



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 992 593 903  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KNUITSEN SHUTTLE TANKERS 2 AS  
Forretningsadresse: Smedasundet 40  
5529 HAUGESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl  
Dato for fastsettelse av årsregnskapet: 25.02.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 02.05.2021



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Freight income	3	84 010 345	66 860 739
<b>Sum inntekter</b>		<b>84 010 345</b>	<b>66 860 739</b>
<b>Kostnader</b>			
Crew-hire	10	22 772 126	14 417 228
Ordinary depreciation	9	31 156 365	43 203 792
Ordinary depreciation - dry docking	9		
Nedskrivning av varige driftsmidler og immaterielle eiendeler	9		
Other operating expenses		14 815 045	9 882 633
Administration	8	6 469 136	4 315 858
<b>Sum kostnader</b>		<b>75 212 672</b>	<b>71 819 510</b>
<b>Driftsresultat</b>		<b>8 797 674</b>	<b>-4 958 771</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	4	40 779	489 970
Foreign exchange gain/loss		720 637	-933 369
<b>Sum finansinntekter</b>		<b>761 416</b>	<b>-443 399</b>
Financial expenses	4	2 912 539	6 658 621
<b>Sum finanskostnader</b>		<b>2 912 539</b>	<b>6 658 621</b>
<b>Netto finans</b>		<b>-2 151 124</b>	<b>-7 102 020</b>
<b>Ordinært resultat før skattekostnad</b>		<b>6 646 550</b>	<b>-12 060 791</b>
Taxes	12		
<b>Ordinært resultat etter skattekostnad</b>		<b>6 646 550</b>	<b>-12 060 791</b>
<b>Årsresultat</b>		<b>6 646 550</b>	<b>-12 060 791</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>6 646 550</b>	<b>-12 060 791</b>
<b>Totalresultat</b>		<b>6 646 550</b>	<b>-12 060 791</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	12		
<b>Varige driftsmidler</b>			
Vessel	7, 9	63 421 947	94 578 312
Dry-docking	7, 9		
<b>Sum varige driftsmidler</b>		<b>63 421 947</b>	<b>94 578 312</b>
<b>Finansielle anleggsmidler</b>			
Lån til foretak i samme konsern	11		
<b>Sum anleggsmidler</b>		<b>63 421 947</b>	<b>94 578 312</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventories		853 414	1 217 707
<b>Sum varer</b>		<b>853 414</b>	<b>1 217 707</b>
<b>Fordringer</b>			
Receivables	11	588 652	1 115 790
Konsernfordringer		22 549 873	22 909 891
<b>Sum fordringer</b>		<b>23 138 525</b>	<b>24 025 681</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bank deposits	2	6 656 506	14 618 682
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>6 656 506</b>	<b>14 618 682</b>
<b>Sum omløpsmidler</b>		<b>30 648 445</b>	<b>39 862 071</b>
<b>SUM EIENDELER</b>		<b>94 070 392</b>	<b>134 440 383</b>

## BALANSE - EGENKAPITAL OG GJELD



## Balanse

Beløp i: NOK	Note	2020	2019
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	5, 6	100 000	100 000
Annen innskutt egenkapital		5 137 403	5 137 403
<b>Sum innskutt egenkapital</b>		<b>5 237 403</b>	<b>5 237 403</b>
<b>Opptjent egenkapital</b>			
Other equity		55 869 857	49 223 307
<b>Sum opptjent egenkapital</b>		<b>55 869 857</b>	<b>49 223 307</b>
<b>Sum egenkapital</b>	5	<b>61 107 260</b>	<b>54 460 710</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	7		65 819 325
Langsiktig konserngjeld	11	7 558 619	
<b>Sum annen langsiktig gjeld</b>		<b>7 558 619</b>	<b>65 819 325</b>
<b>Sum langsiktig gjeld</b>		<b>7 558 619</b>	<b>65 819 325</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	11	2 817 392	2 533 395
Tax payable	12		
Kortsiktig konserngjeld		22 283 029	10 517 507
Accrued interest			660 853
Other current liabilities		304 091	448 593
<b>Sum kortsiktig gjeld</b>		<b>25 404 512</b>	<b>14 160 348</b>
<b>Sum gjeld</b>		<b>32 963 131</b>	<b>79 979 673</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>94 070 392</b>	<b>134 440 383</b>



**KNOT** Knutsen  
NYK Offshore  
Tankers

## Knutsen Shuttle Tankers 2 AS

### Annual Report 2020



M/T “Loch Rannoch”



Knutsen  
Group





## KNUTSEN SHUTTLE TANKERS 2 AS

### REPORT OF THE BOARD OF DIRECTORS 2020

Knutsen Shuttle Tankers 2 AS owns one 130,031 DWT DP2 Suez-max shuttle tanker, M/T Loch Rannoch, delivered from Daewoo Heavy Industries in 1998.

