



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: 31.05.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 06.08.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Administration	9	301 471	895 475
Sum kostnader		301 471	895 475
Driftsresultat		-602 943	-1 790 951
Finansinntekter og finanskostnader			
Financial income	5	86 935 895	112 351 617
Foreign exchange gain/loss		-5 705 320	13 791 917
Sum finansinntekter		81 230 575	126 143 534
Financial expenses	5	9 981 540	10 069 510
Sum finanskostnader		9 981 540	10 069 510
Netto finans		71 249 035	116 074 024
Ordinært resultat før skattekostnad		70 947 564	115 178 549
Taxes	12		
Ordinært resultat etter skattekostnad		70 947 564	115 178 549
Årsresultat		70 947 564	115 178 549
Årsresultat etter minoritetsinteresser		70 947 564	115 178 549
Totalresultat		70 947 564	115 178 549



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	12		
Varige driftsmidler			
Investments in associated entities		1 177 660 175	1 177 600 175
Sum varige driftsmidler		1 177 660 175	1 177 600 175
Finansielle anleggsmidler			
Investering i datterselskap	3	350 713 055	348 077 530
Lån til foretak i samme konsern	6		
Investeringer i tilknyttet selskap	4		
Sum finansielle anleggsmidler		350 713 055	348 077 530
Sum anleggsmidler		1 528 373 230	1 525 677 705
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables		1 265 189	95 788
Intercompany receivables	6	150 763 363	31 142 121
Receivable from associated companies		15 042 048	10 129 782
Konsernfordringer	6	128 832 248	2 000 000
Sum fordringer		295 902 849	43 367 691
Bankinnskudd, kontanter og lignende			
Bank deposits	2	643 651	962 634
Sum bankinnskudd, kontanter og lignende		643 651	962 634
Sum omløpsmidler		296 546 499	44 330 325
SUM EIENDELER		1 824 919 729	1 570 008 030



Balanse

Beløp i: NOK	Note	2021	2020
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	121 417 728	15 606 134
Sum innskutt egenkapital		971 602 450	865 790 856
Opptjent egenkapital			
Other equity		587 316 298	516 368 735
Sum opptjent egenkapital		587 316 298	516 368 735
Sum egenkapital	7	1 558 918 748	1 382 159 590
Gjeld			
Langsiktig gjeld			
Utsatt skatt	12		
Annen langsiktig gjeld			
Langsiktig konserngjeld	6	105 811 594	14 603 371
Sum annen langsiktig gjeld		105 811 594	14 603 371
Sum langsiktig gjeld		105 811 594	14 603 371
Kortsiktig gjeld			
Leverandørgjeld		39 375	340 239
Kortsiktig konserngjeld	6	48 146 345	96 420 251
Short term debt associated companies		45 121 326	
Other current liabilities		66 882 342	76 484 579
Sum kortsiktig gjeld		160 189 388	173 245 069
Sum gjeld		266 000 982	187 848 440
SUM EGENKAPITAL OG GJELD		1 824 919 729	1 570 008 030



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*

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



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

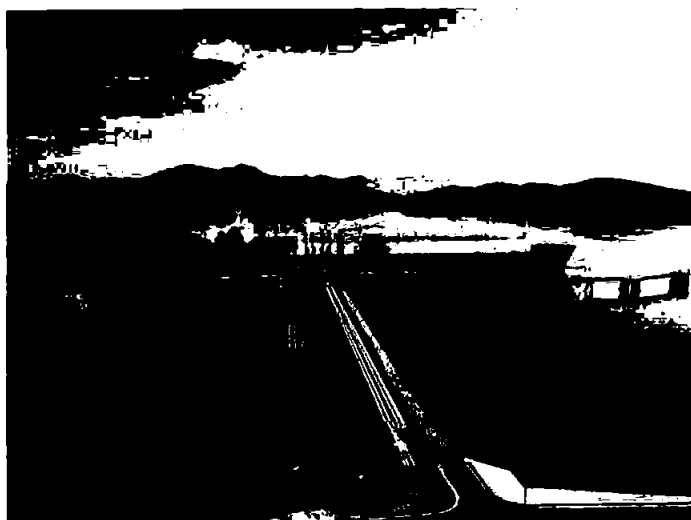
Skattedirektoratet

Torstein Kinden Helleland



TS Shipping Invest AS

Annual Report 2021





TS SHIPPING INVEST AS

DIRECTORS' REPORT 2021

GROUP AND COMPANY

TS Shipping Invest AS (TSSI) is the holding company of the shipping activities of the Trygve Seglem family. TSSI and its subsidiaries ("the Group / Knutsen") own and operate vessels worldwide with leading market positions in the shuttle tanker segment, through Knutsen NYK Offshore Tankers AS ("KNOT"), a 50/50 joint venture with NYK and in the LNG Carrier segment, through a wholly owned subsidiary, Knutsen LNG AS ("KLNG"). The Group's investment in the product tanker segment is no longer considered strategic with only three vessels left in the fleet.

The Group has a strategic objective of owning and operating a fleet of a high technical and operational standard. We are committed to delivering 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.

We have a strong focus on technology development and are a world leading technology provider in marine transportation of compressed natural gas with our proprietary Knutsen PNG® Technology. Knutsen has its own proprietary technology for VOC reduction during tanker loading, Knutsen KVOOC® Technology, and has developed new technology for ballast water treatment for large tankers, KBAL®, which received IMO and USCG approval in 2020.

Our focus on operational excellence and technology leadership enables us to focus on and attract high quality customers. Our key customers are European utilities and energy majors which set the highest requirements to safety and reliability standards.

TSSI is incorporated in Norway and has its offices in Haugesund in Norway. TSSI Group holds offices in Marseilles, Nantes, Madrid, Aberdeen, London, Riga, Copenhagen and Rio de Janeiro.

Profit for the year

2021 was another profitable year for the TSSI Group. The Group's total operating income amounted to NOK 911 million in 2021 compared to NOK 1,031 million in 2020. The figures for our 50% shareholding in KNOT and for 11 of the LNG vessels are shown as share of profit in associated companies. The operating result was NOK 495 million in 2021 compared to NOK 646 million in 2020. Ordinary profit after tax amounted to NOK 225 million in 2021 compared to NOK 369 million in 2020.



The total liquidity position (cash and cash equivalents) of the Group was NOK 363 million as per 31.12.21, compared to NOK 309 million per 31.12.20. Total short-term debt amounted to 12,46% of total debt and liabilities, compared to 13,23% in 2020. The working capital as per 31.12.21 was positive with NOK 209 million.

Total assets at year-end 2021 for the Group amounted to NOK 8,050 million compared to NOK 7,296 million in 2020. Equity capital's share of total assets as per 31.12.21 was 52,6% (57,4% as per 31.12.20).

The Group's revenue from the three 100% owned product tankers remained stable in 2021. The vessels continue to be employed on time charters to Total. Whereas product tankers have seen reduced earnings in 2021, the segment is no longer consider strategic for the Group.

The 50% shareholding in KNOT provided for a negative contribution in 2021. The 50% shareholding is accounted for through the equity method. KNOT's ordinary profit after tax amounted negative USD 43,5 million in 2021 compared to positive USD 14 million in 2020. The loss for KNOT in 2021 relates to increased depreciation in connection with early retirement of shuttle tankers. Specifically, Covid-19 led to postponement of scheduled completion of oil-fields with dedicated new buildings that led to a temporary oversupply of vessels in 2021, leading the Group to increase depreciation charges and early retire vessels.

The Group's revenue from its fleet of LNG carriers increased in 2021 due to fleet growth. The strengthening spot and period marked for LNG carriers did not influence our earnings as all LNG carriers are fixed on long-term time charter contracts.

The Group takes an active approach in risk management of its business, with the main exposure categories being market risk, interest rate risk and currency risk. The Group's market risk is mainly related to utilization of optional time charter periods and re-chartering of vessels coming off firm time charter periods. Market risk is to a large extent mitigated through a significant part of the fleet being on long time charter contracts to utilities and energy companies. The operating expense element in operations is typically inflation hedged through an index adjustment of the contractual time charter rates in the fixed contracts.

Vessels are mainly financed in USD, representing a natural hedge against fluctuations in USD, which remains the nominal currency for the chartering of vessels. The Group is subject to currency risk related to operating expenses having a significant proportion of the costs in European currencies. Whereas the Group employs hedging actively, commonly by forward contracts in relation to USD, the vessels are mainly financed in USD which gives a natural hedge against USD fluctuations. The debt financings have variable interest rates, but a substantial part of the debt related to vessels on long-term charters is hedged through interest rates swaps.

The parent company TS Shipping Invest AS had a net profit of NOK 555 million for 2021 compared to a net profit of NOK 37 million in 2020. The main reason for increase in 2021 is the group reorganizing of Knutsen Pressurized Natural Gas KS which gave a profit of NOK 365 million. The unrestricted equity in TS Shipping Invest AS as of 31.12.2021 amounted to NOK 2,205 million. The Board of Directors recommends that the result for the year is transferred to other equity. Total assets of the parent company amounted to NOK 3,129 million



per year-end 2021 compared to NOK 2,504 million in 2020. Total short-term debt amounted to 17.8% of total debt and liabilities as per year-end 2021 compared to 8.8% in 2020.

The Group has not taken out any insurance policy for members of the Board of Directors and the General Manager of the parent company or the subsidiaries for their potential liability towards the Group companies and third parties.

The Financial Statements have been prepared under the assumption of going concern, and the Board of Directors confirms that this assumption is in accordance with the Norwegian Accounting Act § 3-3.

The Company's activities

The Group is undergoing a period of fleet expansion based on having secured a series of long-term contract awards. The fleet expansion is made in partnership with leading industrial companies and institutional investors. The philosophy behind an investment strategy based on the private placement of equity 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 TSSI Group is able to develop its shipping activities and strengthen its position as a major owner and operator in the shuttle tanker- and LNG segments while maintaining a prudent financial profile. Our partners are leading industry players and institutional investors that share our long-term focus.

Offshore loading tankers:

TSSI Group's investments in offshore loading tankers are consolidated into Knutsen NYK Offshore Tankers AS ("KNOT"). KNOT is jointly owned 50/50 with the Japanese shipping Group NYK through NYK Holding (Europe) B.V.

The Group's first shuttle tankers were ordered in 1984. Since then, Knutsen OAS Shipping, and since continued by KNOT, has been a leader in the technical development of shuttle tankers. As of 31 December 2021, KNOT had technical and commercial management of 28 shuttle tankers and two FSO's in operation and three shuttle tankers under construction. Seventeen of the shuttle tankers which KNOT operates are owned by the associated company KNOT Offshore Partners LP (KNOP) which is listed on the New York Stock Exchange and where KNOT is the Sponsor, General Partner and the largest owner with ownership interest at year-end 2021 of 30.27 percent.

