 486 002, compared to NOK 2 164 802 the year before.

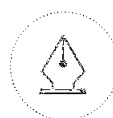
The Board of Directors suggests the result for the year are transferred to other equity. The equity ratio at year-end was 36 % (33 % the year before).

Total cash flow from operating activities in the company was NOK 111 446 272, compared to NOK 52 378 645 in 2022.

The liquidity balance was NOK 32 151 994 as at 31.12.2023 (NOK 5 837 891 at 31.12.22).

Total capital was by the end of the year NOK 865 438 858, NOK 909 676 406 at 31.12.22.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. However, since most of the company's operating expenses and financial expenses are also 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.



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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 55 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.

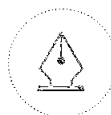
The environment safety and quality control

The requirements for safety and operation of ships are increasing, and the company, the group and the manager KNOT Management AS are concerned with operational excellence. The 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.



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Future prospects

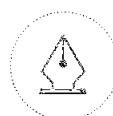
The vessel is operated in Brazil on a time charter contract to Shell. Based on the operation of the vessel in 2023, the long-term financing and the long-term employment of the vessel the Board of Directors of KNOT Shuttle Tankers 26 AS expects 2024 to be a satisfactory year for the vessel and the company.

Haugesund, March 13, 2024

Trygve Seglem
Chairman of the Board

Takashi Domyo
Member of the Board

Karl Gerhard Bråstein Dahl
Member of the Board



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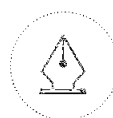
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KNOT Shuttle Tankers 26 AS

Profit & Loss Account

| | Note | 2023 | 2022 |
|---|------|--------------------|--------------------|
| <u>Operating Income</u> | | | |
| Freight income | 1 | 184 878 263 | 145 321 913 |
| Other income | | 1 892 | 3 877 |
| <i>Total Operating income</i> | | <u>184 880 155</u> | <u>145 325 790</u> |
| <u>Operating Expenses</u> | | | |
| Crew-hire | 2 | 27 386 076 | 26 566 078 |
| Other operating expenses | | 22 286 359 | 38 184 568 |
| Administration | 2 | 8 506 684 | 7 432 745 |
| <i>Total Operating Expenses</i> | | <u>58 179 120</u> | <u>72 183 391</u> |
| Ordinary depreciation | 3 | 49 052 118 | 45 482 783 |
| <i>Operating Result</i> | | <u>77 648 917</u> | <u>27 659 615</u> |
| <u>Financial Income and Expenses</u> | | | |
| Financial income | 4 | 2 009 876 | 396 947 |
| Foreign exchange gain/loss | | 4 668 513 | 5 776 344 |
| Financial expenses | 4 | -38 841 304 | -31 668 090 |
| <i>Net Financial Items</i> | | <u>-32 162 916</u> | <u>-25 494 799</u> |
| <i>Result before taxes</i> | | <u>45 486 002</u> | <u>2 164 817</u> |
| Taxes | 5 | 0 | 15 |
| <i>Result for the year</i> | | <u>45 486 002</u> | <u>2 164 802</u> |



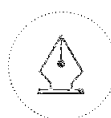
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KNOT Shuttle Tankers 26 AS
Balance Sheet as of 31. December

| | Note | 2023 | 2022 |
|------------------------------|------|---------------------------|---------------------------|
| <u>Assets</u> | | | |
| <u>Fixed assets</u> | | | |
| Vessel | 3 | 825 796 570 | 877 512 302 |
| <i>Total Fixed Assets</i> | | <u>825 796 570</u> | <u>877 512 302</u> |
| <u>Current Assets</u> | | | |
| Inventories | 6 | 2 292 445 | 2 787 102 |
| Receivables | 11 | 5 197 849 | 22 899 285 |
| Current receivables group | | 0 | 639 826 |
| Bank deposits | 7 | 32 151 994 | 5 837 891 |
| <i>Total Current Assets</i> | | <u>39 642 288</u> | <u>32 164 104</u> |
| TOTAL ASSETS | | <u>865 438 858</u> | <u>909 676 406</u> |



