



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	913 018 664
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	KNUTSEN LNG AS
Forretningsadresse:	Smedasundet 40 5529 HAUGESUND

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	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:	Peter Myklebust Opsal
Dato for fastsettelse av årsregnskapet:	07.06.2021

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, 18.09.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Administration	9	895 475	192 645
Sum kostnader		895 475	192 645
Driftsresultat		-1 790 951	-385 290
Finansinntekter og finanskostnader			
Financial income	5	112 351 617	41 683 478
Foreign exchange gain/loss		13 791 917	15 869 523
Sum finansinntekter		126 143 534	57 553 001
Financial expenses	5	10 069 510	7 157 588
Sum finanskostnader		10 069 510	7 157 588
Netto finans		116 074 024	50 395 413
Ordinært resultat før skattekostnad		115 178 549	50 202 769
Taxes	12		
Ordinært resultat etter skattekostnad		115 178 549	50 202 769
Årsresultat		115 178 549	50 202 769
Årsresultat etter minoritetsinteresser		115 178 549	50 202 769
Totalresultat		115 178 549	50 202 769



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	12		
Varige driftsmidler			
Investments in associated entities		1 177 600 175	1 153 817 744
Sum varige driftsmidler		1 177 600 175	1 153 817 744
Finansielle anleggsmidler			
Investering i datterselskap	3	348 077 530	319 636 556
Lån til foretak i samme konsern	6		
Investeringer i tilknyttet selskap	4		
Sum finansielle anleggsmidler		348 077 530	319 636 556
Sum anleggsmidler		1 525 677 705	1 473 454 300
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables		95 788	
Intercompany receivables	6	31 142 121	91 384 748
Receivable from associated companies		10 129 782	4 615 658
Konsernfordringer	6	2 000 000	
Sum fordringer		43 367 691	96 000 407
Bankinnskudd, kontanter og lignende			
Bank deposits	2	962 634	9 111
Sum bankinnskudd, kontanter og lignende		962 634	9 111
Sum omløpsmidler		44 330 325	96 009 518
SUM EIENDELER		1 570 008 030	1 569 463 818



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	7, 8, 10	500 000 000	500 000 000
Overkurs	7	350 184 722	350 184 722
Annen innskutt egenkapital	7	15 606 134	15 606 134
Sum innskutt egenkapital		865 790 856	865 790 856
Opptjent egenkapital			
Other equity		516 368 735	401 190 186
Sum opptjent egenkapital		516 368 735	401 190 186
Sum egenkapital	7	1 382 159 590	1 266 981 042
Gjeld			
Langsiktig gjeld			
Utsatt skatt	12		
Annen langsiktig gjeld			
Langsiktig konserngjeld	6	14 603 371	62 654 548
Sum annen langsiktig gjeld		14 603 371	62 654 548
Sum langsiktig gjeld		14 603 371	62 654 548
Kortsiktig gjeld			
Leverandørgjeld		340 239	25 625
Kortsiktig konserngjeld	6	96 420 251	162 302 802
Other current liabilities		76 484 579	77 499 801
Sum kortsiktig gjeld		173 245 069	239 828 228
Sum gjeld		187 848 440	302 482 776
SUM EGENKAPITAL OG GJELD		1 570 008 030	1 569 463 818



KNUTSEN LNG AS

ANNUAL REPORT 2020



KNUTSEN LNG AS

REPORT OF THE BOARD OF DIRECTORS 2020

Knutsen LNG AS (Knutsen) is the holding company of the LNG shipping activities of the Trygve Seglem family and is wholly owned by TS Shipping Invest AS. The Company is a part of the TS Shipping Invest (Group).

The Group has a strategic objective of owning and operating a fleet of a high technical and operational standard. We are committed to deliver environmentally friendly services and products at the highest Quality, Health, Security and Safety standards to meet international regulations and customer requirements. The entire fleet controlled by the Group is managed in-house by Knutsen OAS Shipping AS, for the entire value-chain, including newbuilding supervision, chartering, vetting, crewing, technical and commercial management, financing, procurement and general administration.

The company's activities

Knutsen is undergoing a period of fleet expansion based on long-term contract awards. long-term. The expansion is made in partnerships with leading industrial companies and institutional investors. The philosophy behind this investment strategy is to capitalize on the Group's ability to win, develop and manage high quality shipping projects with a long-term horizon that permits a project finance style financing strategy. It is an objective of the group to ensure that the projects can support themselves on a stand-alone basis.