The KNOT fleet transports oil from offshore oil fields in North Europe, South America, and West Africa. The vessels operate in a demanding trade with frequent offshore loadings and subsequent port calls, requiring high quality and stable operations.

Offshore loading and dynamically positioned oil tanker vessels are KNOT's main strategic focus and the Group is actively involved in the technical development of this type of tankers



commonly referred to as shuttle tankers. Despite the reduced investment activity globally related to offshore oil and gas in 2021, the level of activity in fields where offshore loading is required has been stable. Covid-19 resulted in delayed completion of a number of oil fields. However, the dedicated vessels destined for these delayed fields were delivered on time from yards in South Korea and China led to more vessels in the market. This led to a weaker performance from the pool of shuttle tankers providing spot and period employment. The weak demand led to early retirement of older shuttle tankers in 2021. This helped restoring the balance in the market.

In addition to the shuttle tankers, KNOT owns and operate two floating storage and offloading ("FSO") vessels. M/T Jorunn Knutsen has operated on the Åsgard field offshore Norway without any off-hire since start-up in year 2000. In 2018, KNOT completed the conversion of M/T Hanne Knutsen from shuttle tanker to FSO. This project constitutes the largest single vessel investment made by the Group.

Key events

The Martin Linge gas field started production on 30 June 2021 and the Martin Linge B - FSO Hanne Knutsen, has in third quarter 2021 started the offloading to shuttle tankers. The field was officially opened on 27 January 2022. The vessel is on a fixed long-term time-charter contract to the field operator Equinor until October 2026 with charterers' option to extend the contract for up to four years.

Delivery of Shuttle Tanker Newbuildings

M/T Tuva Knutsen was delivered from the yard in China on 1 February 2021 and after mobilization voyage towards Brazil and with Petrobras and charterers' approval, she started on 16 February 2021 her five-year fixed time charter with up to ten yearly optional periods to a Total company for operation off the Brazilian coast.

M/T Live Knutsen was delivered from the yard in China on 3 November 2021 and after mobilization voyage towards Brazil and with Petrobras and charterers' approval, she started on 1 January 2022 her five-year fixed time charter with up to seven yearly optional periods to a Galp company for operation off the Brazilian coast.

Sale of vessels

KNOT made a strategic decision to opt for responsible ship recycling of four older shuttle tankers in 2021 due to temporary reduced demand for shuttle tankers caused by COVID-19. Increased depreciation charges for these vessels were implemented in 2021 to reflect expected recycling values.

LNG Carriers:

Since entering the LNG carrier segment in 2004, Knutsen has become a leading owner and operator of LNG Carriers globally. As of year-end 2021, Knutsen OAS Shipping AS operates 15 LNG carriers with the latest addition to the fleet being the 30.000 m3 LNG carrier Ravenna Knutsen which was delivered in February 2021 and is currently employed on a 12-years time charter contract with the Italian energy company Edison S.p.A.



As per year-end 2021 the Group had 15 LNG carriers on order, of which 14 vessels are large LNG carriers. Including vessels on order, the Group's LNG fleet counts 30 vessels, all on long-term fixed time charter contracts.

The Knutsen Group's focus on operational excellence and its devotion to health and safety for its employees ensured strong performance throughout 2021. The handling of the pandemic has been challenging for the entire industry with respect to crew changes, associated travels 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. At the outset of the pandemic in 2020 fewer crew changes and less travel compensated for these additional costs. However, this cost saving effect did not prevail into 2021 due to accumulated demand for crew shifts. Flag and Class accepted that training and related activities were put on hold during the pandemic. The Group has, nevertheless, focused on these activities in 2021. Training and career development of our personnel will continue to be a focus area when COVID-19 related restrictions are lifted, and we expect that operating costs will normalise thereafter

Of the 15 LNG carriers in operation at year-end 2021, two are owned 100% by KLNG, 4 are 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"). Three vessels are co-owned with Klaveness Group and one is owned 50/50 with OMP, a HitecVision portfolio company.

The Group had per year-end 14 vessels of 174,000 m³ under construction at Hyundai Heavy Industries in South Korea for delivery in 2022-2025. Nine of these vessels will enter minimum seven years time charter contracts with Shell, the oil major. One vessel will enter a 10 years time charter with Engie, a leading European energy company. Four vessels were ordered on the back of 10 years' time charter contracts with Polskie Górnictwo Naftowe i Gazownictwo S.A., the Polish state-controlled oil and gas company.

The Group has one 5,000 M³ LNG bunkering vessel on order at Armon Shipyard in Spain. This vessel will at delivery enter a time charter contract with the Shell group for a minimum period of 7 years.

Investment grade end-users continue to dominate the seaborne transportation of natural gas (LNG). This fundamental characteristic of the LNG industry suits the Group's 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 which is reflected in optional periods in the time charter contracts.

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 energy such as 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. The Group has a strong preference to expand through equity partnership with strong financial long-term oriented investors instead of increasing its financial leverage.



Product tankers:

The operations of the three product tankers have been satisfactory with focus on safe, efficient and cost-effective operations. The market for product tankers improved in 2021 leading to an upward adjustment in earnings under the rolling time charter employment with Total.

Marine Technology:

The Group has developed its proprietary technical solution for marine transportation of compressed natural gas (CNG). This Knutsen proprietary solution is named PNG[®] (Pressurised Natural Gas). The Company has previously made progress in commercialising the PNG[®] solution together with its venture partners and potential customers. In early 2022, the Group announced the forming of a 50/50 partnership with NYK relating to the PNG business, with a focus of commercialising the business within the transport of CO₂. Transport of CO₂ will be a key part of the CCUS (Carbon Capture Utilisation and Storage) value chain, which is considered to play an important role in the years to come to reduce carbon emissions across a number of industry sectors.

The Group has also developed a proprietary system for handling emissions (Volatile Organic Compounds) from offshore crude oil loading. This technology is named KVOC[®] and has been installed on more than 45 shuttle and ordinary tankers. KVOC[®] is a passive installation, considerably less expensive both to install and operate than alternative technologies in the market. Knutsen VOC KS is now actively working with the classification companies, international maritime organisations and governments in order to secure international recognitions and classification for KVOC[®]. Over the last few years the technology has been improved with a new, 2nd generation design scheduled for installation on shuttle tankers.

Based on the technology of KVOC[®], the Group has developed a Ballast Water Treatment system. The first installation of the new system was on board the shuttle tanker Gijon Knutsen during the summer of 2011. All tests were performed according to IMO rules and the type approval was achieved in 2012. The Group has high expectations for the Ballast Water Treatment System called KBAL[®]. Due to the more stringent requirements from USCG the system has since then been subject to further improvements, and qualification testing for USCG and revised G8 IMO approval commenced in the autumn of 2018. Revised IMO G8 approval was granted in June 2020 and USCG approval was granted in November 2020.

Safety and quality control

Safety and environmental compliance are our top operational priorities. Our vessels are operated in a manner intended to protect the safety and health of our employees, the general public and the environment. We actively manage the risks inherent in our business and are committed to eliminating incidents that threaten the safety and integrity of our vessels, such as groundings, fires, collisions and petroleum spills. We are also committed to reducing emissions and waste generation. We have established key performance indicators to facilitate regular monitoring of our operational performance. We set targets on an annual basis to drive continuous improvement, and we review performance indicators monthly to determine if remedial action is necessary to reach our targets.



The Group has established overall guidelines to ensure that the Group's activities shall be executed professionally and in accordance with national and international rules and regulations as well as internal and external standards and proactive actions shall be taken to avoid injuries, loss of life and material damages. In addition, the Group's operations shall be planned, and attention shall be made on executing activities and operations so that the environmental consequences are minimized.

Environment, Social and Governance (ESG) issues

The Group's HSSE & QA system is in accordance with international requirements and standards, and the Group maintains all necessary certificates for its operation of activities. Knutsen OAS Shipping AS and KNOT Management AS are certified according to the ISO 9001-2015, ISO 14001-2015 and OHSAS 18001 standards. Special attention is placed on preventive activities. Any deviation from implemented procedures is reported and processed in the HSSE & QA system.

The Group has an active approach regarding implementation and development of technology and operational procedures for reducing emissions to water and air. The Group has developed its own system for reducing VOC emissions (oil vapour) in connection with loading of tankers. The Group has also developed its own Ballast Water Treatment System which it plans to further commercialize in the years to come. The Group is also establishing a comprehensive Energy Efficiency Management System for the vessels and has implemented a system for ECO Care actions in order to reduce fuel consumption and consequential emissions.

Our customers set the highest requirements to safety and reliability. We are therefore pleased that our clients have acknowledged the quality of our management system and operation by confirming our high score in the 2019 OCIMF Tanker Management Self-Assessment scheme. Rising concerns about our industry's environmental footprint is increasing demands for low-emitting energy efficient services and technologies, and the regulations related to emissions, pollution, and energy efficiency are tightening. We welcome these ambitions, and we are ready to contribute with solutions and practices that will help our industry reach and exceed its targets.

Knutsen reports on ESG topics in accordance with The Norwegian Shipowner's Association's Guidelines for the shipping and offshore industries as published in February 2020 and updated in November 2021. The ESG topics identified by the Association allow the company to report on issues that are material to the shipping industry and that are relevant to both internal and external stakeholders.

The Guidelines are based on the following internationally recognized reporting frameworks, including The Global Reporting Initiative (GRI), The Sustainability Accounting Standards Board (SASB) and the 17 Sustainable Development Goals (SDGs).

Knutsen endorses the Poseidon Principles and assists banks who request information associated with the initiative. These principles aim to communicate relevant information to lenders, lessors, and financial guarantors allowing them to follow the Poseidon Principles when assessing and disclosing the climate alignment of their portfolios by providing measurement of carbon intensity and an assessment of company climate alignment, as well as accountable data using the IMO's standard for collecting data on fuel consumption from ships.



The Group has produced ESG reports for both the shuttle tanker and LNG segments, starting for the year 2019.

Working environment and gender equality

The Group is an equal opportunity employer and strives to provide a working environment free of discrimination and harassment for employees regardless of location. All applicants will be considered for employment without attention to race, colour, religion, sex, sexual orientation, gender, national origin or disability. When we employ it is based on business needs, job requirements and individual qualifications and not any considerations that are outside the protection of the laws and regulations in the locations in which we operate. In total, the share of women is 1.96 % onboard the vessels. For the land-based employees the share of women is 32 % in KOAS and 30% in KNOT. The members of the Board of Directors are four men and one woman.

In a traditionally male-dominated business, we strive to progress in all aspects of diversity. This is an ongoing process and focus area for the Group.

Working environment is considered to be good. There have been no reports of injuries or accidents in the workplace.

