



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 982 786 126
Organisasjonsform: Aksjeselskap
Foretaksnavn: NORSPAN LNG II AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

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: Peter Myklebust Opsal
Dato for fastsettelse av årsregnskapet: 24.05.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 02.06.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Freight income		199 615 744	168 268 357
Commissions		-641 866	-561 467
Other income		-13 240	20 773 110
Sum inntekter	1	198 960 638	188 480 000
Kostnader			
Crew hire	2	24 523 707	23 555 232
Ordinary depreciation	3	47 844 000	43 722 000
Other operating expenses	2	23 546 614	26 617 890
Sum kostnader		95 914 321	93 895 122
Driftsresultat		103 046 317	94 584 878
Finansinntekter og finanskostnader			
Financial income	4	7 730	4 579 432
Sum finansinntekter		7 730	4 579 432
Foreign exchange gain/loss		-5 134 452	3 951 523
Financial expenses	4	70 755 483	76 546 918
Sum finanskostnader		65 621 031	80 498 441
Netto finans		-65 613 301	-75 919 010
Ordinært resultat før skattekostnad		37 433 016	18 665 868
Tax	5		
Ordinært resultat etter skattekostnad		37 433 016	18 665 868
Årsresultat		37 433 016	18 665 868
Årsresultat etter minoritetsinteresser		37 433 016	18 665 868
Totalresultat		37 433 016	18 665 868
Overføringer og disponeringer			



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Other equity		37 433 016	18 665 868
Sum overføringer og disponeringer		37 433 016	18 665 868



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	3	805 594 542	853 438 542
Sum varige driftsmidler		805 594 542	853 438 542
Finansielle anleggsmidler			
Lån til tilknyttet selskap og felles kontrollert virksomhet	8		
Sum anleggsmidler		805 594 542	853 438 542
Omløpsmidler			
Varer			
Inventories	6	1 608 479	1 510 463
Sum varer		1 608 479	1 510 463
Fordringer			
Accounts receivable			170 659
Other receivables		5 899 305	11 619 724
Group receivable			128 389
Konsernfordringer	8		
Sum fordringer		5 899 305	11 918 772
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	171 737 364	141 580 295
Sum bankinnskudd, kontanter og lignende		171 737 364	141 580 295
Sum omløpsmidler		179 245 148	155 009 530
SUM EIENDELER		984 839 691	1 008 448 073

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2022	2021
Egenkapital			
Innskutt egenkapital			
Skare capital		300 000	300 000
Overkurs		117 378 166	117 378 166
Sum innskutt egenkapital		117 678 166	117 678 166
Opptjent egenkapital			
Other equity		57 853 845	20 420 830
Sum opptjent egenkapital		57 853 845	20 420 830
Sum egenkapital	8, 9	175 532 011	138 098 995
Gjeld			
Langsiktig gjeld			
Deferred tax	5	104 851	131 063
Sum avsetninger for forpliktelser		104 851	131 063
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	747 386 165	810 536 337
Debt to group companies	8		
Sum annen langsiktig gjeld		747 386 165	810 536 337
Sum langsiktig gjeld		747 491 016	810 667 400
Kortsiktig gjeld			
Leverandørgjeld		1 824 604	11 133 661
Tax payable	5	26 212	32 765
Kortsiktig konserngjeld		15 215 329	4 757 011
Accrued interest		25 509 712	25 804 651
Other current liabilities		19 240 807	17 953 590
Sum kortsiktig gjeld		61 816 663	59 681 678
Sum gjeld		809 307 680	870 349 077
SUM EGENKAPITAL OG GJELD		984 839 691	1 008 448 073



Skattedirektoratet

Saksbehandler
Jan Hoelstad

Deres dato
28.10.2009

Vår dato
02.06.2010

Telefon
22077325

Deres referanse
Jørn Knutsen

Vår referanse
2009/867030

Ernst & Young AS
Postboks 6163 Postterminalen
5892 Bergen

Søknad om tillatelse til å unnlate å utarbeide årsregnskap og årsberetning på norsk språk