By partnering with institutional investors, mostly on a project-to-project basis, the Group is able to develop its shipping activities and strengthen its position as a major owner and operator in the LNG segments while maintaining a prudent financial profile. Our partners are leading industry players and institutional investors that share our long-term focus.

Since the Group entering the LNG carrier segment in 2004, Knutsen has become a leading owner and operator of LNG Carriers globally. As of year-end 2020, Knutsen OAS Shipping AS operates 14 LNG carriers and with a further 11 LNG carriers on order. All 25 vessels are subject to long-term fixed time charter contracts.

Predominantly investment grade end-users continue to dominate the seaborne transportation of natural gas (LNG). This fundamental characteristic of the LNG industry suits the Knutsen strategy of basing its shipping activities on long-term contracts typically with a firm period of minimum 7 years while the vessels themselves typically service off take contracts of 20 years or longer reflected in optional periods.

Knutsen focus on operational excellence and its devotion to health and safety for its employees ensured strong performance throughout 2020. The pandemic handling has been very challenging for the entire industry with respect to crew changes, associated travel and provisions supply. The ordinary operating expenses have increased due to additional cost of overtime, increased travel expenses, expenses related to quarantine requirements and cost for supplies. Fewer crew changes and less travel have not weighed up for this additional cost. Training has been put on hold and this is accepted by flag and class and will be a focus area as



soon as COVID-19 related restrictions are lifted. In addition, COVID-19 has caused delays and off-hire associated with the drydocking of the four LNG TFDE vessels.

Of the 14 LNG carriers in operation at year-end 2020, two are owned 100% by Knutsen, four are co-owned 50/50 with Norspan Gas Carriers AS while five of the vessels are jointly owned 50/50 with NYK through Knutsen NYK LNG Holding AS ("KNLH"). One vessel is co-owned with Klaveness Marine Holding AS and one is owned 74% of TSSI Group and 26% of Klaveness Invest AS.

The 14th vessel is Traiano Knutsen a 180.000 m³ LNG carrier that was delivered July 2020 from Hyundai Heavy Industries in South Korea. The vessel commenced a long-term charterer to the Italian Energy company Enel S.p.A. The vessel is owned in a joint venture with Offshore Merchant Partners AS

Knutsen had per year end 2020 in total 10 LNG Carriers under construction for delivery in 2021-2024. All vessels are ordered on the back of long-term time charter contracts to first class charterers with minimum periods of 7 to 10 years.

The 30.000 m³ LNG carrier Ravenna Knutsen was delivered in February 2021 and will be employed on a short-term contract as a frontrunner before entering a 12-year time charter contract with the Italian energy company Edison S.p.A. The vessel is owned in a joint venture with Klaveness Invest AS.

Knutsen has seven 174,000 m³ LNG carriers under construction at Hyundai Samho Heavy Industries in South Korea. These seven vessels will enter minimum 7 years' time charter contracts with a company within The Royal Dutch Shell Group. Deliveries are scheduled from 2022 to 2024.

Knutsen has two 174,000 m³ LNG carriers under construction at Hyundai Heavy Industries in South Korea. The two vessels will enter minimum 10 years' time charter contracts with a company within Polskie Górnictwo Naftowe i Gazownictwo S.A., the Polish state-controlled oil and gas company Deliveries are scheduled for 2022.

LNG demand continues to see growth rates far beyond global GDP growth. A key driver is the requirement to reduce CO₂ emissions and improve local air quality by switching from coal to cleaner natural gas. The rapid demand growth is reflected in a corresponding high tender activity for long-term transportation contracts. The Group continues to grow in the LNG segment through winning awards for long-term contracts to first class charterers. Combined with the Group's strong track record in newbuilding supervision and operations, the solid contract backlog ensures ample access to debt and equity capital to finance the expansion. During 2020, the Group expanded its group of institutional equity partners for the LNG business segment with CapeOmega Gas Transportation AS (a part of Partners Group) and Jakob Hatteland Holding AS. The Group has a strong preference to expand through equity partnership with strong financial long-term oriented investors instead of increasing its financial leverage.