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

#### **The company's activities**

MT Loch Rannoch is charter out under a pool agreement to the group company Knutsen Shuttle Tankers Pool AS. The pool is operating MT Loch Rannoch in the CoA and spot market of Northern part of Europe. KNOT Management AS is managing the vessel on behalf of the company.

#### **Profit for the year**

The operating result for Knutsen Shuttle Tankers 2 AS was NOK 8 797 674 compared to a loss of NOK 4 958 771 in 2019. The net financial loss for the year was NOK 2 151 124, compared to a loss of NOK 7 102 020 the previous year. The result for the year was NOK 6 646 550 compared to a loss of NOK 12 060 791 the year before.

The Board of Directors suggests transferring the result for the year to other equity.

The liquidity position was NOK 6 656 506 as per 31.12.2020 compared to NOK 14 618 682 as per 31.12.2019. The company's ability to self-finance investments is good.

The company's short term debts per 31.12.2020 was 77 % of total debt, compared to 18 % as of 31.12.19. The financial position is satisfactory.

Total capital was by the end of the year NOK 94 070 392, compared to NOK 134 440 383 the year before.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Though, since the majority of the company's operating expenses and financial expenses also are denominated in USD, this limits the company's foreign exchange risk. The company has not entered into any forward contracts or other agreements in order to reduce the company's foreign exchange risk, hence the operating related market risk.

The group is also exposed to changes in the interest rate level, as it has long term debt carrying floating interest rate.



The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern. The Board of Directors confirms that the Financial Statements give a true picture of the company's assets and liabilities, financial position and results.

## **Environment, safety and quality control**

The requirements for environment and safety in the operations of the vessels are increasing, and both the company and the Knutsen NYK Offshore Tankers group emphasize operational quality.

The company and the group allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of the vessel. There are no matters that indicate that the company pollutes the external environment significantly, and the board of directors considers the working conditions as satisfactory. All certificates are valid. MT Loch Rannoch was certified in accordance with both the ISM and ISPS codes.

The company have no employees and thus no working environment. The company aims to be workplace where there is no discrimination related to gender, ethnicity, religion or disability. The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board of Directors are all men.

## **Future prospects**

Knutsen Shuttle Tankers 2 AS and the parent company, Knutsen Offshore Tankers 2 AS, started in 2020 the process of reverse parent-subsidiary merger where the Company will be the surviving entity. The merger has in January 2021 been effectuated and Knutsen Offshore Tankers 2 AS have been deleted in the company register and the merger will be booked in accounts and tax accounts on continuity basis from January 1<sup>st</sup>, 2021. The Company are now 100% owned by Knutsen NYK Offshore Tankers AS and have in addition to the working capital formerly owned by Knutsen Offshore Tankers 2 AS also taken over as general partner in Knutsen Bøyelaster VI KS under deletion with a participation of 50%. Knutsen NYK Offshore Tankers AS is the limited partner with 50% share. The Company expect that the deletion-process will free up liquidity that will flow up to the two partners, the Company and Knutsen NYK Offshore Tankers AS, and support the long-term funding of the company.

The Board of Directors have agreed with Knutsen Shuttle Tankers Pool AS to participate in the pool with MT Loch Rannoch and the vessel will continue operation in the North Sea. The Board are also in dialogue with the agent and lender in the financing of MT Loch Rannoch to extend the current loan. The Board of Directors has thus reason to believe that 2021 will be a satisfactory year for the company.