Sick leave among overall crew was in 2021 at 3.6 % for the KOAS operated fleet (1.55 % in 2020) and 4% for the KNOT operated fleet (1.53 % in 2020). For onshore employees in KOAS and KNOT, the sick leave was 2.6 % in 2021 (2.9 % in 2020) and 2.3 % (2.1% in 2020) respectively. The working environment, both on land and aboard ships is considered to be satisfactory. There were no significant accidents or incidents in 2021, and the objectives for the year regarding health and safety were achieved.

The company aims to provide a workplace where there is full equality between women and men.

Future prospects

The Board of Directors regards the future prospects as promising. With the advanced LNG fleet and substantial contract coverage the TSSI 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 31.12.21 stood at USD 6 billion for the LNG segment, and which, including extension options, surpasses USD 10 billion.

The Group actively works on a number of new projects through KNOT for offshore loading tankers and through KOAS for LNG carriers as well as projects for the emission treatment system KVOCC[®] and the new Ballast Water Treatment System. Thus, the Board of Directors has reason to believe that 2022 will be a satisfactory year for the Group.



Haugesund , April 7th 2022



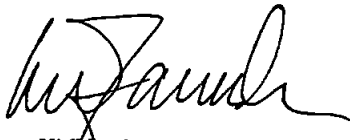
Øyvind Holte
Chairman



Trygve Seglem
Deputy Chairman/ Managing Director



Synnøve Seglem
Board member



Kjell Jacobsen
Board Member



Georg Scheel
Board Member



TS SHIPPING INVEST GROUP

INCOME STATEMENT 01.01-31.12

2021	2020		2021	2020
Company			Group	
Amounts in NOK 1.000		Note	Amounts in NOK 1.000	
		OPERATING INCOME		
0	0	Freight income on T/C basis	5	481 264
0	0	Share of profit/(loss) in associated companies	4	20 761
5 740	5 831	Other income	5	408 800
<u>5 740</u>	<u>5 831</u>	Operating income		<u>910 825</u>
				<u>1 031 472</u>
		OPERATING EXPENSES		
0	0	Wages, Social expenses and crew hire	9, 10	217 512
1 932	2 368	Operating expenses		198 083
0	0	Loss from sale of vessel		0
<u>1 932</u>	<u>2 368</u>	Operating expenses		<u>415 596</u>
				<u>385 097</u>
3 808	3 463	OPERATING RESULT BEFORE DEPRECIATION AND WRITE DOWN	495 230	646 375
0	0	Depreciation		149 833
0	0	Write downs/-Reversal write downs		-10 877
0	0	Depreciation and write downs	8	138 956
<u>3 808</u>	<u>3 463</u>	OPERATING RESULT	356 273	469 199
		FINANCIAL INCOME AND -EXPENSES		
615 183	93 573	Financial income	12	87 184
-8 730	10 919	Foreign exchange gain/ -loss, net		-20 314
25 846	56 970	Financial expenses	12	171 904
<u>580 607</u>	<u>47 523</u>	Net financial items		<u>-105 035</u>
				<u>-85 110</u>
584 415	50 985	PROFIT BEFORE TAXES	251 238	384 088
29 004	13 842	Taxes	17	25 759
<u>555 411</u>	<u>37 143</u>	PROFIT FOR THE PERIOD	225 479	369 208
0	0	Minority's share of the profit for the year		7 919
<u>555 411</u>	<u>37 143</u>	PROFIT FOR THE PERIOD AFTER MINORITIES	217 560	357 427



TS SHIPPING INVEST GROUP

BALANCE SHEET

31.12.2021	31.12.2020		Note	31.12.2021	31.12.2020
Company				Group	
Amounts in NOK 1 000				Amounts in NOK 1.000	
ASSETS					
NON CURRENT ASSETS					
Intangible assets					
132 446	161 449	Deferred tax asset		144 234	169 829
<u>132 446</u>	<u>161 449</u>	Total intangible assets		<u>144 234</u>	<u>169 829</u>
Tangible assets					
0	0	Property and plant	8	7 162	7 128
0	0	Vessels	8	2 625 487	2 638 057
		Vessels under construction	8	994 028	441 696
0	0	Equipment, and other tangible assets	8	639	918
<u>0</u>	<u>0</u>	Total tangible assets		<u>3 627 317</u>	<u>3 087 799</u>
Financial assets					
1 777 875	1 277 701	Investment in group companies	3	0	0
174 246	53 306	Loans to group companies	11	0	0
864 470	860 720	Investments in associates	4	3 529 532	3 443 408
5 546	48 315	Loans to associates	11	62 178	48 315
0	0	Pension fund	10	0	0
0	0	Other long term receivables		1 606	1 365
<u>2 822 137</u>	<u>2 240 043</u>	Total financial assets		<u>3 593 315</u>	<u>3 493 089</u>
<u>2 954 583</u>	<u>2 401 492</u>	Total non current assets		<u>7 364 866</u>	<u>6 750 716</u>
CURRENT ASSETS					
0	0	Inventories	6	9 888	7 790
Receivables					
0	0	Accounts receivable		93 436	85 147
0	472	Other receivables	18	86 694	18 896
15 330	6 326	Current receivables associates and related party	11	131 675	124 340
147 675	80 038	Current group receivables		0	0
<u>163 005</u>	<u>86 837</u>	Total receivables		<u>311 805</u>	<u>228 383</u>
0	0	Short term investments		0	108
11 742	15 830	Cash and cash equivalents	2	362 947	308 924
<u>174 747</u>	<u>102 667</u>	Total current assets		<u>684 640</u>	<u>545 205</u>
<u>3 129 330</u>	<u>2 504 159</u>	TOTAL ASSETS		<u>8 049 506</u>	<u>7 295 921</u>



TS SHIPPING INVEST GROUP

BALANCE SHEET

31.12.2021	31.12.2020		Note	31.12.2021	31.12.2020
Company				Group	
Amounts in NOK 1 000				Amounts in NOK 1 000	
EQUITY AND LIABILITIES					
EQUITY					
Owners equity					
29 154	29 154	Issued capital	14	29 154	29 154
433 935	433 935	Other paid-in capital		433 935	433 935
<u>463 089</u>	<u>463 089</u>	Total owners equity		<u>463 089</u>	<u>463 089</u>
Accumulated profits					
1 874 941	1 319 530	Other equity		3 517 805	3 191 035
<u>1 874 941</u>	<u>1 319 530</u>	Total accumulated profits		<u>3 517 805</u>	<u>3 191 035</u>
0	0	Minority interest		254 020	536 079
<u>2 338 030</u>	<u>1 782 619</u>	Total equity	14	<u>4 234 914</u>	<u>4 190 203</u>
LIABILITIES					
Provisions					
0	0	Provision for obligations associates	4	0	0
0	24 407	Provision for obligations group company		0	0
0	0	Deferred income and contract provisions	8	2 556	6 382
<u>0</u>	<u>24 407</u>	Total provisions		<u>2 556</u>	<u>6 382</u>
Other non current liabilities					
424 371	420 985	Long term tax payable	17	840	1 050
208 406	185 296	Mortgage debt	13	2 840 190	2 614 180
17 746	27 106	Group debt	11	0	0
		Other long term debt		491 796	27 106
		Other long term liabilities associates	11	3 687	46 179
<u>650 523</u>	<u>633 386</u>	Total other non current liabilities		<u>3 336 513</u>	<u>2 688 515</u>
Current liabilities					
1	1	Accounts payable		69 940	36 070
0	0	Accrued interest		50 479	49 497
140 507	63 653	Current group payable	11	0	0
0	0	Public duties payable		35 458	93 316
0	0	Current tax payable	17	330	307
269	0	Current payable associates	11	76 318	7 456
0	93	Customers paid in advance		84 668	79 877
<u>140 778</u>	<u>63 748</u>	Other current liabilities	19	158 330	144 299
		Total current liabilities		<u>475 523</u>	<u>410 821</u>
<u>791 301</u>	<u>721 541</u>	Total Liabilities		<u>3 814 592</u>	<u>3 105 718</u>
<u>3 129 330</u>	<u>2 504 159</u>	TOTAL EQUITY AND LIABILITIES		<u>8 049 506</u>	<u>7 295 921</u>



Haugesund, April 7th 2022



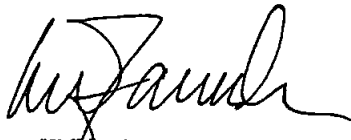
Øyvind Holte
Chairman



Trygve Seglem
Deputy Chairman/ Managing Director



Synnøve Seglem
Board member



Kjell Jacobsen
Board Member



Georg Scheel
Board Member

TS SHIPPING INVEST AS
CASHFLOW STATEMENT

2021	2020		2021	2020
Company			Group	Group
Amounts in NOK 1.000			Amounts in NOK 1.000	
		<u>Cash flow from operating activities</u>		
584 415	50 985	Profit/ (loss) before income taxes	251 238	384 088
0	0	Loss/ (profit) sale of financial assets	0	-64 794
0	0	Depreciation and write downs of fixed assets	138 956	177 176
-24 407	2 543	Change in provisions	-3 826	-3 826
862	27 821	Net Write-down financial fixed assets	0	0
-68 275	-50 264	Distribution from subsidiaries	0	0
-365 067	0	Gain sale of shares	0	0
0	0	Result from associated companies	-20 761	-214 201
0	0	Change in pension liability	0	881
14 834	-14 171	Unrealized foreign exchange profit(s)/gain(s)	14 834	-27 209
0	0	Income tax payable	-473	-591
624	1 124	Amortization debt issuance cost	-4 126	-4 570
862	27 821	Changes in accounts receivable, accounts payable and other	-19 990	-20 640
143 847	45 859	Net cash flow from operating activities	355 853	226 315
		<u>Cash flow from investing activities</u>		
0	0	Invested in property, plant and equipment	-987 115	-487 682
0	0	Deconsolidation of business	0	-14 142
-1 250	-4 987	Net invested in associated entities	-79 860	-9 991
-138 468	-54 641	Net invested in equities and shares	0	0
-78 171	-9 460	Change in long-term receivables	-14 103	-6 007
68 275	50 264	Distribution from subsidiaries	0	0
0	0	Received distributions associates	109 479	99 070
-149 614	-18 824	Net cash flow from investing activities	-971 599	-418 752
		<u>Cash flow from financing activities</u>		
17 891	0	Drawdown mortgage debt	396 512	8 800
-29 963	-26 403	Repayment of borrowings	-240 177	-239 523
13 751	11 665	Change in other long-term debt	422 198	26 692
0	0	Capital paid in minorities	92 166	446 096
0	0	Dividends paid to minorities	-930	-2 834
1 679	-14 737	Net cash flow from financing activities	669 769	239 230
-4 088	12 298	Net change in cash and cash equivalents	54 023	46 793
15 830	3 532	Cash and cash equivalents at 01.01	308 924	262 131
11 742	15 830	Cash and cash equivalents at 31.12	362 948	308 924



TS Shipping Invest Group

Notes to the Financial Statement 2021

Note 1 Accounting principles

The financial statement is prepared in accordance with the fundamental accounting principles as laid out by the Norwegian Accounting Act of 1998 and generally accepted accounting standards in Norway.