Result for the year

The company had no operating income neither in 2020 or in 2019. The operating result 2020 was negative NOK 0.9 million (negative NOK 0.2 million in 2019). The result before tax was, after net financial income of NOK 116 million (net financial income of NOK 50 million in the previous year) a profit of NOK 115 million compared to a profit of NOK 50 million in 2019.

The year's ordinary result was a profit of NOK 115 million compared to a profit of NOK 50 million in the previous year. The Board of Directors suggests the result for the year to be transferred to other equity.

The total assets at year-end are NOK 1,570 million compared to NOK 1,569 million in 2019. The equity ratio is 88.0% in 2020 compared to 80.7% in 2019.

The financial accounts are prepared on the assumption of a going concern, and the Board of Directors confirms the assumption of a going concern.

High operational standards

The requirements for safe and environmentally friendly operation of the vessel are increasing, and both the Company and the manager Knutsen OAS Shipping emphasize operational quality. The manager is ISO 9001 and ISO 14001 certified and establishes each year Key Performance Indicators (KPIs) for improved safety and environmental operation.

The groups vessels are modern with high technical standard. The group and the manager allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of the vessels.

Knutsen OAS Shipping has a policy to minimize pollution to air and sea from the operations and has established a continuous program to improve environmental impact from the operations. The Board of Directors considers the working conditions as satisfactory. All certificates are valid and the vessels are certified in accordance with both the ISM and ISPS codes.



Future prospects

The Board of Directors regards the future prospects as promising. With the advanced LNG fleet and substantial contract coverage the Group is well positioned to further build its leading market presence in its segments. The Group expects to expand on the firm contract backlog that as of 31.12.20 stood at USD 5.1 billion for the LNG segment, and which including extension options, surpasses USD 10 billion.

Haugesund, June 4, 2021



Trygve Seglem
Chairman



Nils Kristian Strøm
Board Member



Geir Tore Henriksen
Board Member



Knutsen LNG AS
Profit & Loss Account

	Note	2020	2019
<u>Operating Income</u>			
<i>Total Operating income</i>		<u>0</u>	<u>0</u>
<u>Operating Expenses</u>			
Administration	9	895 475	192 645
<i>Total Operating Expenses</i>		<u>895 475</u>	<u>192 645</u>
<i>Operating Result</i>		<u>-895 475</u>	<u>-192 645</u>
<u>Financial Income and Expenses</u>			
Financial income	5	112 351 617	41 683 478
Foreign exchange gain/loss		13 791 917	15 869 523
Financial expenses	5	-10 069 510	-7 157 588
<i>Net Financial Items</i>		<u>116 074 024</u>	<u>50 395 413</u>
<i>Result before taxes</i>		<u>115 178 549</u>	<u>50 202 769</u>
<i>Result for the year</i>		<u>115 178 549</u>	<u>50 202 769</u>



Knutsen LNG AS

Balance Sheet as of 31. December


<u>EIENDELER</u>	Note	2020	2019
<u>Fixed Assets</u>			
Investments in associated entities		1 177 600 175	1 153 817 744
Investments in other group companies	3	348 077 530	319 636 556
<i>Total Fixed Assets</i>		<u>1 525 677 705</u>	<u>1 473 454 300</u>
<u>Current Assets</u>			
Other short-term receivables		95 788	0
Intercompany receivables	6	31 142 121	91 384 748
Group contribution	6	2 000 000	0
Receivable from associated companies		10 129 782	4 615 658
Bank deposits	2	962 634	9 111
<i>Total Current Assets</i>		<u>44 330 325</u>	<u>96 009 518</u>
TOTAL ASSETS		<u>1 570 008 030</u>	<u>1 569 463 818</u>



Knutsen LNG AS

Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	Note	2020	2019
Equity			
Share capital	7, 8, 10	500 000 000	500 000 000
Share premium	7	350 184 722	350 184 722
Other capital paid-in	7	15 606 134	15 606 134
<i>Total capital paid-in</i>		<u>865 790 856</u>	<u>865 790 856</u>
Other equity		516 368 735	401 190 186
<i>Total retained earnings</i>		<u>516 368 735</u>	<u>401 190 186</u>
<i>Total Shareholders' Equity</i>	7	<u>1 382 159 590</u>	<u>1 266 981 042</u>
Long Term Debt			
Long-term debt group company	6	14 603 371	62 654 548
<i>Total Long Term Debt</i>		<u>14 603 371</u>	<u>62 654 548</u>
Trade creditors		340 239	25 625
Debt to group companies		71 720 251	22 302 802
Group contribution	6	24 700 000	140 000 000
Other current liabilities		76 484 579	77 499 801
<i>Total Current Liabilities</i>		<u>173 245 069</u>	<u>239 828 228</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>1 570 008 030</u>	<u>1 569 463 818</u>