Haugesund, February 24, 2021



**Trygve Segism**  
*Chairman of the Board*



**Takashi Domyo**  
*Member of the Board*



**Karl Gerhard Bråstein Dahl**  
*Member of the Board*



**Knutsen Shuttle Tankers 2 AS**

**Profit & Loss Account**

	Note	2020	2019
<b><u>Operating Income</u></b>			
Freight income	3	84 010 345	66 860 739
<i>Total Operating income</i>		<u>84 010 345</u>	<u>66 860 739</u>
<b><u>Operating Expenses</u></b>			
Crew-hire	10	22 772 126	14 417 228
Other operating expenses		14 815 045	9 882 633
Administration	8	6 469 136	4 315 858
<i>Total Operating Expenses</i>		<u>44 056 307</u>	<u>28 615 718</u>
<i>Operating result before depreciation</i>		<u>39 954 039</u>	<u>38 245 021</u>
Ordinary depreciation	9	31 156 365	43 203 792
<i>Total depreciation and write-downs</i>		<u>31 156 365</u>	<u>43 203 792</u>
<i>Operating Result</i>		<u>8 797 674</u>	<u>-4 958 771</u>
<b><u>Financial Income and Expenses</u></b>			
Financial income	4	40 779	489 970
Foreign exchange gain/loss		720 637	-933 369
Financial expenses	4	-2 912 539	-6 658 621
<i>Net Financial Items</i>		<u>-2 151 124</u>	<u>-7 102 020</u>
<i>Result before taxes</i>		<u>6 646 550</u>	<u>-12 060 791</u>
Taxes	12	0	0
<i>Result for the year</i>		<u>6 646 550</u>	<u>-12 060 791</u>



**Knutsen Shuttle Tankers 2 AS**  
**Balance Sheet as of 31. December**

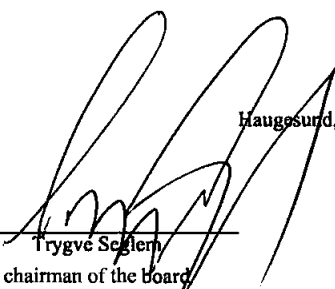
<b><u>EIENDELER</u></b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b><u>Fixed Assets</u></b>			
Vessel	7, 9	63 421 947	94 578 312
<i>Total Fixed Assets</i>		<u>63 421 947</u>	<u>94 578 312</u>
<b><u>Current Assets</u></b>			
Inventories		853 414	1 217 707
Receivables	11	588 652	1 115 790
Group companies receivables		22 549 873	22 909 891
Bank deposits	2	6 656 506	14 618 682
<i>Total Current Assets</i>		<u>30 648 445</u>	<u>39 862 071</u>
<b>TOTAL ASSETS</b>		<u>94 070 392</u>	<u>134 440 383</u>

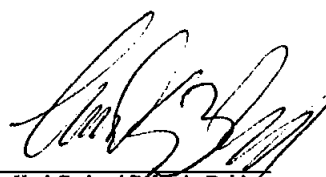



**Knutsen Shuttle Tankers 2 AS**  
**Balance Sheet as of 31. December**

<b><u>Shareholders Equity and Liabilities</u></b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b><u>Equity</u></b>			
Share capital	5, 6	100 000	100 000
Other paid-up equity		5 137 403	5 137 403
<i>Total capital paid-in</i>		<u>5 237 403</u>	<u>5 237 403</u>
<b><u>Retained earnings</u></b>			
Other equity		55 869 857	49 223 307
<i>Total Shareholders' Equity</i>	5	<u>61 107 260</u>	<u>54 460 710</u>
<b><u>Long Term Debt</u></b>			
Mortgage debt	7	0	65 819 325
Long-term debt to group company	11	7 558 619	0
<i>Total Long Term Debt</i>		<u>7 558 619</u>	<u>65 819 325</u>
<b><u>Current Liabilities</u></b>			
Trade creditors	11	2 817 392	2 533 395
Accrued interest		0	660 853
Group companies liabilities		22 283 029	10 517 507
Other current liabilities		304 091	448 593
<i>Total Current Liabilities</i>		<u>25 404 512</u>	<u>14 160 348</u>
<i>Total liabilities</i>		<u>32 963 131</u>	<u>79 979 673</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u>94 070 392</u>	<u>134 440 383</u>

