



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 998 943 035
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 18 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	196 627 339	80 754 565
Other income		8 078	
Sum inntekter		196 635 416	80 754 565
Kostnader			
Crew-hire	2	32 671 109	26 454 734
Ordinary depreciation	3	56 101 654	40 860 671
Ordinary depreciation - dry docking	3		
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3		
Voyage related costs	1	330 023	18 024 797
Commissions		68 838	1 175 463
Other operating expenses		22 852 583	52 983 904
Administration	2	8 554 237	8 348 904
Sum kostnader		120 578 443	147 848 472
Driftsresultat		76 056 973	-67 093 907
Finansinntekter og finanskostnader			
Financial income	4	2 032 484	169 343
Foreign exchange gain/loss		2 089 516	-1 200 663
Sum finansinntekter		4 122 000	-1 031 321
Financial expenses	4	19 791 252	9 295 434
Sum finanskostnader		19 791 252	9 295 434
Netto finans		-15 669 252	-10 326 755
Ordinært resultat før skattekostnad		60 387 721	-77 420 662
Taxes	5		
Ordinært resultat etter skattekostnad		60 387 721	-77 420 662
Årsresultat		60 387 721	-77 420 662
Årsresultat etter minoritetsinteresser		60 387 721	-77 420 662



Resultatregnskap

Beløp i: NOK	Note	2023	2022
Totalresultat		60 387 721	-77 420 662



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	3	357 112 150	413 487 652
Dry-docking	3		
Sum varige driftsmidler		357 112 150	413 487 652
Sum anleggsmidler		357 112 150	413 487 652
Omløpsmidler			
Varer			
Inventories	6	1 410 657	10 538 174
Sum varer		1 410 657	10 538 174
Fordringer			
Receivables	11	8 977 734	14 549 035
Konsernfordringer		636 850	169 990
Sum fordringer		9 614 584	14 719 024
Bankinnskudd, kontanter og lignende			
Bank deposits	7	22 897 287	29 210 686
Sum bankinnskudd, kontanter og lignende		22 897 287	29 210 686
Sum omløpsmidler		33 922 527	54 467 884
SUM EIENDELER		391 034 676	467 955 536
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		132 000	132 000
Overkurs		116 644 752	116 644 752



Balanse

Beløp i: NOK	Note	2023	2022
Annen innskutt egenkapital		4 384 120	209 727 920
Sum innskutt egenkapital		121 160 872	326 504 672
Opptjent egenkapital			
Other equity		60 387 721	
Sum opptjent egenkapital		60 387 721	
Sum egenkapital	8, 9	181 548 593	326 504 672
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	199 474 737	97 705 618
Sum annen langsiktig gjeld		199 474 737	97 705 618
Sum langsiktig gjeld		199 474 737	97 705 618
Kortsiktig gjeld			
Leverandørgjeld	11	4 645 486	3 952 922
Kortsiktig konserngjeld			34 918 574
Other current liabilities		5 365 861	4 873 750
Sum kortsiktig gjeld		10 011 346	43 745 246
Sum gjeld		209 486 083	141 450 864
SUM EGENKAPITAL OG GJELD		391 034 676	467 955 536



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 25.01.2013	Vår dato 30.01.2013
Telefon 22078139	Deres referanse	Vår referanse 2013/72130

KNUTSEN OAS SHIPPING AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 25. januar 2013 og telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

Knutsen EOR Solutions AS	org. nr. 999 332 676
Knutsen Shuttle Tankers 19 AS	org. nr. 999 274 323
Knutsen Shuttle Tankers Invest AS	org. nr. 999 250 793
KNOT Shuttle Tankers 17 AS	org. nr. 998 942 969
KNOT Shuttle Tankers 18 AS	org. nr. 998 943 035
KNOT Shuttle Tankers AS	org. nr. 998 942 829

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Knutsen EOR Solutions AS er eid 100 % av TS Shipping Invest AS. De øvrige selskapene er eid 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. som er hjemmehørende i Nederland. TS Shipping Invest AS fikk i vedtak (2010/867030) av 2. juni 2010 dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk. Det er også gitt tillatelse til datter selskaper og selskaper som er eid 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. Selskapene driver virksomhet innen shippingbransjen som er en global bransje hvor engelsk primært benyttes ved kommunikasjon med omverden. Selskapene benytter også engelsk som arbeidsspråk internt. Brukerne av regnskapene er hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften. Styrene i selskapene har medlemmer som ikke er norskspråklige. De norske versjonene av årsregnskapet utarbeides kun for å tilfredsstille regnskapsloven.