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

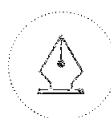
| | Note | 2023 | 2022 |
|---|------|--------------------|--------------------|
| <u>Shareholders Equity and Liabilities</u> | | | |
| <u>Equity</u> | | | |
| Share capital | | 100 000 | 100 000 |
| Share premium | | 2 064 | 2 064 |
| Other paid-up equity | | 228 621 510 | 228 621 510 |
| <i>Total capital paid-in</i> | | 228 723 574 | 228 723 574 |
| Other equity | | 83 418 940 | 69 905 738 |
| <i>Total Shareholders' Equity</i> | 8, 9 | 312 142 514 | 298 629 312 |
| <u>Long-Term Liabilities</u> | | | |
| Deferred tax | 5 | 151 155 | 188 944 |
| Liabilities to financial institutions | 10 | 545 071 369 | 587 264 303 |
| <i>Total Long-Term Liabilities</i> | | 545 222 524 | 587 453 247 |
| <u>Current Liabilities</u> | | | |
| Accounts payable | 11 | 3 709 894 | 3 433 564 |
| Accrued interest | | 0 | 429 174 |
| Tax payable | 5 | 37 789 | 47 236 |
| Current liabilities group | | 1 771 489 | 17 595 225 |
| Other current liabilities | | 2 554 649 | 2 088 648 |
| <i>Total Current Liabilities</i> | | 8 073 820 | 23 593 847 |
| <i>Total liabilities</i> | | 553 296 344 | 611 047 094 |
| <i>SHAREHOLDERS' EQUITY AND LIABILITIES</i> | | 865 438 858 | 909 676 406 |

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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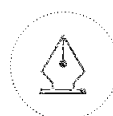


KNOT Shuttle Tankers 26 AS

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 | 45,486,002 | 2,164,817 |
| + Ordinary depreciation | 49,052,118 | 45,482,783 |
| + Paid tax | -47,236 | -59,045 |
| -/+ Profit/loss on foreign exchange liabilities to fin. institutions | 12,133,136 | 5,999,588 |
| + Financial expenses - liabilities to financial institutions | 1,496,913 | 1,581,207 |
| = Total generated from operations | 108,120,933 | 55,169,351 |
| + Net received on current assets | 18,835,919 | -16,044,493 |
| + Net received on current liabilities | -15,510,580 | 13,253,787 |
| Net cashflow from operations | 111,446,272 | 52,378,645 |
| <u>Cashflow from investments</u> | | |
| Upgrading / disposals of vessel | 2,116,605 | 0 |
| Performed class renewal with drydocking | 547,010 | -29,618,190 |
| Net cashflow from investments | 2,663,614 | -29,618,190 |
| <u>Cashflow from financing</u> | | |
| Repayment of liabilities to financial institutions | -55,822,983 | -49,689,435 |
| Equity received - group contribution received | 0 | 2,141,380 |
| Dividend paid-out | -31,972,800 | 0 |
| Net cashflow from financing | -87,795,783 | -47,548,055 |
| Net cashflow for the year | 26,314,103 | -24,787,601 |
| + Bank deposits per 01.01. | 5,837,891 | 30,625,492 |
| = Bank deposits per 31.12. | 32,151,994 | 5,837,891 |



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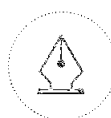


KNOT Shuttle Tankers 26 AS

CASHFLOW STATEMENT

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| | 2023 | 2022 |
|--|--------------------|--------------------|
| Result before tax | 45,486,002 | 2,164,817 |
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KNOT SHUTTLE TANKERS 26 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

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

Related party transactions

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

1 Contracts

The company vessel operate under a 4 year fixed contract with Brazil Shipping I Limited, a subsidiary of Shell, until the end of 3rd quarter 2027.

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.

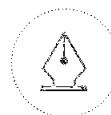
KNOT Management AS operates as manager on behalf of the company and the vessel in accordance with management agreements.

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 | -388,553 | -1,015,168 |

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.