Consolidation principles

The consolidated accounts comprise total financial performance and financial position when the parent company TS Shipping Invest AS and its ownership shares in other companies are presented as one financial unit. Companies where the Group has controlling interest are consolidated 100% according to the purchase method.

The consolidated accounts comprise TS Shipping Invest AS and the subsidiaries listed in Note 3. The consolidated accounts are constructed based on the same principles, by securing that the subsidiary follow the same accounting principles as the parent company. Internal transactions, receivables and liabilities are eliminated.

In the case of acquisition of subsidiaries, the purchase price of the shares is eliminated in the parent company against the subsidiary's equity at the time of acquisition. If the purchase price is more or less than the market value of the vessels and there are charter agreements attached to the vessels then the surplus is recorded as an intangible assets and the negative value recorded as a liability. The difference between the cost price assigned to the various assets in the subsidiaries and the book value of those assets at the time of acquisition is added to those assets to which the excess value refers. Any additional amount of the cost price is capitalised as goodwill.

Investment in subsidiaries and associated companies

Shares in subsidiaries and associated companies are valued according to the cost method in the financial statement of the parent company.

In the consolidated Group accounts the equity method is used for investments in companies where the Group has significant influence (normally 20% to 50%). Any surplus value is linearly depreciated over the vessel's life. If the remaining lifetime of the asset is uncertain then the surplus value is depreciated over 5 years in line with goodwill. Depreciation of surplus value and share of the company's result is classified under share of result in limited partnership and recorded as increase (reduction in case of a deficit) of investment in associated companies. Investments in associated companies are recorded as liabilities in case the share of the result and surplus value has reduced the value of the investment to negative, and the Group has a liability to increase the capital, has decided to continue to investment or has a loan to the company which would be written off in case of a windup. The liability will never be recorded higher than the value at stake for the Group. Share of result in associated companies is closely tied in with the ordinary activity of the Group and thus classified under operating income.

Income

The income from the charter parties is in USD and NOK, and income is recorded to the Profit & Loss account when actually earned. Sales incomes are reported net of VAT and discounts.

Income- and voyage related costs are expensed according to the percentage part of the voyage completed at the time of reporting. A voyage estimate is based on actual figures of completed voyages and estimates for started, not finished voyages. A normal voyage starts and ends with discharging. Unless the vessel is declared off-hire, due to technical or other circumstances related to the owner, the time is always allocated to a voyage.

Income from contracts is calculated linearly over remaining contract period and recorded as freight income or reduction of freight income. In case there is a significant change of a contract then the contract value is revised and the adjustment is recorded as adjustment of other operating costs. If the contract is acquired in connection with an asset transaction and the contract liability is reduced then the adjustment is recorded as other operating income.

Current assets/current liabilities

Current assets are valued at the lower of historical and market value in the balance sheet. Current liabilities are in the same manner valued at nominal value. This principle is not used for current items in foreign currency, which are valued at the rate of exchange at the year-end.

Tax

Tax calculated and reported to the Profit & Loss account includes both tax payable during the period, and the change in deferred tax. Deferred tax is treated as long-term debt provisions in the balance sheet.

Deferred tax is calculated with 22% based on temporary differences existing at the year-end between financial and taxable values, and the taxable deficit carried forward. Tax increasing and -reducing temporary differences, which will or can be reversed in the same period, are netted. Deferred tax on surplus values in relation to acquisition of subsidiaries is not netted.

Deferred tax related to acquisitions is calculated to nominal values according to Norwegian common practice according to "NRS Resultatskatt"



Fixed assets and dry-docking

The total cost of the vessel is capitalised and depreciated over the life expectancy of the vessel. The Group's life expectancy is 23 years for shuttle tankers and 25 years for FSO, product and chemical tankers, while LNG carriers are expected to last for 40 years.

Dry-docking expenses are capitalised and depreciated over the period till the next dry-docking. This is in line with the depreciation plan of the vessel, and takes into account that the vessel is classified to operate for an additional period. Dry-docking is carried out every 5th year for vessels less than 15 years, and every 2,5 year for vessels more than 15 years. In the case of a new building, a portion of the total cost of the vessel equal to the dry-docking cost is capitalised. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed.

The total cost of property is capitalised and depreciated over the life expectancy of the property. The Group's life expectancy is 50 years from takeover. Inventory, office equipment etc. are capitalised and depreciated over the life expectancy of the assets. The Group's life expectancy is 3 years from takeover.

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

By actual value is meant recoverable value, i.e. the highest of net sales value and cash flow value. Consequently fixed assets are not capitalised to a value that exceeds the value it can recover, either by sale or by continued use. Net sales value is the value the vessel, inclusive any freight contracts, can be sold at after deducting any sales related expenses. Cash flow value is the present value of the future cash flows the fixed asset will generate, including cash flows related to scrapping/decommissioning.

Write-offs are reversed if the foundation for them are no longer present. The value of the asset will then be the same as if no write-offs had occurred.

Transactions in foreign currency

The income received in USD is recorded at the rate of exchange on the day the transaction is carried out.

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

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

Financial instruments

The treatment of foreign exchange and interest rate instruments in the accounts depends on the intention behind the agreement.

The company aims at reducing the exposure to fluctuations in interest rates and currency exchange rates, and therefore has entered into financial hedging contracts to cover this exposure. Revenues and expenses related to these hedging contracts and the corresponding items in the balance sheet are classified in the same manner.

Forward contracts not classified as hedging instruments are recognised to market value.

Shares

The company's shares in stock listed companies are classified as current assets, and are valued on a portfolio basis to market values at the year-end.

The group's investment in stocks and shares with an owner share below 20%, without a controlling interest, but for long-term ownership, are classified as fixed assets and valued according to the cost method.

Gains or losses from the realisation of shares are included under financial items in the Profit & Loss account. Dividends- and other payouts received from the companies are treated as financial income.

New building contracts

Yard instalments paid on the new buildings are gradually recorded as fixed assets as payments are actually paid. Interest on construction loans are capitalised.

Research and development

Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs is amortized linearly over its useful life. Research costs are expensed as incurred.



Pensions

The pension scheme for seafarers was converted into a defined contribution scheme pension (ITP) in 2020 and meets the Norwegian requirements for a Mandatory Company Pension (OTP).

Lease

A lease is classified as a financial or operational lease with reference to the agreement. If the substantial economic risk and control attached to the underlying object is held by the renter, the agreement is considered financial, thus the remaining assets and liability are recognized in the balance sheet. Other agreements are considered operational. Financial leases are recognized in the balance sheet at cost. The cost value are estimated as the present value of the lease payments.

Accounting for business combinations

All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Inventories

Inventories are valued at the lower of cost and market value. Write-downs for expected obsolescence are undertaken.

Cash flow analysis

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities.

Note 2 Bank deposits

The bank accounts for the vessel owning subsidiaries and associated companies have certain restrictions in terms of how the funds are used due to various loan financing covenants. Restricted cash is NOK 16.2 million of the group's cash deposit per. 31.12.21.



Note 3 Shares in subsidiaries, TS Shipping Invest AS

	Total share capital NOK 1 000	Direct owner- and voting share	Direct and indirect owner share voting	Number	Face value	Equity 31.12. NOK 1.000	Last yrs result NOK 1 000	Book value in TSSI AS NOK 1.000
Global Noges S.L.	EUR 624	100 %	100 %	623 600	EUR 1	45 016	70	10 065
Knutsen Ballastwater AS	200	100 %	100 %	100	2 000	33 366	4 553	20 310
Knutsen LNG AS	100	100 %	100 %	1 000	100	1 558 919	70 948	1 083 917
Knutsen Kyst LNG AS	500	0 %	100 %	500	1 000	2 550	51	0
Knutsen Kyst LNG KS	5 000	0 %	100 %	100	125 000	35 108	5 514	0
Norspan LNG II AS	300	0 %	100 %	2 000	150	138 099	18 666	0
Norspan LNG III AS	100	0 %	74 %	425	100	336 456	27 182	0
Norspan LNG 15 AS	100	0 %	100 %	100	100	1 218	237	0
Norspan LNG 16 AS	30	0 %	63 %	1 000	30	79 754	491	0
Norspan LNG 24 AS	30	0 %	100 %	1 000	30	423	9 647	0
Norspan LNG 25 AS	30	0 %	100 %	1 000	30	-259	-265	0
Norspan LNG 26 AS	30	0 %	100 %	1 000	30	4	-36	0
Norspan LNG 27 AS	30	0 %	100 %	1 000	30	4	-36	0
Norspan LNG 28 AS	30	0 %	100 %	1 000	30	40	0	0
Norspan LNG 29 AS	30	0 %	100 %	1 000	30	40	-	0
Norspan LNG 24 SAS	EUR 50	0 %	100 %	50 000	EUR 1	114 477	-7 633	0
Norspan LNG 25 SAS	EUR 50	0 %	100 %	50 000	EUR 1	-2 673	-3 173	0
Knutsen LNG France SAS	EU 400	0 %	100 %	400 000	EUR 1	5 001	-2 366	0
Knutsen Crewing France SAS	EUR 10	0 %	100 %	10 000	EUR 1	-10	-110	0
Knutsen Marine Services AS	1 300	99 %	100 %	1 000	1 300	9 480	2 063	9 384
Knutsen OAS Crewing AS	100	0 %	99 %	100	1 000	611	839	0
Knutsen OAS España S.L.	EUR 100	65 %	65 %	100 000	EUR 1	40 719	7 493	3 423
Knutsen OAS Management AS	500	0 %	99 %	500	1 000	2 885	3 989	0
Knutsen Shuttle Tanker Limited	GBP 1	100 %	100 %	1	GBP 1	GBP 0	GBP 0	0
Knutsen OAS ML AS	100	100 %	100 %	100 000	1	233	38	356
Knutsen OAS Offshore AS	1 000	100 %	100 %	1 000	1 000	860	14	2 705
Knutsen OAS Shipping AS	1 000	99 %	99 %	1 000	1 000	40 215	91 566	39 345
Knutsen OAS (UK) Limited	GBP 1 800	100 %	100 %	1 800 000	GBP 1	8 896,73	937	7 349
Knutsen Pressurized Natural Gas KS	2 300	89 %	90 %	100	50 000	1 106	-2 100	0
Knutsen Produkt Tanker XII AS	100	100 %	100 %	1 000	100	230 354	9 343	225 505
Knutsen Technology AS	100	100 %	100 %	1 000	100	410 082	28	368 511
Knutsen VOC AS	300	100 %	100 %	3 000	100	2 667	1 791	3 971
Knutsen VOC KS	320	75 %	85 %	100	8 000	18 237	1 019	2 963
								<u>1 777 805</u>

All of the Norwegian subsidiary companies have the same company address as the parent company, which is the same address as the general manager, Smedasundet 40, Haugesund. Knutsen LNG France SAS has its office in Marseille, France, Global Noges S.L. is managed by Knutsen OAS España S.L. in Madrid, Spain, and Knutsen OAS (UK) Ltd. has its office in Aberdeen, Britain.