Det vises til Deres søknad av 28. oktober 2009 samt telefonsamtaler 12. desember 2009 og 31. mai 2010 i sakens anledning. De søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- Norspan LNG AS org. nr: 981 146 131
- Norspan LNG II AS org. nr: 982 786 126
- Norspan LNG III AS org. nr: 986 860 045
- Norspan LNG IV AS org. nr: 987 755 628
- Norspan LNG V AS org. nr: 989 970 690
- Norspan LNG VI AS org. nr: 990 224 366
- Norspan LNG VII AS org. nr: 990 911 053
- Norspan LNG VIII AS org. nr: 991 817 603

Bakgrunn:

Selskapene er eid av de tre norske selskapene TS Shipping Invest AS, Umoe Shipping & Energy AS og Gas Maroil AS. Bak sistnevnte selskap står det spanske eierinteresser. Eierandelen mellom de tre aksjonærene er noe forskjellig for de ulike Norspan selskapene. Både eierne og selskapene det søkes dispensasjon for, driver alle innen internasjonal shipping. Selskapene har engelsk som arbeids og rapporteringsspråk. Selskapenes virksomhet er finansiert gjennom flere norske og internasjonale banker. Eitersom finansieringen i all hovedsak gjøres via syndikerte banklån, er det et krav fra bankene at regnskapet oversettes til engelsk språk.

Selskapene må derfor i dag utarbeide alle regnskaper både på norsk og engelsk. Denne praksisen innebærer en vesentlig kostnad uten at man ser noen synlig nytte av den norske versjonen. Det søkes derfor om dispensasjon.

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

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Postboks 9200 Grønland
0134 Oslo

skattedirektoratet@skatteetaten.no

Besøksadresse

Fredrik Selmers vei 4
Org. nr: 974761076

Sentralbord

800 80 000
Telefaks

22 17 08 60



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. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som et verktøy i sin kontrollvirksomhet.

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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Det framgår av søknaden at selskapenes aksjer eies av et begrenset antall aksjonærer som foretrekker årsregnskap og årsberetning på engelsk. Selskapene opererer innen en bransje med sterk internasjonal karakter og arbeidsspråket er engelsk. Finansieringen hentes fra profesjonelle institusjoner som etterspør engelsk versjon av årsregnskapet og årsberetning. Alle sentrale aktører innen de bransjer selskapene driver, antas å måtte beherske og benytte engelsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte navngitte søkere 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. Dette inkluderer blant annet en forutsetning om at alle aksjonærer også i fortsettelsen er enig i at årsregnskap og årsberetning ikke ønskes utarbeidet på norsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Inger Johanne Stolt-Nielsen
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

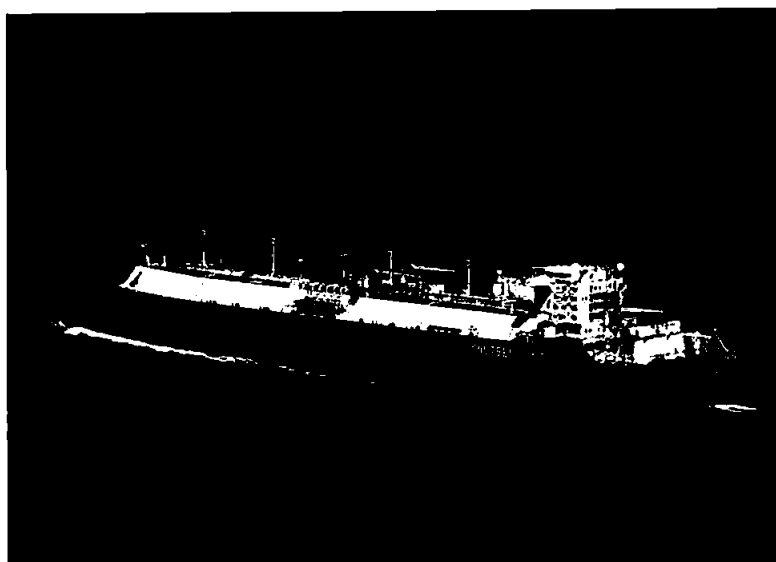
Jan Høelstad



NORSPAN LNG II AS

ANNUAL REPORT

2022



LNG/c "CADIZ KNUTSEN"



NORSPAN LNG II AS

REPORT OF THE BOARD OF DIRECTORS 2022

Norspan LNG II AS owns LNG/c Cadiz Knutsen, a 138.000 m³ LNG carrier, which was built in 2004.