Trygve Seglem
Chairman of the Board

Haugesund, 4 June 2021
The board of Knutsen LNG AS


Nils Kristian Strøm
Board Member
Geir Tore Henriksen
Board Member



KNUTSEN LNG AS

CASHFLOW STATEMENT

	2020	2019
Total generated from operations 1)	5 878 008	44 496 293
Change in working capital	<u>-796 392</u>	<u>74 864 234</u>
Net cashflow from operations	<u>5 081 616</u>	<u>119 360 527</u>
Net change in loans to associated entities	-5 514 124	430 742 315
Net change in loans to group companies	-34 528 204	-50 003 167
Invested in group companies	-24 636 968	-89 912 665
Sale of shares	6 523 105	0
Received distribution from group entities	3 825 000	0
Received distribution from associated entities	99 070 400	0
Invested in associated entities	<u>-5 004 400</u>	<u>-354 870 559</u>
Net cashflow from investments	<u>39 734 808</u>	<u>-64 044 075</u>
Dividend /group contribution	-50 000 000	-118 050 400
Other paid-in capital	0	0
Debt to parent companies	<u>6 137 099</u>	<u>62 654 548</u>
Net cashflow from financing	<u>-43 862 901</u>	<u>-55 395 852</u>
Net cashflow for the year	953 523	-79 399
+ Cash balance per 01.01.	<u>9 111</u>	<u>88 511</u>
= Cash Balance per 31.12.	<u>962 634</u>	<u>9 111</u>

1) Generated from operations:

Result before tax	115 178 549	50 202 769
+ Net impairments	0	-439 005
-Received distribution	-104 895 400	0
-Net gain sale shares	<u>-4 405 141</u>	<u>-5 267 470</u>
= Total generated from operations	<u>5 878 008</u>	<u>44 496 293</u>



KNUTSEN LNG 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.

The fixed assets are valued to the lowest of the depreciated value and the market value unless the fall in value assumed to be temporary. Long-term debt stated at nominal value.

Tax

The company has entered into the Norwegian Tonnage Tax regime with effect from 1.1.2017.

Profit / loss for tax calculation based on the profit / loss and the permanent and temporary differences that exist between accounting values and tax values at the end of the year.

Deferred tax estimated on basis of the temporary differences in which exist between accounting related value and tax related value at year end, and additionally tax related losses will be carried forward. Deferred tax assets are only recorded if it is likely that the company can utilize them at a later point of time.

Interests in subsidiaries and jointly controlled entities / associated companies

Interests in subsidiaries and jointly controlled entities / associated companies are presented at cost method in the accounts.

Receivables

Accounts receivable and other receivable are recorded at nominal value less provision for doubtful debts. Provision for losses made on the basis of an individual assessment of the receivables.

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. Realized foreign exchange gain and loss are registered as financial items.

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

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



2 Bank deposit

The company doesn't have restricted cash per 31.12.

3 Shares in subsidiaries

	Total share capital NOK 1.000	Ownership, voting Share	Number of shares	Equity 31.12.	Result of the year	Book value NOK
Knutsen Kyst LNG AS	500	100 %	500	NOK 5.467.423	NOK -5.896	1 595 940
Knutsen Kyst LNG KS	32 000	51 %	100	NOK 29.593.864	NOK 3.738.149	9 001 343
Norspan LNG II AS	300	100 %	2 000	NOK 119.433.127	NOK 17.087.456	171 033 923
Norspan LNG III AS	100	74 %	1 000	USD 35.000.438	USD 4.840.321	131 368 695
Norspan LNG 15 AS	100	100 %	100 000	USD 112.236	USD -33.888	1 300 000
Norspan LNG 16 AS	3 030	62,5 %	132 500	USD 8.970.218	USD -33.974	24 475 150
Norspan LNG 17 AS	3 030	100 %	1 000	USD 9.971.257	USD -32.934	60 000
Norspan LNG 18 AS	3 030	100 %	1 000	USD 9.974.246	USD -29.457	60 000
Norspan LNG 20 AS	3 030	100 %	1	USD 9.991.308	USD -9.519	30 909
Norspan LNG 21 AS	3 030	100 %	1	USD 9.990.994	USD -9.516	30 909
Norspan LNG 22 AS	30	100 %	100	USD 3.665	USD -545	60 000
Norspan LNG 23 AS	30	100 %	100	USD 3.825	USD -409	60 000
Norspan LNG 24 AS	100	100 %	1 000	USD 1.225.433	USD 22.956	8 940 661
Norspan LNG 25 AS	30	100 %	1 000	USD 741	USD -3.653	60 000
						<u>348 077 530</u>