Haugesund, February 24, 2021

  
Trygve Seglem  
chairman of the board

  
Karl Gerhard Bråstein Dahl  
member of the board

  
Takashi Domyo  
member of the board



**KNUTSEN SHUTTLE TANKERS 2 AS**

**CASHFLOW STATEMENT**

	<b>2020</b>	<b>2019</b>
Total generated from operations 1)	65 764 583	45 685 839
Change in working capital	<u>12 495 615</u>	<u>-13 110 454</u>
Net cashflow from operations	<u>78 260 198</u>	<u>32 575 385</u>
Net cashflow from investments	<u>0</u>	<u>0</u>
Net repayment long term debt	-94 381 433	-66 860 763
Drawn long-term debt group companies	<u>8 159 059</u>	<u></u>
Net cashflow from financing	<u>-86 222 374</u>	<u>-66 860 763</u>
Net cashflow for the year	-7 962 176	-34 285 378
+ Cash balance per 1.1	<u>14 618 682</u>	<u>48 904 060</u>
<b>= Cash Balance per 31.12.</b>	<b><u>6 656 506</u></b>	<b><u>14 618 682</u></b>

1) Generated from operations:

Result for the year before taxes	6 646 550	-12 060 791
+ Ordinary depreciation	31 156 365	43 203 792
- Realised gain/loss long term debt	28 562 108	14 542 838
- Unrealised gain/loss long term debt to group companies	<u>-600 440</u>	<u>0</u>
<b>= Total generated from operations</b>	<b><u>65 764 583</u></b>	<b><u>45 685 839</u></b>



**KNUTSEN SHUTTLE TANKERS 2 AS**

**Notes to the Financial Statement 31.12.2020**

**1 Accounting Principles**

The financial statement has 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.

**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. Realised 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 cash flow exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal cash flow, the unrealised foreign exchange loss on the exceeding amount is recorded.

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

**Income**

Income from the contract are denominated in USD and is recorded in line with the earning.

**Fixed Assets and Dry-Docking**

The total cost of the vessel is capitalised at delivery and depreciated to zero at the date 25 years after delivery.

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 newbuilding, a portion of the total cost of the vessel equal to the dry-docking cost is capitalised. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed. The portion of the dry-docking expenses are included in the profit and loss statement under "Other operating expenses".

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.



## Tax

The company have elected to be taxed based on the Norwegian tonnage tax regime. The tonnage tax regime have a list of requirements that companies have to fulfill to qualify for election of the regime, such as minimum 3% direct or indirect ownership in vessels that perform transportation only. The company are restricted to what assets, liabilities and business they can participate in, and the same will apply for underlying companies and/or partnerships.

In the tonnage tax regime the company pay a tonnage tax based on the weight of the owned vessels and taxable result is based on a taxable financial result. This means that the company's operating results is not taxable. The taxable financial result is based on the net financial items in the profit and loss account where only a portion of the foreign exchange gain is taxable and a portion of the foreign exchange loss and interest expenses is deductible. The portion is based on the amount of financial assets compared to total assets in the balance sheet. The company will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital. Tonnage tax is classified as an operating expense in the profit and loss statement.

The calculated tax expenses in the profit and loss statement includes both the payable tax for the period in addition to the change in deferred tax. Deferred tax is calculated based on the temporary differences between the balance sheet values in the accounts and the tax values in addition to the tax loss carried forward at the end of the financial year. Tax increasing and decreasing changes in temporary differences that can be reversed in the same period are offset and the net value is taken into the accounts.

## Cash flow statement

The cash flow statement is presented using the indirect method of NRS. The liquidity balance is defined as the sum of cash, bank deposits and other short-term liquid deposits.

## Related party transactions

The Company has undertaken several agreements and transactions with related parties in the KNOT group. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management AS delivers services to the Company performed by corporate functions like management, legal, accounting and controlling, risk management and commercial management.

## **2** Bank deposits

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

## **3** Contracts

Loch Rannoch operates in CoA, short-term time charter and spot market through participation in Knutsen Shuttle Pool Tankers AS which at the end of 2020 operated five shuttle tankers.

Loch Rannoch is operated by KNOT Management AS on behalf of the company in accordance with separate management agreements.



#### 4 **Financial Income and -Expenses**

	2020	2019
<b>Financial Income:</b>		
Interest income from group companies	0	78 163
Other interest income	40 779	411 807
Total financial income	40 779	489 970
<b>Financial expenses:</b>		
Interest expenses to group companies	618 549	125 166
Interest expenses	1 630 602	5 428 660
Guarantee cost to group companies	224 253	818 625
Other financial expenses to group companies	219 601	269 719
Other financial expenses	219 534	16 450
Total financial expenses	2 912 539	6 658 621

#### 5 **Equity**

Specification of the equity per 31.12.