All of the Norwegian subsidiary companies have the same company address as the parent company, which is the same address as the general manager, Smedasundet 40, Haugesund. Global Noges S.L. is managed by Knutsen OAS España S.L. in Madrid, Spain, and Knutsen OAS (UK) Ltd. has its office in Aberdeen, Britain.

Note 4 Long-term shareholdings

Shares in associated companies, TS Shipping Invest AS

	Ownership and voting share	Number of shares	Face value	Share capital NOK 1.000	Equity 31.12. NOK 1.000	Last yrs result NOK 1.000	Book value NOK 1.000
Knutsen NYK Offshore Tankers AS	50,0 %	106 782 956		1 601 744	4 006 396	200 750	855 733
Knutsen Scale Gas S.L.	50,0 %	1 003 600	EUR 1	EUR 1 003	EUR 986	EUR -17	4 987
Knutsen New Energy AS	50,0 %	150	NOK 1000	300	7 497	NOK -3	3 750
Net booked value TS Shipping Invest AS							<u>864 470</u>

Knutsen NYK Offshore Tankers AS and Knutsen New Energy AS has the same address as the TS Shipping Invest AS, which is Smedasundet 40, Haugesund. Knutsen Scale Gas S.L. Calle Valazque 150 - 4 izquierda 28002 Madrid, Spain



Stock and shares in associated companies, TS Shipping Invest Group

	Total paid in capital NOK 1 000	Ownership and voting share	Number	Face value	Book value 1.1. NOK 1 000	Last yrs share of result NOK 1 000	Book value 31.12. NOK 1 000
Canship Ugland Limited	CAD 1000	49 %	490	1	8 299	-1 938	6 769
Knutsen NYK Offshore Tankers AS	1.601.744	50 %	53 391 478	15	1 812 596	-220 039	1 563 199
Knutsen NYK LNG Holding AS	150 000	50 %	200 000	750	931 081	108 755	1 033 031
Norspan LNG AS	10 000	50,0 %	500	200	163 675	24 794	188 469
Norspan LNG V AS	10 000	50,0 %	500	100	105 041	13 706	122 805
Norspan LNG VI AS	10 000	50,0 %	500	100	114 191	10 837	129 326
Norspan LNG VII AS	10 000	50,0 %	500	100	130 817	5 250	140 792
Norspan LNG XII AS	800	50 %	100 000	1	63 617	15 529	81 804
Norspan LNG XIII AS	3 000	50,0 %	1 000 000	3	53 092	16 937	72 358
Norspan LNG 14 AS	200	50 %	100 000	1	24 043	4 192	28 235
Norspan LNG 19 AS	6 000	50 %	100 000	30	29 830	-184	30 685
Norspan LNG 17 SAS		50 %		EUR 1	0	0	16 142
Norspan LNG 18 SAS		50 %		EUR 1	0	0	16 140
Norspan LNG 20 SAS		50 %		EUR 1	0	0	15 907
Norspan LNG 21 SAS		50 %		EUR 1	0	0	15 947
Norspan LNG 22 SAS		50 %		EUR 1	0	0	14 474
Norspan LNG 23 SAS	90 446	50 %		1	0	44 235	44 270
Knutsen New Energy	7 500	50 %		1	0	-1	3 749
Knutsen NYK Carbon Carriers AS	39	50 %		1	0	0	30
Knutsen Seale Gas S.L.	EUR 1 003 600	50 %	1 003 600	EUR 1	5 272	-1 008	3 886
Knutsen Philippines INC	PHP 2 000 000	25,0 %	1 000	PHP 1 000	1 853	-303	1 514
Net booked value associated companies in TS Shipping Invest Group					3 443 408	20 761	3 529 532

NOTE 5 Segment information, TS Shipping Invest Group

Figures in NOK 1 000

OPERATING SEGMENT:

Segment	2021			
	Freight income and other income	Share of profit in associated companies	Operating income	
LNG Carriers, Norway	71 %	401 601	243 043	644 644
Product Tankers, mainly Europe	11 %	100 436		100 436
Management, Norway,UK,Spain	31 %	288 602	-2 243	286 360
Research & Development, and other income, Norway	11 %	99 425		99 425
Offshore Tankers	-24 %	-	-220 039	-220 039
Total	100 %	890 064	20 761	910 825

Segment	2020			
	Freight income and other income	Share of profit in associated companies	Operating income	
LNG Carriers, Norway	57 %	459 294	126 218	585 512
Chemical Tankers, mainly Europe	11 %	116 253		116 253
Management, Norway,UK,Spain	20 %	207 597	243	207 840
Research & Development, and other income, Norway	3 %	34 127		34 127
Offshore Tankers	9 %	-	87 740	87 740
Total	100 %	817 271	214 201	1 031 472

Note 6 Inventories and spare parts, TS Shipping Invest Group

Inventories and spare parts summarize to NOK 9 888 000 (NOK 7 790 00 in 2020) refer to the vessels' lube oil and stores with NOK 7 066 000 and NOK 2 822 000 for spare parts

Note 7 Contracts provisions, TS Shipping Invest Group

Figures in NOK 1.000

Contract provisions	2021	2020
Historical cost 01.01.	48 470	48 470
-Accumulated amortization 01.01.	42 090	38 263
Book Value 01.01.	6 382	10 208
Additions/reductions	0	0
Booked reduction in income	3 826	3 826
Book Value 31.12.	2 556	6 382



Note 8 Fixed Assets, TS Shipping Invest Group

Figures in NOK 1.000

	2021	2020
Vessels		
Historical cost 01.01	3 584 931	3 590 850
Accumulated depreciation 01.01.	1 012 116	859 204
Book Value 01.01.	2 572 815	2 731 645
Translation adjustment	38 460	-33 737
Additions/reductions	39 675	27 819
Ord. depreciation	125 623	130 203
Write downs and - reversal write downs	-10 877	22 709
Book Value 31.12.	2 536 205	2 572 815
Dry-docking vessels		
Historical cost 01.01.	186 271	168 939
Accumulated depreciation 01.01.	121 029	97 909
Book Value 01.01.	65 242	71 031
Additions/reductions	47 162	17 331
Ord. depreciation	23 121	23 121
Book Value 31.12.	89 282	65 242
Net vessels	2 625 487	2 638 057
Vessels under construction		
Book Value 01.01	441 696	745 200
Additions/reductions	899 442	441 696
Deconsolidation	-347 110	-745 200
Deconsolidation		
Book Value 31.12.	994 028	441 696
Property		
Historical cost 01.01.	10 364	10 604
Accumulated depreciation 01.01.	3 236	3 028
Book Value 01.01.	7 128	7 576
Translation adjustment		
Additions/reductions	249	-240
Ord. depreciation	215	208
Book Value 31.12.	7 162	7 128
Other assets		
Historical cost 01.01.	12 116	10 710
-Accumulated depreciation and write-down 01.01.	11 198	10 262
Book Value 01.01.	918	449
Additions/reductions	657	1 406
Ord. depreciation	936	936
Book Value 31.12.	639	918

Note 9 Crew hire

Knutsen OAS Shipping AS is responsible for the operation of most of the vessels in the Group, thus the manning of the Group vessels. Knutsen OAS Offshore AS is responsible for the crew on the offshore unit - MT Jorunn Knutsen /FSU Åsgard C. Knutsen OAS Crewing AS is responsible for handling of the Group's Eastern European seafarers and Nordic seafarers who are not members of the social security system in Norway.

Knutsen OAS España S.L. handles the manning for the 11 LNG vessels in the Group under Canarian flag, and have their own personnel to take care of the manning for these vessels, in addition to business development in Spain.

Knutsen OAS (UK) Ltd. have hired personnel to operate business development in Britain. Knutsen OAS Management AS handles the manning of Knutsen OAS Shipping AS so that they can focus on management on behalf of all the companies in the Group.

In addition to the above mentioned manning plan, the ship owning companies will hire crew from several external manning companies

Note that its only the above mentioned companies that employ personnel, thus the only companies with pension scheme, which is in accordance to their respective countries tariff scale. The Norwegian companies Knutsen OAS Shipping AS, Knutsen Kyst LNG KS, Knutsen Subsea Solutions AS, Knutsen OAS Offshore AS, Knutsen OAS ML AS and Knutsen OAS Management AS have compulsory pension scheme in accordance with the Norwegian law on required compulsory pension ("Lov om obligatorisk tjenestepensjon").

Specification	2021	2020
Public contribution, net wage scheme	6 337	10 017



Note 10 Pension scheme, TS Shipping Invest Group

The pension scheme for seafarers was converted into a defined contribution scheme pension (ITP) in 2020 and meets the Norwegian requirements for a Mandatory Company Pension (OTP). The group has a contribution plan for its onshore employees.

Note 11, Receivables and -liabilities associated companies

Interest is calculated on all intercompany accounts in accordance with the loan agreements. TS Shipping Invest AS and the Groups receivables and liabilities are due in 1 year and forward, but settlement is usually within 5 years.

Note 12 Financial income and -expenses

Figures in NOK 1 000

	TS Shipping Invest AS		TS Shipping Invest Group	
	2021	2020	2021	2020
Financial income:				
Interest from Group companies	6 426	4 915	0	0
Interest from associated companies	278	113	4 382	4 643
Other interest income	0	82	0	233
Group contribution	124 184	50 118	0	0
Share dividend	68 275	266	0	0
Distribution from DNK	8 589	0	22 628	0
Profit/ sale of shares/partnership	365 067	3 725	33 764	64 794
Pay-out from limited partnership	0	0	0	0
Guarantee commission	26 410	29 284	26 410	29 284
Guarantee commission group	5 920	4 874	0	0
Reversed write downs	10 033	196	0	0
Total financial income	615 183	93 573	87 184	98 954
Financial expenses:				
Interest paid to Group companies	1 228	4 152	0	0
Interest paid to associated companies			1 297	2 870
Other interest expenses	22 824	29 632	168 404	199 171
Write-offs and losses	0	19 668	0	0
Guarantee commission	1 783	3 499	1 817	3 499
Other financial expenses	11	18	387	326
Total financial expenses	25 846	56 970	171 904	205 866

Note 13 Mortgage debt and financial instruments

Figures in USD/NOK 1 000

	Foreign currency	NOK
TS Shipping Invest AS		
USD Loan	48 253	426 382
GBP Loan		0
Deferred debt issuance costs		-1 674
Net loan		424 708
USD Loan	8 100	71 574
Deferred debt issuance costs		0
Net current portion		71 574
Figures from 2020		
USD Loan	48 000	409 800
GBP Loan	959	11 185
Deferred debt issuance costs		0
Net loan		420 985
USD Loan	6 100	59 500
GBP Loan	959	11 185
Deferred debt issuance costs		0
Net current portion		70 685

The USD facility has in January 2021 been extended to January 2024 with semiannual instalments of USD 3 050 000.