The subsidiaries and the parent company have the same business address, Smedasundet 40, 5529 Haugesund

4 Investments in jointly controlled entities and associates

	Share		Number of shares	Face value	Result for the year (USD)	
	capital	Voting share			year (USD)	Equity (USD)
Norspan LNG AS	200 000	50,00 %	500	200	6 643 398	38 342 662
Norspan LNG V AS	10 000 000	50,00 %	500	10 000	-6 184 179	24 607 021
Norspan LNG VI AS	10 000 000	50,00 %	500	10 000	-1 209 384	26 750 358
Norspan LNG VII AS	10 000 000	50,00 %	500	10 000	1 099 760	30 645 318
Knutsen NYK LNG Holding A MNOK 200		50 %	200 000	1 000	11 309 391	173 296 834
Norspan LNG XII AS	954 120	50 %	100 000	100	6 569 330	30 221 700
Norspan LNG XIII AS	2 000 000	50 %	1 000 000	1	2 479 436	28 240 700
Norspan LNG 14 AS	200 000	50 %	100 000	1	-67 695	5 632 287
Norspan LNG 19 AS	NOK 6.900.000	50 %	100 000		30 -35 114	8.969.398

All of the companies have registered office Smedasundet 40, 5529 Haugesund.



5 **Financial Income and -Expenses**

	2020	2019
Financial Income:		
Interest income group companies	3 051 049	35 961 335
Group contribution	2 000 000	
Share dividend	99 070 400	
Pay-out from limited partnership	3 825 000	
Reversal of impairment		439 005
Other interest income	26	15 667
Gain on sale of shares	4 405 141	5 267 470
Total financial income	112 351 617	41 683 478
Financial expenses:		
IPA	0	0
Interest expenses group companies	5 033 716	3 294 890
Loss on sale shares	0	0
Other interest	5 030 227	3 857 608
Other financial expenses	5 567	5 089
Total financial expenses	10 069 510	7 157 588

6 **Intercompany receivables and liabilities**

	2020	2019
Short-term receivable group company		
Knutsen OAS Shipping AS	0	427
Norspan LNG II AS	23 545 539	88 435 803
Knutsen Kyst LNG AS	0	84 839
Norspan LNG 15 AS	1 163 393	0
Norspan LNG 20 AS	1 163 393	1 431 840
Norspan LNG 21 AS	1 163 393	1 431 840
Norspan LNG 22 AS	1 368 801	0
Norspan LNG 23 AS	1 368 801	0
Norspan LNG 25 AS	1 368 801	0
	31 142 121	91 384 748

	2020	2019
Short-term receivable group contribution		
Knutsen Kyst LNG AS	2 000 000	0
	2 000 000	

	2020	2019
Short-term debt group company		
Knutsen Kyst LNG AS	13 850 453	22 302 802
Knutsen Kyst LNG KS	2 008 343	0
Knutsen Technology AS	378 528	0
Norspan LNG 24 AS	55 482 928	0
	71 720 251	22 302 802

	2020	2019
Short-term debt group company		
Group contribution to Knutsen LNG II AS	23 500 000	90 000 000
Group contribution to TS Shipping Invest AS		50 000 000
	23 500 000	140 000 000

	2020	2019
Long-term debt group company		
Knutsen LNG 2 AS	0	54 188 276
TS Shipping Invest AS	14 603 371	8 366 272
	14 603 371	62 554 548

	2020	2019
Receivable from associated companies		
Norspan LNG AS	4 729 201	4 615 658
Norspan LNG V AS	5 400 581	0
	10 129 782	4 615 658



7 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Other paid-in capital	Other equity	Total equity
Equity 01.01.	500 000 000	350 184 722	15 606 134	401 190 186	1 266 981 042
Group Contribution					0
Dividend					0
Result for the year				115 178 549	115 178 549
Equity 31.12.	500 000 000	350 184 722	15 606 134	516 368 735	1 382 159 590

8 Share capital

Share capital consists of

	Number of shares	Face value (NOK)	Balance post
A-shares	1 000	500 000	500 000 000

The shareholders of the company are per 31.12.