The company has no employees. The manager, Knutsen OAS Shipping AS in Haugesund operates the vessel on behalf of the company, in accordance with a separate management agreement. Norspan LNG II AS hires the crew from Knutsen OAS Espana S.L.

LNG/c Cadiz Knutsen is chartered on a 25-year contract for the transportation of liquified natural gas (LNG) with the Spanish energy company Union Fenosa Gas S.A. This contract was novated to Naturgy in 2021.

The board of directors and the manager are both satisfied with the operation of the ship in 2022. Cadiz Knutsen has not had any unscheduled technical off-hire in 2022. The Covid situation improved after the first months of the year, and most countries in the world lifted the restrictions within year end. The pandemic has however influenced the operation of the vessel by way of additional operating cost related to travel-, testing-, quarantine-, stand-by and accommodation cost. Forwarding cost and service personnel costs are still high due to Covid-19.

Profit for the year

The company had an operating profit in 2022 of NOK 103 046 317, compared to a profit of NOK 94 584 878 in 2021. Net financial expenses were NOK 65 613 301 compared to net financial expenses of NOK 75 919 010 the previous year. The result for the year is a profit of NOK 37 433 016, compared to NOK 18 665 868 in 2021. The Board of Directors suggests that the result for the year is transferred to other equity.

Net cash flow from operating activities in the company was NOK 110 537 102 (NOK 98 768 032 in 2021). The company's liquidity position was NOK 171 737 364 as of 31.12.22 (NOK 141 580 295 as of 31.12.21).

The company's short-term debt was as of 31.12.22 was 7,6 % of total debt, compared to 6,9 % as of 31.12.21. The financial position is good, and the company can as of 31.12.2022 repay current debt with its most liquid assets (current assets-inventories).

Total assets at year-end amounted to NOK 984 839 691 compared to NOK 1 008 448 073 in the previous year. The equity ratio was 17,8 % as of 31.12.22, compared to a 13,7 % as of 31.12.21.

The company is exposed to fluctuations in foreign exchange rates, especially EUR, as a majority of the company's income is denominated in EUR. Though, since the majority of



the company's operating expenses and financial costs also are denominated in EUR, the company's foreign exchange risk is limited. The Company has entered into forward contracts in order to reduce the Company's exchange rate risk. The company has reduced the interest rate fluctuation risk through long term interest rate swaps for the entire loan balance.

The financial accounts are settled on the assumption of a going concern. 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, ISO 14001 and ISO 45001 certified and establishes each year Key Performance Indicators (KPIs) for improved safety and environmental operation.

LNG/c Cadiz Knutsen is a vessel with high technical standard. The Company and the manager allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of the vessel.

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 Cadiz Knutsen is certified in accordance with both the ISM and ISPS codes.

There have not been taken out any board of directors' liability insurance.

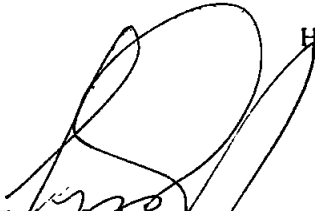
The company and the other companies in the Norwegian part of the group are working with the implementation and statement required in the Norwegian Transparency Act (Norw. "Åpenhetsloven") and plan to publish the statement of the work on the group web page before the reporting deadline 30 June 2023.

Future prospects

LNG/c Cadiz Knutsen is fixed on a long-term contract with a first-class charterer and the Board of Directors has every reason to believe that 2023 will be a satisfactory year for the company.