Postadresse Postboks 9200 Grønland 0134 Oslo For elektronisk henvendelse se www.skatteetaten.no	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
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Skattedirektoratets vurdering

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

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

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

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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at tilsvarende selskaper i konsernet er innvilget dispensasjon. Eierkretsen er begrenset. Selskapene opererer i en global bransje hvor engelsk primært benyttes. Arbeidsspråk er også engelsk. Videre er det vektlagt at styrene i selskapene har medlemmer som ikke er norskspråklige.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland



Admincontrol

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 16:13 GMT+01



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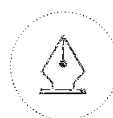


KNOT Shuttle Tankers 18 AS Annual Report 2023



M/T "Windsor Knutsen"

KNOT
Offshore Partners LP



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KNOT SHUTTLE TANKERS 18 AS

REPORT OF THE BOARD OF DIRECTORS 2023

KNOT Shuttle Tankers 18 AS owns and operates M/T Windsor Knutsen a 160 241-dwt shuttle tanker delivered from Daewoo shipyard at Busan South Korea in 2007 and converted to shuttle tanker at Remontowa, Poland in 2011.

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

The company's activities

The vessel have after the dry-docking and class renewal in 2022 been operated in the voyage and spot tanker market in Brazil until start-up the 11 January 2023 on a one-year fixed with one optional year time charter agreement to Shell. Shall has declared the option. The Company has agreed with SeaRiver Maritime LLC., an ExxonMobile company, a 2-year fixed time charter +/- 45 days to commence in 1st quarter 2025.

Result for the year

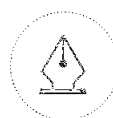
The operating result for KNOT Shuttle Tankers 18 AS was NOK 76 056 973 in 2023 compared to minus NOK 67 093 907 in 2022. After net financial loss of NOK 15 669 252 in 2023, against a loss of NOK 10 326 755 in 2022, the results of the year were NOK 60 387 721 in 2023 compared to minus NOK 77 420 662 in 2022.

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

Total cash flow from operational activities was NOK 116 220 682 in 2023, compared to NOK 7 005 666 in 2022. The liquidity position was NOK 22 897 287 as per 31.12.2023 compared to NOK 29 210 686 as per 31.12.2022. The company's ability to finance its investments is good. The vessel was refinanced in 2023 and the outstanding mortgage loan is at the end of 2023 USD 24 274 688, USD 16 024 532 at the end of 2022.

Total capital was by the end of the year NOK 391 034 676, compared to NOK 467 955 536 the year before. The equity-share as of 31.12.2023 was 46 %, compared to 70 % per 31.12.2022.

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 also are denominated in USD, this limits the company's foreign exchange risk. The company has not entered into any forward



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contracts at the end of 2023 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 no interest swap agreements.

The financial accounts are made on the assumption of a going concern. The Board of Directors confirms the conditions for continued operation. The Board of the Directors is of the opinion that the financial statements give a true and fair reflection of the company's assets and liabilities as well as financial strength and profitability.

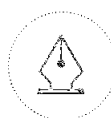
Environment, safety, and quality control

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



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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.

Prospects

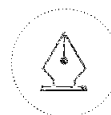
Based on that the performance of M/T Windsor Knutsen in 2023, the refinancing of the vessel in 2023 and existing and new contract for the vessel from 2025 onwards, the Board of Directors has every reason to believe that the 2024 will be a satisfactory year for the company.

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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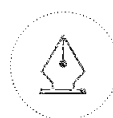
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KNOT Shuttle Tankers 18 AS