	Ordinary shares	Ownership %	Voting share
TS Shipping Invest AS	1 000	100 %	100 %

Financial statements for the group can be obtained at company's registered office, Smedasundet 40, 5529 Haugesund.

9 Remuneration

The company have not paid salary or any other remuneration, nor given any loan or guarantees to the managing director, any

Auditors remuneration (VAT not incl):	2020	2019
Audit	83 281	90 969
Tax advice	0	0
Other services besides audit		
Total	83 281	90 969

10 Shares Owned by Board Members and Affiliates

Trygve Seglem controls through TS Shipping Invest AS 100% of the company.

11 Employees

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



12 Tax

The company has entered into the Norwegian Tonnage Tax regime with effect from 1.1.2017.

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating results. There are however ordinary tax of 22% on the company's net financial income. At the same time the company is within the tonnage tax scheme, the tonnage tax is calculated, which in 2020 amounted to NOK 1 941 and in 2019 amounted to NOK 2 341. Tonnage tax is classified as an operating expense.

Deferred tax is estimated on basis of the temporary differences in which exists between accounting related value and tax related value at year end, and additionally tax related losses will be carried forward.

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

Additional information:	2020	Change	2019
IP Shares			
Deductible interest carried forward	0	0	0
Losses carried forward	-180 287 239	3 558 424	-183 845 663
Basis for deferred tax	-180 287 239	3 558 424	-183 845 663
Deferred tax based on 22 % tax rate	-39 663 193	782 853	-40 446 046
Booked deferred tax asset	0	0	0

Below a specification of differences between the profit/loss for the year before tax and the basis for tax

Additional information, Norwegian tonnage tax:

	2020	2019
Net financial Items	116 074 024	51 495 125
Permanent differences	-109 300 541	-6 806 187
Change in temporary differences	0	0
Non taxable currency effects	-11 373 532	-10 192 170
Non deductible interest expenses	8 299 251	4 593 678
Taxable income from partnerships	-140 777	-28 750
Basis for taxation before loss carried forward	3 558 421	39 061 693
Merger with Knutsen LNG 3 AS		
Loss carried forward	-3 558 424	-39 061 693
Basis for tax payable in the income statement:	0	0
Tax payable in the income statement:	0	0
Current tax payable in balance statement:	0	0
Tax:		
Tax payable	0	0
Change deferred tax/(tax asset) based on 22% tax rate	0	0
Change in deferred tax asset due to entering tonnage tax	0	0
Tax costs calculated (= income)	0	0



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Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Knutsen LNG AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Knutsen LNG AS, which comprise the balance sheet as at 31 December 2020, the profit & loss account 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) are 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, 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

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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, 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.

Independent auditor's report - Knutsen LNG AS

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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.

Bergen, 7 June 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Trine H. Bjerkvik
State Authorised Public Accountant (Norway)

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Independent auditor's report - Knutsen LNG AS

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TRINE HANSEN BJERKVIK

Statsautorisert revisor

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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 31.01.2014	Vår dato 11.02.2014
Telefon 22078139	Deres referanse Geir Tore Henriksen	Vår referanse 2014/84494

TS SHIPPING INVEST AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

— Det vises til deres brev av 31. januar 2014 der det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

Knutsen LNG AS	org. nr. 913 018 664
Norspan LNG IX AS	org. nr. 912 745 414
Norspan LNG XI AS	org. nr. 913 018 087
Norspan LNG X AS	org. nr. 912 745 449
Umoe LNG AS	org. nr. 913 018 141
KNOT Shuttle Tankers 23 AS	org. nr. 913 154 576
KNOT Shuttle Tankers 22 AS	org. nr. 812 818 252

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 opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

De overnevnte 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 med en rekke datterselskaper har i tidligere vedtak fått dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk. 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.

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*

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Sentralbord
800 80 000
Telefaks
22 17 08 60



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 selskapene er 50 % eid av et selskap som er innvilget dispensasjon og 50 % av et nederlandsk selskap. 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