The NOK/USD exchange rate at 31.12.2021 was 8,83635 (8,5375 per 31.12.20).

Foreign exchange gain/loss on the portion of the debt exceeding the income is entered as income/cost. Accumulated unrealised foreign exchange loss per 31.12.2021 is estimated to

Mortgage debt is secured in shares and stocks owned directly or indirectly in Knutsen LNG AS, Knutsen Kyst LNG KS/AS and Norspan LNG III AS and Knutsen OAS (UK) Ltd. property in Aberdeen, Britain. Book value for these assets were MNOK 1 091 (MNOK 987 in 2020).



TS Shipping Invest Group

Figures in USD/NOK 1 000

	Foreign currency	NOK
USD-loan	213 605	1 866 310
EUR-loan	102 153	1 003 052
NOK-loan		7 480
Deferred debt issuance costs		-36 651
Net loan		<u>2 840 190</u>

Current position:		
USD-loan	24 360	215 257
EUR-loan	8 039	80 302
NOK-loan		880
Deferred debt issuance costs		-4 098
Net loan		<u>292 341</u>

Figures from 2020

	Foreign currency	NOK
USD-loan	182 658	1 540 798
GBP-loan	959	11 185
EUR-loan	109 780	1 077 940
NOK-loan		8 360
Deferred debt issuance costs		-24 103
Net loan		<u>2 614 180</u>

Current position:		
USD-loan	19 860	169 559
GBP-loan	959	11 185
EUR-loan	7 627	80 122
NOK-loan		880
Deferred debt issuance costs		-3 263
Net loan		<u>258 483</u>

The NOK/USD exchange rate at the year-end was 8,8363 (8,5375 per. 31.12.20), the NOK/EUR exchange rate at the year-end was 9,9888 (10,5053 per. 31.12.20)

Mortgage debt is secured through stocks in subsidiaries and associated companies and real estate. The mortgage debt in the vessel owning companies is secured through mortgages in the vessels in addition to assignment of the vessels' earnings. Book value of mortgaged assets is NOK 2 632 million (NOK 2 645 million in 2020). TS Shipping Invest AS has put up security and guaranties related to the debt, interest rate swaps and new building commitments in the associated ship owning companies

Foreign exchange gain/loss on the portion of the USD-debt exceeding the income is entered as income/cost. The portion of the foreign exchange loss not recorded to the Profit & Loss is estimated to MNOK38 (MNOK 94 in 2020).

Of the group's outstanding debt 83 % is secured through long-term interest rate swaps or fixed interest debt to hedge future cash flow. The interest swaps is included in the interest expenses and the liabilities is not taken into the balance sheet.

	Foreign currency	NOK
Outstanding debt per 31.12.2026 is estimated to:		
USD	134 706 765	1 150 059 006
EUR	57 090 844	570 269 026
NOK		3 080
		<u>1 720 331 112</u>

The company seek to reduce market risk and financial risk by use of long term contracts and financial instruments. Though, since a substantial part of the company's revenues, investments and debt also are denominated in the same currency, this limits the company's foreign exchange risk



Note 14 Equity

Figures in NOK 1.000

Specification of equity per 31.12.2021

TS Shipping Invest AS

	Share capital	Other paid-in capital	Other equity	Total equity
Equity 01.01.	29 154	433 935	1 319 530	1 782 619
Result for the year	0	0	555 411	555 411
Equity 31.12.	<u>29 154</u>	<u>433 935</u>	<u>1 874 941</u>	<u>2 338 030</u>

Share capital consist of 22 600 shares with face value NOK 1 290.

All shares have the same right to vote and is owned by the parent company Seglem Holding AS.

TS Shipping Invest Group

	2021	2020
Majority's equity per 01.01.	3 654 124	3 419 781
Purchase of minority interest	0	-9 871
Result for the year	217 560	357 427
Conversion difference, foreign subsidiary and investments	109 211	-113 212
Majority's equity per 31.12.	<u>3 980 895</u>	<u>3 654 124</u>
Minority's equity per 01.01.	536 079	235 401
Paid in minority interests	92 166	446 096
Paid to minority interests	-930	-1 074
Subsidiary changed to associated company	-381 214	-160 986
Majority paid out minority interests	0	4 861
Result	7 919	11 781
Minority's equity per 31.12.	<u>254 020</u>	<u>536 079</u>
Total equity	<u>4 234 915</u>	<u>4 190 203</u>

Note 15 Remuneration

TS Shipping Invest AS

The group has paid NOK 650 000 to the Board of directors during 2021.

Auditors' fee recorded to the Profit & Loss account is specified below:

TS Shipping Invest Group

The group has paid NOK 650 000 to the Board of directors during 2021

	TS Shipping Invest AS		TS Shipping Invest Group	
	2021	2020	2021	2020
Auditors' fee (VAT not included)				
Audit fees relates to statutory audit of accounts	388 842	454 562	925 985	971 919
Other certification	0	0	114 981	112 375
Fee for tax services primarily relates to tax compliance and restructuring services	0	0	53 420	37 090
Other assurance services relates to attestation services and accounting consultations on :	0	0	39 969	100 982
	<u>388 842</u>	<u>454 562</u>	<u>1 134 355</u>	<u>1 222 366</u>

Note 16 Shares owned by Board Members and Affiliates

TS Shipping Invest AS

Trygve Seglem owns 70 % through Seglem Holding AS and controls 100 % of the vote giving shares in the Seglem Holding AS

Synnøve Seglem owns 15 % through Seglem Holding AS and controls 0 % of the vote giving shares in the Seglem Holding AS.

TS Shipping Invest AS is a wholly-owned subsidiary of Seglem Holding AS. The mother company is situated at Smedasundet 40, 5529 Haugesund.



Note 17 Tax

In the following a specification of the differences between the result before tax, and the basis for tax calculation is given.

Figures in NOK 1 000

	TS Shipping Invest AS		TS Shipping Invest Group	
	2021	2020	2021	2020
Profit before tax	584 415	50 985	251 238	384 088
Non-deductible items	-452 582	-113 904	-367 576	-451 444
Change Temporary differences merger	0	0	0	0
Change Temporary differences acquired business	0	0	0	0
Change Temporary differences	-131 833	62 919	116 338	67 356
Basis for tax calculation before Group contribution	0	0	0	0
Received Group contribution	0	0	0	0
Paid Group contribution	0	0	0	0
Basis for tax calculation after Group contribution	0	0	0	0
Calculation of tax expenses				
Tax payable tonnage tax regime	0	0	0	44
Merger effect deferred tax	0	0	0	0
Currency effect tax payable	0	0	165	18
Change in deferred tax (22%)	-29 003	13 842	25 594	14 818
Tax calculated	-29 003	13 842	25 759	14 880

Deferred tax/-benefits are calculated based on the temporary differences existing at the year-end between financial and taxable values, and the taxable deficit carried forward.

	TS Shipping Invest AS			TS Shipping Invest Group		
	2021	Change	2020	2021	Change	2020
Temporary differences:						
Business assets/equipment	0	0	0	-498	18	-516
Limited partnership shares	-13 668	928	-14 596	0	0	0
Current assets	0	0	0	30 152	30 152	0
Gain and loss account	14 665	-3 666	18 332	15 521	-3 880	19 401
Deficit carried forward	-603 023	134 571	-737 594	-700 783	90 048	-790 831
Financial deficit carried forward	0	0	0	0	0	0
Deferred tax basis	-602 026	131 833	-733 859	-655 609	116 338	-771 946
Deferred tax	-132 446	29 003	-161 449	-144 234	25 594	-169 828
	22 %		22 %	22 %		22 %

Entering the tonnage tax in 2017 resulted in an entrance tax for Norspan LNG II AS and Norspan LNG III AS , which is payable with 20% of the balance each year.

	2021	2020
Entrance tax		
Opening balance gain/loss account	4 773	5 967
Short-term tax payable basis (20%)	955	1 193
Long-term tax payable basis (80%)	3 819	4 773
Incoming balance long-term	1 050	1 313
Tax payable short-term in balance sheet, 22% tax rate	210	263
Tax payable long-term in balance sheet, 22% tax rate	840	1 050
Tax costs calculated	0	0

Note 18 Other current receivables

	TS Shipping Invest AS		TS Shipping Invest Group	
	2021	2020	2021	2020
Accrued revenue	0	0	13 446	0
Other receivables	0	472	73 248	18 896
	0	472	86 694	18 896



Note 19 Other current liabilities

	TS Shipping Invest AS		TS Shipping Invest Group	
	2021	2020	2021	2020
Other short term liability	0	0	62 512	76 483
Dividend	0	0	930	349
Other payables and accruals	0	93	94 889	67 468
	0	93	158 331	224 176

Note 20 Related party information

Related parties

Knutsen NYK Offshore Tankers AS (KNOT) is owned 50% by TS Shipping Invest AS and 50% by NYK Logistics Holding(Europe) B.V. Norspan LNG I & V-VII is owned 50%-50% with Norspan Gas Carriers AS an equal partner. Norspan LNG IV AS and Norspan LNG VIII - XI AS is owned 50% by TS Shipping Invest group and 50% by Nippon Yusen Kabushiki Kaisha (NYK) through Knutsen NYK LNG Holding AS.

TS Shipping Group performs ship management for associated companies and has also issued guarantees as securities for loan agreements and charter parties. All services between related parties are based on an arm's length principle with pricing based on costs incurred and allowing for a profit margin.

Management agreements

Ship-management services fee from Norspan LNG I-14	Total TNOK 47 241
Hire adm service to Norspan LNG	Total TNOK 10 288
New building supervision fee from Norspan LNG 16 -25	Total TUSD 12 630
Hire project personnel to KNOT	Total TUSD 134
New building supervision fee from KNOT	Total TUSD -2 782
Hire crew to KNOT Group	Total TUSD 22 822
Hire administration services to KNOT	Total TUSD 5 472
Hire administration services to KNOP	Total TUSD 780
Guarantee commissions from associates	Total TNOK 26 410
Hire of property from Seglem Eiendom Group	Total TNOK 8 374

A number of the Contracts of Affreightment (CoA) of which are operated with KNOT vessels are formally entered into by either Knutsen OAS Shipping AS and/or Knutsen OAS (UK) Ltd. with end users. The CoA is formally not transferred but the economic effect of the contracts have been transferred to the operating entities in KNOT, and a process has in 2011 started up to agree memorandum to the original agreements that the contracts have been transferred to KNOT group

Guarantees

TSSI loan Guarantee overview

(numbers per 31.12.21, all amounts in mill.)