Profit & Loss Account

	Note	2023	2022
<u>Operating Income</u>			
Operating income	1	196 627 339	80 754 565
Other income		8 078	0
<i>Total Operating income</i>		<u>196 635 416</u>	<u>80 754 565</u>
<u>Operating Expenses</u>			
Voyage related costs	1	330 023	18 024 797
Crew-hire	2	32 671 109	26 454 734
Commissions		68 838	1 175 463
Other operating expenses		22 852 583	52 983 904
Administration	2	8 554 237	8 348 904
<i>Total Operating Expenses</i>		<u>64 476 789</u>	<u>106 987 802</u>
Ordinary depreciation	3	56 101 654	40 860 671
<i>Operating Result</i>		<u>76 056 973</u>	<u>-67 093 907</u>
<u>Financial Income and Expenses</u>			
Financial income	4	2 032 484	169 343
Foreign exchange gain/loss		2 089 516	-1 200 663
Financial expenses	4	-19 791 252	-9 295 434
<i>Net Financial Items</i>		<u>-15 669 252</u>	<u>-10 326 755</u>
<i>Result before taxes</i>		<u>60 387 721</u>	<u>-77 420 662</u>
Taxes	5	0	0
<i>Result for the year</i>		<u>60 387 721</u>	<u>-77 420 662</u>



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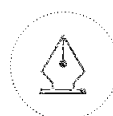
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KNOT Shuttle Tankers 18 AS

Balance Sheet as of 31. December

<u>Assets</u>	Note	2023	2022
<u>Non Current Assets</u>			
Vessel	3	357 112 150	413 487 652
<i>Total non Current Assets</i>		<u>357 112 150</u>	<u>413 487 652</u>
<u>Current Assets</u>			
Inventories	6	1 410 657	10 538 174
Receivables	11	8 977 734	14 549 035
Current receivables group		636 850	169 990
Bank deposits	7	22 897 287	29 210 686
<i>Total Current Assets</i>		<u>33 922 527</u>	<u>54 467 884</u>
TOTAL ASSETS		<u>391 034 676</u>	<u>467 955 536</u>



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KNOT Shuttle Tankers 18 AS
Balance Sheet as of 31. December

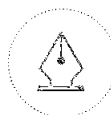
<u>Shareholders Equity and Liabilities</u>	Note	2023	2022
<u>Equity</u>			
Share capital		132 000	132 000
Share premium		116 644 752	116 644 752
Capital paid-in		4 384 120	209 727 920
<i>Total capital paid-in</i>		<u>121 160 872</u>	<u>326 504 672</u>
Other equity		60 387 721	0
<i>Total Shareholders' Equity</i>	8, 9	<u>181 548 593</u>	<u>326 504 672</u>
<u>Long Term Debt</u>			
Liabilities to financial institutions	10	199 474 737	97 705 618
<i>Total Long Term Debt</i>		<u>199 474 737</u>	<u>97 705 618</u>
<u>Current Liabilities</u>			
Accounts payable	11	4 645 486	3 952 922
Current liabilities group		0	34 918 574
Other current liabilities		5 365 861	4 873 750
<i>Total Current Liabilities</i>		<u>10 011 346</u>	<u>43 745 246</u>
<i>Total liabilities</i>		<u>209 486 083</u>	<u>141 450 864</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>391 034 676</u>	<u>467 955 536</u>

Haugesund, March 13, 2024,
The board of KNOT Shuttle Tankers 18 AS

Trygve Seglem
chairman of the board

Karl Gerhard Bråstein Dahl
member of the board

Takashi Domyo
member of the board



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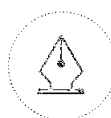


KNOT SHUTTLE TANKERS 18 AS

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	60,387,721	-77,420,662
+ Ordinary depreciation	56,101,654	40,860,671
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	18,006,728	23,162,228
+ Financial expenses - liabilities to financial institutions	1,226,521	648,361
= Total generated from operations	135,722,624	-12,749,402
+ Net received on current assets	14,231,958	-13,707,355
+ Net received on current liabilities	-33,733,900	33,462,423
Net cashflow from operations	116,220,682	7,005,666
<u>Cashflow from investments</u>		
Upgrading of vessel	134,139	-21,917,534
Performed class renewal with drydocking	139,710	-39,726,217
Net cashflow from investments	273,848	-61,643,751
<u>Cashflow from financing</u>		
Proceeds from liabilities to financial institutions	302,168,433	0
Paid debt issuance costs	-3,084,928	0
Repayment of liabilities to financial institutions	-216,547,635	-62,825,651
Equity received - group contribution received	0	106,189,900
Dividend paid-out	-205,343,800	0
Net cashflow from financing	-122,807,929	43,364,249
Net cashflow for the year	-6,313,399	-11,273,836
+ Bank deposits per 01.01.	29,210,686	40,484,522
= Bank deposits per 31.12.	22,897,287	29,210,686



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KNOT SHUTTLE TANKERS 18 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

In late August 2022, the Company entered into a new time charter contract for the Windsor Knutsen with Shell and the vessel was delivered on charter 11 January 2023 for a fixed period of one year, and charterer have declared the option to extend the charter for one additional year.