Haugesund, 24 February 2023



Trygve Seglem
Chairman of the Board



Synnøve Seglem
Board member



Geir Tore Henriksen
Board member



Nils-Kristian Strøm
Board member



Norspan LNG II AS
Profit & Loss Account

	<u>Note</u>	2022	2021
<u>Operating Income</u>			
Freight income		199 615 744	168 268 357
Commissions		-641 866	-561 467
Other income		-13 240	20 773 110
<i>Operating income</i>	<i>1</i>	<u>198 960 638</u>	<u>188 480 000</u>
<u>Operating Expenses</u>			
Crew hire	2	24 523 707	23 555 232
Other operating expenses	2	23 546 614	26 617 890
<i>Total Operating Expenses</i>		<u>48 070 321</u>	<u>50 173 122</u>
<i>Operating result before depreciation</i>		<u>150 890 317</u>	<u>138 306 878</u>
Ordinary depreciation	3	47 844 000	43 722 000
<i>Total Depreciation and Write-downs</i>		<u>47 844 000</u>	<u>43 722 000</u>
<i>Operating Result</i>		<u>103 046 317</u>	<u>94 584 878</u>
<u>Financial Income and Expenses</u>			
Financial income	4	7 730	4 579 432
Foreign exchange gain/loss		5 134 452	-3 951 523
Financial expenses	4	-70 755 483	-76 546 918
<i>Net Financial Items</i>		<u>-65 613 301</u>	<u>-75 919 010</u>
<i>Profit for the year before tax</i>		<u>37 433 016</u>	<u>18 665 868</u>
Tax	5	0	0
<i>Result for the year</i>		<u>37 433 016</u>	<u>18 665 868</u>
Other equity		37 433 016	18 665 868



Norspan LNG II AS
Balance Sheet as of 31. December


<u>ASSETS</u>	<u>Note</u>	2022	2021
<u>Fixed Assets</u>			
Vessel	3	805 594 542	853 438 542
<i>Total Fixed Assets</i>		<u>805 594 542</u>	<u>853 438 542</u>
<u>Current Assets</u>			
Inventories	6	1 608 479	1 510 463
Accounts receivable		0	170 659
Other receivables		5 899 305	11 619 724
Group receivable		0	128 389
Cash and cash equivalents	7	171 737 364	141 580 295
<i>Total Current Assets</i>		<u>179 245 148</u>	<u>155 009 530</u>
<i>TOTAL ASSETS</i>		<u>984 839 691</u>	<u>1 008 448 073</u>

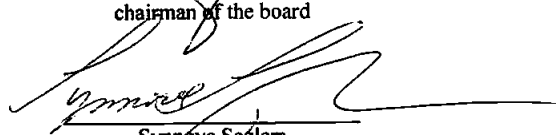



Norspan LNG II AS
Balance Sheet as of 31. December

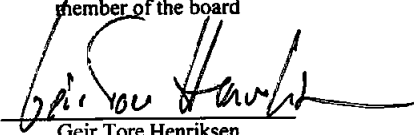
<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2022	2021
Equity			
Skare capital		300 000	300 000
Other capital paid-in		117 378 166	117 378 166
<i>Total capital paid-in</i>		<u>117 678 166</u>	<u>117 678 166</u>
Other equity		57 853 845	20 420 830
<i>Total Shareholders' Equity</i>	8, 9	<u>175 532 011</u>	<u>138 098 995</u>
Long Term Debt			
Deferred tax	5	104 851	131 063
Mortgage debt	10	747 386 165	810 536 337
<i>Total Long Term Debt</i>		<u>747 491 016</u>	<u>810 667 400</u>
Current Liabilities			
Accounts payable		1 824 604	11 133 661
Accrued interest		25 509 712	25 804 651
Tax payable	5	26 212	32 765
Intercompany liabilities		15 215 329	4 757 011
Other current liabilities		19 240 807	17 953 590
<i>Total Current Liabilities</i>		<u>61 816 663</u>	<u>59 681 678</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>984 839 691</u>	<u>1 008 448 073</u>

Haugesund, 24 February 2023
The board of Norspan LNG II AS


Trygve Seglem
chairman of the board


Synnøve Seglem
member of the board


Nils Kristian Aagaard Strøm
member of the board


Geir Tore Henriksen
member of the board



NORSPAN LNG II 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.

	2022	2021
Total generated from operations 1)	102 474 112	81 020 471
Change in working capital	<u>8 062 990</u>	<u>17 747 561</u>
Net cashflow from operations	<u>110 537 102</u>	<u>98 768 032</u>
Invested in vessel		0
Dry-Docking		-1 667 253
Group contribution	<u>0</u>	<u>0</u>
Net cashflow from investments	<u>0</u>	<u>-1 667 253</u>
Received group contribution	0	23 500 000
Repayment mortgage debt	-80 380 033	-78 508 743
Change in other long term debt	<u></u>	<u>-23 545 539</u>
Net cashflow from financing	<u>-80 380 033</u>	<u>-78 554 282</u>
Net cashflow for the year	30 157 069	18 546 497
+ Cash balance per 1.1	<u>141 580 295</u>	<u>123 033 798</u>
= Cash Balance per 31.12.	<u>171 737 364</u>	<u>141 580 295</u>