<u>Company</u>	<u>Currency</u>	<u>Amount</u>
Knutsen NYK Offshore Tankers AS	USD	18,0
Smedasundet 40 AS	NOK	59,6
Knutsen Product Tankers XII AS	USD	15,4
Total	USD	33,4
Total	NOK	59,6

<u>Company</u>	<u>Currency</u>	<u>Amount</u>	<u>Related Vessel</u>	<u>Fix contract end</u>
NORSPAN LNG AS	EUR	20,0	Bilbao Knutsen	2024
NORSPAN LNG II AS	EUR	26,0	Cadiz Knutsen	2029
NORSPAN LNG III AS	USD	18,1	Iberica Knutsen	2029
NORSPAN LNG IV AS	USD	20,0	Sestao Knutsen	2032
NORSPAN LNG V AS	USD	52,0	Barcelona Knutsen	2030
NORSPAN LNG VI AS	USD	39,0	Sevilla Knutsen	2030
NORSPAN LNG VII AS	USD	40,0	Valencia Knutsen	2030
NORSPAN LNG XI AS	USD	161,6	Adriano Knutsen	2029
NORSPAN LNG XII AS	USD	160,2	Rias Baixas Knutsen	2026
NORSPAN LNG XIII AS	USD	169,4	Traiano Knutsen	2027
NORSPAN LNG 14 AS	EUR	28,3	Ravenna Knutsen	2033
NORSPAN LNG 16 AS	USD	37,5	8091	2029
NORSPAN LNG 19 AS	USD	37,5	8094	2029
NORSPAN LNG 17 SAS	USD	39,5	8092	2029
NORSPAN LNG 18 SAS	USD	39,5	8093	2029
NORSPAN LNG 24 SAS	USD	3,6	8243	2032
NORSPAN LNG 25 SAS	USD	3,5	8244	2033
Knutsen Kyst LNG KS	USD	6,95	Pioneer Knutsen	2024
Total	USD	828,4		
Total	EUR	74,3		



TSSI Guarantee overview Interest rate swaps

(numbers per 31.12.21, all amounts in mill.)

<u>Company</u>	<u>Currency</u>	<u>Amount</u>	<u>Related Vessel</u>	<u>Fix contract end</u>
Norspan LNG AS	EUR	50,0	Bilbao Knutsen	2024
Norspan LNG II AS	EUR	50,0	Cadiz Knutsen	2029
Norspan LNG V AS	USD	32,0	Barcelona Knutsen	2030
Norspan LNG VI AS	USD	34,0	Sevilla Knutsen	2030
Norspan LNG VII AS	USD	44,0	Valencia Knutsen	2030
Total	USD	110,0		
Total	EUR	100		

Note 21 Subsequent events

The macro-economic uncertainty and impact for the operation of our global fleet of the coronavirus (covid-19) is still unpredictable. The scale and duration of this development remains uncertain and could materially impact our crew and officer's earnings operating expenses and cash flow.

Although the Group has not experienced any direct impacts on its business from the Russian invasion of Ukraine some of its vessels' crew members are Russian or Ukrainian nationals. The Group continues to monitor this situation closely and is mindful that there may be restrictions or logistical challenges in employing both nationalities. The invasion may also lead to further regional and international conflicts or armed action and it is possible that such conflicts could disrupt supply chains and cause instability in the global economy.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of TS Shipping Invest AS

Opinion

We have audited the financial statements of TS Shipping Invest AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement 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 and the Group as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with the 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 and the Group 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 and the general manager) 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 and the Group'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 the Group, 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 and the Group'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 and the Group'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 and the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report – TS Shipping Invest AS 2021

A member firm of Ernst & Young Global Limited

Penneo Dokumentøkket: NEFSG-EHSH3-QT45Z-NFZAO-EXPUU-NLH01



**Building a better
working world**

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, 8 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: NEFSG-EHSH3-QT45Z-NFZAO-EXPUU-NI.H01



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Magnus Hegertun Birkeland

Statsautorisert revisor

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KNUTSEN LNG AS

REPORT OF THE BOARD OF DIRECTORS 2021

Knutsen LNG AS (KLNG) is the holding company of the LNG (Liquefied Natural Gas) shipping investments of the Trygve Seglem family. KLNG is wholly owned by TS Shipping Invest AS and part of the TS Shipping Invest (Group).

The Group is meeting the energy transition by shifting resources towards floating offshore wind, carbon capture and through making significant investments into their LNG division. Natural gas as a key transition fuel is projected to retain its current share of the global energy mix over the next 30 years. Transportation of natural gas in the form of LNG is expected to double over the same time, due to longer sailing distances as the US has become a significant exporter and Asia the main import market.

Including the newbuilding order book in Korea, KLNG holds ownership interests in 30 LNG vessels, representing ~5% of the global LNG fleet. KLNG has an objective to grow its market share and obtain a leading position within the transportation of LNG. Specifically, the Group's focus is to cater to the transportation requirements of European utilities and energy majors. Over the last year, there has been a series of long-term LNG vessel contract awards by amongst others Enel, EDF / Edison, Engie, Shell and PGNiG.

Knutsen's LNG operations have over a 20-year period been centered in Spain, where the Group built a series of LNG vessels starting in the early 2000s. Spanish flag, local offices and employees have served the group well. Today, new vessels are built at leading shipyards in South Korea. In 2021 Knutsen Group established Knutsen LNG France ("KLNG France"). The decision to make France the new centre for its LNG activities is a result of French banks' position as global leaders in LNG financing. KLNG France will adhere to the requirements under French International Flag, having established a local operations and recruiting French and European employees for its vessel operations. Developing a pool of local talent is a core objective for the Group. Knutsen's strong presence in Spain allowed for local business projects. In Spain, Knutsen developed a joint venture with Ena gas for LNG bunkering activities in the port of Barcelona. In Italy, Knutsen developed short-sea operations in cooperation with Edison. We expect to see similar business opportunities in the bunkering and short sea market, requiring local presence, to be developed and managed by KLNG France.

KLNG France is 100% owned by Knutsen LNG AS. KLNG France has offices in Marseille and Nantes. KLNG France's near-term target is to grow from its current 6 vessels to a fleet of 12 or more French flagged LNG vessels.

KLNG adheres to Group 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

KLNG is undergoing a period of fleet expansion based on long-term contract awards from European utilities and energy majors. The fleet expansion is made in partnerships with leading industrial companies and institutional investors. The philosophy behind the 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 financially on a stand-alone basis.

Through private placement of equity to institutional investors, on a project-to-project basis, the Group is able to strengthen its position as a major owner and operator in the LNG segment while maintaining a prudent financial profile. Our partners are leading industry players and institutional investors that share our long-term non-speculative focus reflected in a policy of building against long term contract awards only.

Since the Group diversified into the LNG carrier segment in 2004, KLNG has today become a global operator approved by the great majority of exporters and importers of LNG. As of year-end 2021, Knutsen OAS Shipping AS has 15 LNG carriers in the water and a further 15 LNG carriers on order. All 30 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 growth strategy on long-term contracts typically with a firm period of minimum 7 years with optional periods typically matching the off take contracts of 20+ years held by KLNG's clients.

Knutsen focus on operational excellence and its devotion to health and safety for its employees ensured strong performance throughout 2021. The pandemic handling has been 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. At the outset of the pandemic in 2020 fewer crew changes and less travel compensated for these additional costs. The cost savings effect did however not prevail into 2021 due to pent up demand for crew shifts. Flag and Class accepted that training and related activities were put on hold during the pandemic. The Group has however focused on these activities nevertheless in 2021. Training and career development of our personnel will continue to be a focus area when COVID-19 related restrictions are lifted and we expect thereafter operating costs to normalise.

Of the 15 LNG carriers in operation at year-end 2021, two are owned 100% by KLNG, four are 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"). Three vessels are co-owned with Klaveness Group and one is owned 50/50 with OMP, a HitecVision portfolio company.

As of 31.12. 2021 we had 15 LNG carriers on order. In total 14 vessels of 174,000 m3 are under construction at Hyundai Heavy Industries in South Korea for delivery in 2022-2025. Nine of these vessels will enter minimum seven year time charter contracts with Shell, the oil major. One vessel will enter a 10 year time charter with Engie, a leading European energy company. Four vessels were ordered on the back of 10 years' time charter contracts with Polskie Górnictwo Naftowe i Gazownictwo S.A., the Polish state-controlled oil and gas company.



KLNG has ordered one 5,000 m3 LNG bunkering vessel at Armon Shipyard in Spain. This vessel will entered a minimum seven year time charter contract with the Shell group.

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 energy sources such as natural gas. The rapid demand growth is reflected in a correspondingly 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. 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 is a holding company with no Operating Income; The Operating Result in 2021 was negative NOK 0.3 million (negative NOK 0.9 million in 2020).

The company entered the Norwegian Tonnage Tax regime with effect from 1.1.2017. Financial Income and Expenses consists of dividend paid from subsidiaries, group contributions interest and gains / loss on sale of shares.

Result for the year after tax was a profit of NOK 71 million compared to a profit after tax of NOK 115 million in the previous year. The reduction is mainly due to lower dividends from subsidiaries of NOK 41 million compared to NOK 99 million in 2020.

The Board of Directors proposes that the result for the year be transferred to other equity.

Total assets at year-end are NOK 1,825 million compared to NOK 1,570 million in 2021. The book equity ratio is 85.4% in 2021 compared to 88% in 2020.

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 vessels feature in all aspects of the organisation . 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.

The Group's 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 high demand growth for seaborne liquefied natural gas and the renewed focus on energy security as promising for the medium term LNG outlook. 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 31.12.21 stood at USD 5+ billion for the LNG segment (on a 100% basis), and which including extension options, surpasses USD 11 billion.