The Company has finalised negotiations with Sea River Maritim LLC, an ExxonMobil company Equinor Shipping Inc. for a 2-years +/- 45 days fixed time charter contract to commence in 1st quarter 2025.

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 a manager on behalf of the company in accordance with management agreement.

Voyage related costs

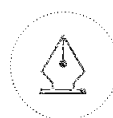
Specification:	2023	2022
Port Charges	241,063	902,848
Bunkers	88,960	17,121,949
Total	330,023	18,024,797

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.

	2023	2022
Grants crew expenses	-685,510	-971,325

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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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.

We classify the tonnage tax as an operating expense.

Specification on the temporary differences:

	2023	Change	2022
Loss carried forward	-32,415,740	-4,169,971	-28,245,769
Basis for deferred tax (benefit)	-32,415,740	-4,169,971	-28,245,769
Deferred tax (benefit)	-7,131,463	-917,394	-6,214,069
Deferred tax (benefit) booked	0	0	0

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

Taxable result tonnage tax scheme:

	2023	2022
Net financial items	-15,669,252	-10,326,755
Non-deductable currency loss	-5,342,514	44,155
Non-deductable interest	16,841,794	7,556,603
Taxable income before loss carried forward	-4,169,971	-2,725,996
Change in loss carried forward	4,169,971	2,725,996
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0
Tonnage tax expenses under operating expenses	148,044	70,702

6 Inventories

Specification of inventories per 31.12.

	2023	2022
Lube oil	1,410,657	2,209,744
Bunker	0	8,328,429
Total inventory	1,410,658	10,538,174

7 Bank deposits

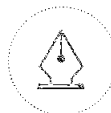
The company doesn't have restricted bank funds per 31.12.

8 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Capital Paid-in	Other equity	Total equity
Equity 01.01	132,000	116,644,752	209,727,920	0	326,504,672
Extraordinary paid-out dividend	0	0	-205,343,800	0	-205,343,800
Result for the year	0	0	0	60,387,721	60,387,721
Equity 31.12.	132,000	116,644,752	4,384,120	60,387,721	181,548,593

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



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KNOT Shuttle Tankers 18 AS 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 freight income. We book realized- and unrealized foreign exchange gain/-loss for any ineffective 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	24,274,688	8.3075	201,660,805	98,033,279
Debt issuance cost				-2,186,068	-327,661
Liabilities to financial institutions				199,474,737	97,705,618

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):	-46,001,699	-60,715,350

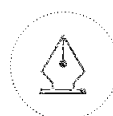
Amounts due within 12 months of the balance sheet date:

Mortgage debt	74,689,177	98,033,279
Debt issuance cost	-1,283,232	-327,654
Liabilities to financial institutions	73,405,945	97,705,625

Repayment profile:

	based on expected refinancing	
0 - 12 months	8,990,624	6,483,388
13 - 24 months	8,990,624	6,483,388
25 - 36 months	6,293,440	3,057,756
37 - 48 months	0	0
49 - 60 months	0	0
After 60 months	0	0
	24,274,688	16,024,532

The exchange rate at the year-end	USDNOK	10.2025	9.9066
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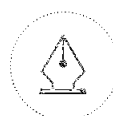


Security for the loan is made through a first priority mortgage in the vessel, transportation of income, pledged bank deposit, factoring agreement, pledged shares in the company and guarantees from the owner.

Book value of mortgaged assets is NOK 385 million.

11 Balances with related parties

	2023	2022
<u>Receivables</u>		
KNOT Management AS	25,460	2,278,161
	<u>25,460</u>	<u>2,278,161</u>
<u>Accounts payable related parties</u>		
Knutsen OAS Crewing AS	19,222	92,014
Knutsen OAS Shipping AS	1,944,599	1,810,631
Knutsen OAS Management AS	0	170,247
KNOT Management AS	1,426,297	357,094
	<u>3,390,118</u>	<u>2,429,986</u>



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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 18 AS

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 18 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 18 AS 2023

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Johan Lid Nordby

Statsautorisert revisor

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