1) Generated from operations:

Result before tax	37 433 016	18 665 868
Currency -gain/+loss long term debt	15 655 071	17 098 770
Amorized debt issuance cost	1 574 790	1 574 790
Ordinary depreciation	47 844 000	43 722 000
Tax paid	<u>-32 765</u>	<u>-40 957</u>
= Total generated from operations	<u>102 474 112</u>	<u>81 020 471</u>



NORSPAN LNG II AS

Notes to the Financial Statement 31.12.2022

Accounting Principles

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

Going concern

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

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's LNG carrier Cadiz Knutsen entered at delivery in 2004 into a 25 year fixed contract with the Spanish utility company Union Electrica Fenosa SA, now part of Spanish energy group Gas Natural Fenosa SA. The income from the time charter contract is received in EUR, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

Knutsen OAS Shipping AS is appointed as manager for the company and the vessel.

2 Employees and remuneration

The company has no employees and thereby no pension liabilities (under the new OTP regulation). Knutsen OAS Shipping AS manages the Company in accordance with a separate management agreement. Knutsen OAS Shipping AS is crewing manager for the Company and hires the crew from related crewing companies with separate crewing agreements.

The company have not paid salary or any other remuneration, nor given any loan or guarantees to any leading person or board members during the year.

Auditors remuneration (excl. VAT):
Audit

	2022	2021
	89 250	53 300
	89 250	53 300



3 **Fixed Assets**

Yard instalments paid on newbuildings and vessels under conversion are gradually recorded as fixed assets as the instalments are paid. All costs regarding construction supervision, construction financing (including building loan interest, arrangement fees, provision of guarantees), additions and upgrading beyond the yard contract regarding the individual contract and other expenses related to the construction or conversion of the vessel are recorded on the fixed asset under construction/conversion.

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. Due to prevailing longer-term market trends, the normal economic life of LNG steam vessel has, from the 1st of January 2022, been updated from an estimation of 40 years to an estimate of 35 years from delivery as newbuilding. We use extended life or reduced life if there are commercial or technical indications that the 35 year profile for that specific entity is not correct, i.e. fixed charter contracts above 35 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. 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.

Vessel	2022	2021
Historical value 01.01.	1 453 810 621	1 453 810 621
Accumulated depreciation and impairment 01.01.	617 335 055	580 123 055
Book value 01.01.	836 475 566	873 687 566
Additions	0	0
Annual depreciation	40 848 000	37 212 000
Book value 31.12.	795 627 565	836 475 565

The company changed in 2022 the useful life estimate for LNG/c Cadiz Knutsen from 40 years to 35 years due to prevailing longer-term market trends. The company updated at the same time the estimated net sales price at the end of estimated life from NOK 0 at 40 years to estimated net sales price at end of the new estimated end of life.

Dry-docking	2022	2021
Historical value 01.01.	37 011 952	35 344 699
Accumulated depreciation and impairment 01.01.	20 048 975	13 538 975
Capitalised dry-docking 01.01.	16 962 977	21 805 724
Additions - capitalised dry-docking	0	1 667 253
Annual depreciation	6 996 000	6 510 000
Book value 31.12.	9 966 977	16 962 977
Total book value vessel 31.12.	805 594 542	853 438 542

4 **Financial Income and -Expenses**

Financial Income:	2022	2021
Dividend	0	4 579 411
Other interest income	7 730	21
Total financial income	7 730	4 579 432
Financial expenses:		
Interest expenses	69 238 594	73 114 205
Guarantee expenses group companies	932 832	2 724 624
Guarantee expenses related parties		
Financial expenses to group companies	542 770	0
Financial expenses to related parties		686 313
Other financial expenses	41 287	21 776
Total financial expenses	70 755 483	76 546 918



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.

Entering the tonnage tax in 2017 resulted in an entrance tax.