Haugesund, 7. April, 2022



Trygve Seglem
Chairman



Nils-Kristian Strøm
Board Member



Geir Tore Henriksen
Board Member



Knutsen LNG AS
Profit & Loss Account

	Note	2021	2020
<u>Operating Income</u>			
<i>Total Operating income</i>		<u>0</u>	<u>0</u>
<u>Operating Expenses</u>			
Administration	9	<u>301 471</u>	<u>895 475</u>
<i>Total Operating Expenses</i>		<u>301 471</u>	<u>895 475</u>
<i>Operating Result</i>		<u>-301 471</u>	<u>-895 475</u>
<u>Financial Income and Expenses</u>			
Financial income	5	86 935 895	112 351 617
Foreign exchange gain/loss		-5 705 320	13 791 917
Financial expenses	5	<u>-9 981 540</u>	<u>-10 069 510</u>
<i>Net Financial Items</i>		<u>71 249 035</u>	<u>116 074 024</u>
<i>Result before taxes</i>		<u>70 947 564</u>	<u>115 178 549</u>
<i>Result for the year</i>		<u>70 947 564</u>	<u>115 178 549</u>



Knutsen LNG AS

Balance Sheet as of 31. December


<u>EIENDELER</u>	Note	2021	2020
<u>Fixed Assets</u>			
Investments in associated entities		1 177 660 175	1 177 600 175
Investments in other group companies	3	350 713 055	348 077 530
<i>Total Fixed Assets</i>		<u>1 528 373 230</u>	<u>1 525 677 705</u>
<u>Current Assets</u>			
Other short-term receivables		1 265 189	95 788
Intercompany receivables	6	150 763 363	31 142 121
Group contribution	6	128 832 248	2 000 000
Receivable from associated companies		15 042 048	10 129 782
Bank deposits	2	643 651	962 634
<i>Total Current Assets</i>		<u>296 546 499</u>	<u>44 330 325</u>
TOTAL ASSETS		<u>1 824 919 729</u>	<u>1 570 008 030</u>



Knutsen LNG AS

Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	Note	2021	2020
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	121 417 728	15 606 134
<i>Total capital paid-in</i>		<u>971 602 450</u>	<u>865 790 856</u>
Other equity		587 316 298	516 368 735
<i>Total retained earnings</i>		<u>587 316 298</u>	<u>516 368 735</u>
<i>Total Shareholders' Equity</i>	7	<u>1 558 918 748</u>	<u>1 382 159 590</u>
Long Term Debt			
Long-term debt group company	6	105 811 594	14 603 371
<i>Total Long Term Debt</i>		<u>105 811 594</u>	<u>14 603 371</u>
Trade payables		39 375	340 239
Debt to group companies		48 146 345	71 720 251
Group contribution	6	0	24 700 000
Short term debt associated companies		45 121 326	0
Other current liabilities		66 882 342	76 484 579
<i>Total Current Liabilities</i>		<u>160 189 388</u>	<u>173 245 069</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>1 824 919 729</u>	<u>1 570 008 030</u>



Trygve Seglem
Chairman of the Board

Haugesund, 7 April 2022
The board of Knutsen LNG AS



Nils Kristian Strøm
Board Member



Geir Tore Henriksen
Board Member



KNUTSEN LNG AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	-12 460 453	5 878 008
Change in working capital	<u>-11 072 503</u>	<u>-796 392</u>
Net cashflow from operations	<u>-23 532 956</u>	<u>5 081 616</u>
Net change in loans to associated entities	40 209 060	-5 514 124
Net change in loans to group companies	-143 195 148	-34 528 204
Invested in group companies	-14 617 352	-24 636 968
Sale of shares	31 105 310	6 523 105
Received distribution from group entities	2 000 000	3 825 000
Received distribution from associated entities	41 203 880	99 070 400
Invested in associated entities	<u>0</u>	<u>-5 004 400</u>
Net cashflow from investments	<u>-43 294 250</u>	<u>39 734 808</u>
Dividend /group contribution	-24 700 000	-50 000 000
Other paid-in capital	0	0
Debt to parent companies	<u>91 208 223</u>	<u>6 137 099</u>
Net cashflow from financing	<u>66 508 223</u>	<u>-43 862 901</u>
Net cashflow for the year	-318 983	953 523
+ Cash balance per 01.01.	<u>962 634</u>	<u>9 111</u>
= Cash Balance per 31.12.	<u>643 651</u>	<u>962 634</u>

1) Generated from operations:

Result before tax	70 947 564	115 178 549
+ Net impairments	0	0
-Received distribution	-55 694 469	-104 895 400
-Net gain sale shares	-27 713 548	-4 405 141
= Total generated from operations	<u>-12 460 453</u>	<u>5 878 008</u>



KNUTSEN LNG AS

Notes to the Financial Statement 31.12.2021

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 is assumed to be temporary. Long-term debt is 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 is 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 is estimated on the basis of the temporary differences in which there are differences 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 receivables are recorded at nominal value less provision for doubtful debts. Provision for losses is 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 is 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 is 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 2.550.082	NOK 50.659	1.595.940
Knutsen Kyst LNG KS	32.000	66 %	100	NOK 35.108.318	NOK 5.514.454	16.664.506
Norspan LNG II AS	300	100 %	2.000	NOK 138.098.995	NOK 18.665.868	171.033.923
Norspan LNG III AS	100	74 %	1.000	USD 38.076.602	USD 3.076.164	131.368.695
Norspan LNG 15 AS	100	100 %	100.000	USD 137.872	USD 26.788	1.300.000
Norspan LNG 16 AS	3.030	62,5 %	132.500	USD 9.025.780	USD 55.563	24.475.150
Norspan LNG 24 AS	100	100 %	1.000	USD 47.832	USD 1.091.748	410.596
Norspan LNG 25 AS	30	100 %	1.000	USD 741	USD -3.653	60.000
Norspan LNG 26 AS	30	100 %	100	USD 4.913	USD 0	60.000
Norspan LNG 27 AS	30	100 %	100	USD 4.913	USD 0	60.000
Norspan LNG 28 AS	30	100 %	100	USD 4.847	USD 0	60.000
Norspan LNG 29 AS	30	100 %	100	USD 4.847	USD 0	60.000
Knutsen LNG France SAS						3.564.245
						<u>350.713.055</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 capital	Voting share	Number of shares	Face value	Result for the year (USD)	Equity (USD)
Norspan LNG AS	200.000	50,00 %	500	200	5.611.801	42.657.903
Norspan LNG V AS	10.000.000	50,00 %	500	10.000	3.188.473	27.795.494
Norspan LNG VI AS	10.000.000	50,00 %	500	10.000	2.521.095	29.271.453
Norspan LNG VII AS	10.000.000	50,00 %	500	10.000	1.221.330	31.866.649
Knutsen NYK LNG Holding A MNOK 200		50 %	200.000	1.000	10.594.949	174.291.783
Norspan LNG XII AS	954.120	50 %	100.000	100	4.824.636	33.159.906
Norspan LNG XIII AS	2.000.000	50 %	1.000.000	1	5.258.567	29.899.267
Norspan LNG 14 AS	200.000	50 %	100.000	1	930.968	9.346.820
Norspan LNG 19 AS	NOK 6.900.000	50 %	100.000	30	-42.862	19.923.486
Norspan LNG 23 AS	NOK 600.000	50 %	2.000	30	16.160	10.019.984

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



5 Financial Income and -Expenses

	2021	2020
Financial Income:		
Interest income group companies	3 527 814	3 051 049
Group contribution	14 490 589	2 000 000
Share dividend	41 203 880	99 070 400
Pay-out from limited partnership	0	3 825 000
Other interest income	63	26
Gain on sale of shares	27 713 548	4 405 141
Total financial income	86 935 895	112 351 617
Financial expenses:		
Interest expenses group companies	5 605 967	5 033 716
Other interest	4 370 455	5 030 227
Other financial expenses	5 118	5 567
Total financial expenses	9 981 540	10 069 510

6 Intercompany receivables and liabilities

	2021	2020
Short-term receivable group company		
Knutsen OAS Shipping AS	0	0
Norspan LNG II AS	4 696 117	23 545 539
Norspan LNG III AS	33 616 929	0
Norspan LNG 15 AS	0	1 163 393
Norspan LNG 20 AS	0	1 163 393
Norspan LNG 21 AS	0	1 163 393
Norspan LNG 22 AS	0	1 368 801
Norspan LNG 23 AS	0	1 368 801
Norspan LNG 25 AS	1 795 961	1 368 801
Norspan LNG 26 AS	1 726 875	0
Norspan LNG 27 AS	1 726 875	0
Knutsen LNG France SAS	107 200 607	0
	150 763 363	31 142 121
Short-term receivable group contribution		
Norspan LNG 24 AS	20 052 854	0
TS Shipping Invest AS	105 811 594	0
Knutsen Kyst LNG AS	2 968 000	2 000 000
	128 832 448	2 000 000
Short-term debt group company		
Knutsen Kyst LNG AS	16 783 678	13 850 453
Knutsen Kyst LNG KS	59 002	2 008 343
Knutsen Technology AS	0	378 528
Norspan LNG 15 AS	1 197 385	
Norspan LNG 16 AS	9 921 041	
Norspan LNG 23 AS	132 585	
Norspan LNG 24 AS	20 052 655	55 482 928
	48 146 345	71 720 251



Short-term debt group company	2021	2020
Group contribution to Knutsen LNG II AS		23 500 000
Group contribution to Norspan LNG 15 AS		1 200 000
	0	24 700 000

Long-term debt group company		
Knutsen LNG 2 AS	0	0
TS Shipping Invest AS	105 811 594	14 603 371
	105 811 594	14 603 371

Receivable from associated companies	2021	2020
Norspan LNG AS	0	4 729 201
Norspan LNG V AS	15 042 048	5 400 581
	15 042 048	10 129 782

Short-term debt associated companies	2021	2020
Norspan LNG AS	45 121 326	0
	45 121 326	0

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	516 368 735	1 382 159 590
Group Contribution			105 811 594		105 811 594
Dividend					0
Result for the year				70 947 564	70 947 564
Equity 31.12.	500 000 000	350 184 722	121 417 728	587 316 299	1 558 918 748

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 %

Knutsen LNG AS is a 100 % owned subsidiary of the group TS Shipping Invest AS.

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):	2021	2020
Audit	87 038	83 281
Tax advice	0	0
Other services besides audit		
Total	87 038	83 281

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 2021 amounted to NOK 1 930 and in 2020 amounted to NOK 1 941. 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:	2021	Change	2020
IP Shares			
Deductible interest carried forward	0	0	0
Losses carried forward	-178 715 174	1 572 065	-180 287 239
Basis for deferred tax	-178 715 174	1 572 065	-180 287 239
Deferred tax based on 22 % tax rate	-39 317 338	345 855	-39 663 193
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:

	2021	2020
Net financial Items	71 249 035	116 074 024
Permanent differences	-83 408 017	-109 300 541
Change in temporary differences	0	0
Non taxable currency effects	4 590 854	-11 373 532
Non deductible interest expenses	8 027 647	8 299 251
Taxable income from partnerships	1 112 548	-140 777
Basis for taxation before loss carried forward	1 572 065	3 558 421
Merger with Knutsen LNG 3 AS		
Loss carried forward	-1 572 065	-3 558 424
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



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Knutsen Lng AS

Opinion

We have audited the financial statements of Knutsen Lng AS (the Company), which comprise the balance sheet as at 31 December 2021, 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 2021 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 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, 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 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.

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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, 31 May 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report - Knutsen Lng AS 2021

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Magnus Hegertun Birkeland

Statsautorisert revisor

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