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| | | |
|------------------------------------|---------------|---------------|
| Auditors remuneration (excl. VAT): | 2023 | 2022 |
| Audit | 21,284 | 40,103 |
| Other services besides audit | 0 | 0 |
| | <u>21,284</u> | <u>40,103</u> |

3 Fixed Assets

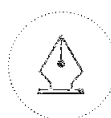
The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of shuttle tankers is estimated to 23 years from delivery as newbuilding. We use extended life or reduced life if there are commercial 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> | 2023 | 2022 |
|---------------------------------|--------------------|--------------------|
| Historical value 01.01. | 1,085,752,878 | 1,085,752,878 |
| Accumulated depreciation 01.01. | 235,278,897 | 194,819,373 |
| Book value 01.01. | 850,473,981 | 890,933,505 |
| Additions/disposals | -2,116,605 | 0 |
| Annual depreciation | 43,117,232 | 40,459,524 |
| Book value 31.12. | <u>805,240,144</u> | <u>850,473,981</u> |

| <u>Dry-docking</u> | 2023 | 2022 |
|---|-------------------|-------------------|
| Capitalised dry-docking | 29,620,297 | 24,379,988 |
| Accumulated depreciation dry-docking 01.01. | 2,581,976 | 21,936,597 |
| Capitalised dry-docking 01.01. | 27,038,321 | 2,443,390 |
| Additions/disposals | -547,010 | 29,618,190 |
| Annual depreciation | 5,934,886 | 5,023,259 |
| Book value 31.12. | <u>20,556,425</u> | <u>27,038,321</u> |

| | | |
|--------------------------------|--------------------|--------------------|
| Total book value vessel 31.12. | <u>825,796,570</u> | <u>877,512,302</u> |
|--------------------------------|--------------------|--------------------|



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4 Financial Income and -Expenses

| | 2023 | 2022 |
|--|------------|------------|
| Financial Income: | | |
| Other interest income | 2,009,876 | 396,947 |
| Total financial income | 2,009,876 | 396,947 |
| Financial expenses: | | |
| Interest expenses | 35,065,034 | 27,994,853 |
| Guarantee expenses group companies/related parties | 3,457,278 | 3,390,602 |
| Other financial expenses | 318,992 | 282,635 |
| Total financial expenses | 38,841,304 | 31,668,090 |

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.

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.

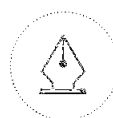
Entrance tax

| | 2023 | 2022 |
|-------------------------------------|----------|-----------|
| Gain and loss account 01.01. | 858,836 | 1,073,545 |
| Short-term tax payable basis (20%) | 171,767 | 214,709 |
| Long-term tax payable basis (80%) | 687,069 | 858,836 |
| Incoming balance long-term | 188,944 | 236,180 |
| Tax payable short-term | 37,789 | 47,236 |
| Tax payable long-term | 151,155 | 188,944 |
| Payable tax costs calculated | 0 | 0 |

Specification on the temporary differences:

| | 2023/12/31 | Change | 2022/12/31 |
|-------------------------|-------------|-------------|-------------|
| Gain and loss account | 687,069 | 171,767 | 858,836 |
| Loss carried forward | -24,631,746 | -17,166,514 | -41,798,260 |
| Temporary differences | -23,944,677 | -16,994,746 | -40,939,424 |
| Calculated deferred tax | -5,267,829 | 3,738,844 | -9,006,673 |
| Deferred tax in balance | 151,155 | -37,789 | 188,944 |

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



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| Tax cost | 2023 | 2022 |
|---|-------------------|-------------------|
| Financial Results | -32,162,916 | -25,494,799 |
| Non-deductible interest / taxable interest | 54,233,839 | 27,818,403 |
| Foreign exchange gain/loss, not taxable | -4,904,409 | -5,740,480 |
| Tax base prior losses carried forward | 17,166,514 | -3,416,876 |
| Change in tax losses carried forward | 17,166,514 | -3,416,876 |
| Base for tax payable | 0 | 0 |
| Tax payable | 37,789 | 47,236 |
| Change deferred tax | -37,789 | -47,221 |
| Tax costs calculated | 0 | 15 |
| Tonnage tax expenses under operating expenses | 142,788 | 144,475 |

6 **Inventories**

Specification of inventories per 31.12.

| | 2023 | 2022 |
|-----------------|-------------|-------------|
| Lube oil | 2,292,445 | 2,787,102 |
| Total inventory | 2,292,445 | 2,787,102 |

7 **Bank deposits**

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

8 **Equity**

Specification of the equity per 31.12.