Entrance tax

	<u>2022</u>	<u>2021</u>
Opening balance gain/loss account	595 738	744 672
Short-term tax payable basis (20%)	119 148	148 934
Long-term tax payable basis (80%)	476 590	595 738
Incoming balance long-term	131 062	163 828
Tax payable short-term in balance sheet, 22 tax rate	26 212	32 766
Tax payable long-term in balance sheet, 22% tax rate	104 850	131 062
Tax costs calculated	0	0

Specification on the temporary differences:

	<u>31.12.22</u>	<u>Change</u>	<u>31.12.21</u>
Temporary differences interest swaps	-238 855 492	-34 122 213	-272 977 705
Loss carried forward	-573 860 179	21 789 838	-552 070 341
Temporary differences	<u>-812 715 671</u>	<u>-12 332 375</u>	<u>-825 048 046</u>
Calculated deferred tax	178 797 448	2 713 123	181 510 570
Deferred tax in balance	<u>0</u>	<u>0</u>	<u>0</u>

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

Tax cost

	<u>2022</u>	<u>2021</u>
Net financial Items	-81 268 372	-93 017 779
Non-taxable currency gain	8 772 877	21 454 777
Non-deductable interest	16 583 445	45 628 248
Non taxable dividend	0	-4 442 029
Change interest rate swaps	34 122 213	
Taxable income before loss carried forward	<u>-21 789 838</u>	<u>-30 376 783</u>
Loss carried forward	21 789 838	30 376 783
Taxable income	<u>0</u>	<u>0</u>
Tax payable	0	0
Change deferred tax/(tax benefit)	0	0
Tax calculated	<u>0</u>	<u>0</u>
Tonnage tax expenses under operating expenses	<u>132 495</u>	<u>132 495</u>



6 Inventories

Inventories refer to lube oil as per 31.12 are 1 608 479

7 Bank deposits

The company has restricted bank funds per 31.12 for DSRA and Dry-Dock: 83 062 655

8 Equity

Specification of the equity per 31.12.

	Share capital	Other paid-in capital	Share premium	Other equity	Total equity
Equity 01.01.	300 000	113 500 000	3 878 166	20 420 827	138 098 995
Result for the year	0	0	0	37 433 016	37 433 016
Equity 31.12.	300 000	113 500 000	3 878 166	57 853 843	175 532 011

Share capital consists of 2 000 shares at NOK 150 each. Shareholders as at 31.12.22 were:

Share ownership	Ownership	No shares	Nominal value	Share class
Knutsen LNG AS	100 %	2 000	150	Ordinary
Total	100 %	2 000		

9 Shares Owned by Board Members and Affiliates

Trygve Seglem controls through Knutsen LNG AS 100 % of the company.

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



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 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 amount	Hedge accounting rate 31.12.	Accounting balance	
				2022	2021
Mortgage debt	EUR	94 113 858	8,052	757 760 175	822 485 136
Debt issuance cost				-10 374 010	-11 948 800
Liabilities to financial institutions				747 386 165	810 536 337

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 EUR debt on the basis of the year-end exchange rate.

Amounts due within 12 months of the balance sheet date:

Mortgage debt	90 659 342
Debt issuance cost	1 574 790
Liabilities to financial institutions	92 234 132
Estimated outstanding dept per 31.12.2027 (EUR)	45 937 036

The loan matures August, 2029

The exchange rate at the year-end EUR/NOK 10,5522

Security for the loan is made through a first priority mortgage in the vessel, transportation of income and guarantees from Knutsen OAS Shipping AS.

Book value of mortgaged assets is NOK 806 million.

The company has entered into interest rate swap contracts to reduce the effects of exchange rate fluctuations. Hedge accounting has been applied for 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	2022	2021
Outstanding fixed interest rate swaps	EUR	84 679 042	92 215 448
Mark to market valuation	EUR	-9 143 593	-26 281 778



Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Norspan LNG II AS

Opinion

We have audited the financial statements of Norspan LNG II AS (the Company), which comprise the balance sheet as at 31 December 2022, the profit and loss account and 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 2022 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 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

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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.

Bergen, 24 February 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Trine Hansen Bjerkvik
State Authorised Public Accountant (Norway)

Independent auditor's report - Norspan LNG II AS 2022

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"By my signature I confirm all dates and content in this document."

TRINE HANSEN BJERKVIK

Statsautorisert revisor

On behalf of: Ernst & Young AS

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