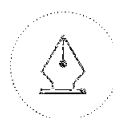
| | Share capital | Share premium | Additional paid-in capital | Other equity | Total equity |
|---------------------------------|---------------|---------------|----------------------------|--------------|--------------|
| Equity 01.01. | 100,000 | 2,064 | 228,621,510 | 69,905,738 | 298,629,312 |
| Result for the year | 0 | 0 | 0 | 45,486,002 | 45,486,002 |
| Extraordinary dividend paid-out | 0 | 0 | 0 | -31,972,800 | -31,972,800 |
| Equity 31.12. | 100,000 | 2,064 | 228,621,510 | 83,418,940 | 312,142,514 |

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.



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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.

| | Currency | Outstanding currency | Hedge accounting rate | Accounting balance | |
|---------------------------------------|----------|-------------------------|--------------------------|--------------------|-------------|
| | | | | 2023 | 2022 |
| Mortgage debt | USD | 65,089,714 | 8.4295 | 548,671,861 | 592,361,708 |
| Debt issuance cost | | | | -3,600,492 | -5,097,405 |
| Liabilities to financial institutions | | | | 545,071,369 | 587,264,303 |

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.

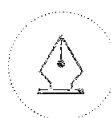
| | 2023 | 2022 |
|--|--------------|--------------|
| Foreign exchange gain/-loss not taken over profit and loss (i.e. off-balance): | -115,405,946 | -103,801,842 |

Amounts due within 12 months of the balance sheet date:

| | | |
|---------------------------------------|------------|------------|
| Mortgage debt | 43,689,847 | 43,689,847 |
| Debt issuance cost | -1,414,604 | -1,496,912 |
| Liabilities to financial institutions | 42,275,243 | 42,192,935 |

Repayment profile: based on expected refinancing

| | | |
|-----------------|------------|------------|
| 0 - 12 months | 5,182,988 | 5,182,988 |
| 13 - 24 months | 5,182,988 | 5,182,988 |
| 25 - 36 months | 5,182,988 | 5,182,988 |
| 37 - 48 months | 5,182,988 | 5,182,988 |
| 49 - 60 months | 5,182,988 | 5,182,988 |
| After 60 months | 39,174,774 | 44,357,762 |
| | 65,089,714 | 70,272,702 |



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The exchange rate at the year-end USDNOK 10.2025 9.9066

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.

Book value of mortgaged assets is NOK 865 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.

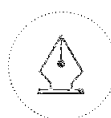
Future interest payments on the floating rate liabilities to financial institutions exceed the interest rate swaps notional amounts at the balance sheet date. Therefore it is not recognized mark to market gains/losses on fixed interest rate swaps on the basis of the year-end market interest rates.

| | Currency | 2023 | 2022 |
|---------------------------------------|----------|------------|------------|
| Outstanding fixed interest rate swaps | USD | 55,000,000 | 57,500,000 |
| Mark to market valuation | USD | 2,580,323 | 3,813,038 |

11 Related parties balances

| | 2023 | 2022 |
|-----------------------------|---------------|------------------|
| <u>Receivables</u> | | |
| KNOT Management AS | 31,464 | 2,375,385 |
| KNOT Management Denmark A/S | 0 | 2,323 |
| KNOT Shuttle Tankers 37 AS | 0 | 196 |
| KNOT Shuttle Tankers 41 AS | 0 | 75,978 |
| KNOT Shuttle Tankers 42 AS | 0 | 5,500 |
| | <u>31,464</u> | <u>2,459,382</u> |

| | 2023 | 2022 |
|---------------------------|------------------|------------------|
| <u>Accounts payable</u> | | |
| Knutsen OAS Crewing AS | 25,869 | 109,333 |
| Knutsen OAS Management AS | 7,752 | 34,831 |
| KNOT Management AS | 235,428 | 307,561 |
| Knutsen OAS Shipping AS | <u>1,993,311</u> | <u>1,780,790</u> |
| | 2,262,360 | 2,232,515 |



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Ernst & Young AS

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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 26 AS

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 26 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 26 AS 2023

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Johan Lid Nordby

Statsautorisert revisor

På vegne av: Ernst & Young AS

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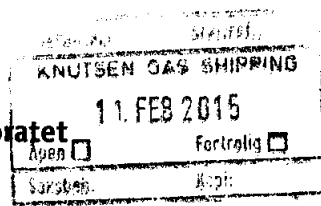
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Skattedirektoratet



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: Sentralbord
Se www.skatteetaten.no 800 80 000
Org.nr: 996250318 Telefaks
E-post: skatteetaten.no/sendepost 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