	Share capital	Additional paid-in capital	Other equity	Total equity
Equity 1.1	100 000	5 137 403	49 223 307	54 460 710
Result for the year	0	0	6 646 550	6 646 550
Equity 31.12.	100 000	5 137 403	55 869 857	61 107 260

Share capital consist of 100 shares à NOK 1,000

The company is a wholly owned subsidiary of Knutsen Offshore Tankers 2 AS. Financial statements for the group can be obtained at company's registered office, Smedasundet 40, 5529 Haugesund.

Knutsen Shuttle Tankers 2 AS and the parent company, Knutsen Offshore Tankers 2 AS, started in 2020 the process of reverse parent-subsiary merger where the Company will be the surviving entity. The merger has in January 2021 been effectuated and Knutsen Offshore Tankers 2 AS have been deleted in the company register and the merger will be booked in accounts and tax accounts on continuity basis from January 1st, 2021. The Company are now 100% owned by Knutsen NYK Offshore Tankers AS.

#### 6 **Shares Owned by Board Members and Affiliates**

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the ultimate parent company Knutsen NYK Offshore Tankers AS.



## 7 Mortgage Debt and Financial Instruments

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in USD (cash flow hedge). Loans in USD are used as hedging instrument. The profit and loss impact of the hedging instrument (loan in USD) is presented together with the hedged risk. This implies that realized currency gain/losses on the loans are presented as an increase/reduction of operating income.

31.12.20	USD	Historical rate	Rate per 31.12	NOK
USD-loan	<u>0</u>			<u>0</u>
31.12.19	USD	Historical rate	Rate per 31.12	NOK
USD-loan	<u>9 750 000</u>	6,7507	6,7507	<u>65 819 325</u>
Current portion	<u>9 750 000</u>			<u>65 819 325</u>

The USDNOK exchange rate at the year-end was 8,5375 (8,8176 in 2019)

## 8 Remuneration

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

Auditors remuneration (not including VAT):	2020	2019
Audit	<u>51 250</u>	<u>35 055</u>
Tax services	0	0
Other services besides audit	0	0
Sum	<u>51 250</u>	<u>35 055</u>

## 9 Fixed Assets and Dry-Docking

<u>Vessel</u>	2020	2019
Historical value 1.1.	<u>408 755 450</u>	<u>408 755 450</u>
Acc. Depreciaton 1.1.	<u>323 352 594</u>	<u>288 013 482</u>
Book Value 1.1.	<u>85 402 856</u>	<u>120 741 968</u>
Ordinary annual depreciation	<u>23 291 688</u>	<u>35 339 112</u>
Book value 31.12.	<u>62 111 168</u>	<u>85 402 856</u>

<u>Dry-Docking</u>	2020	2019
Historical value 1.1.	<u>19 634 725</u>	<u>19 634 725</u>
Acc. Depreciaton 1.1.	<u>10 459 269</u>	<u>2 594 589</u>
Book Value 1.1.	<u>9 175 456</u>	<u>17 040 136</u>
Ordinary annual depreciation	<u>7 864 677</u>	<u>7 864 680</u>
Book value 31.12.	<u>1 310 779</u>	<u>9 175 456</u>

Book value vessel 31.12. 63 421 947 94 578 312

The economic life of the vessel is estimated to 25 years, and the vessel is depreciated accordingly.



## 10 Employees

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew, organized by ship manager.

## 11 Intercompany balances

	<u>2020</u>	<u>2019</u>
<u>Long-term loans to group companies</u>		
Knutsen Offshore Tankers 2 AS	7 558 619	0
	<u>7 558 619</u>	<u>0</u>

The Company have in 2021 merged in Knutsen Offshore Tankers 2 AS and the long-term loan is in the merger been set-off. Expected long-term group loans is expected to be zero from January 2021, and also that the balance will be zero in 5 years.

<u>Trade creditors</u>		
Knutsen O.A.S Shipping AS	1 058 996	871 814
Knutsen O.A.S Crewing AS	113 975	56 430
	<u>1 172 971</u>	<u>928 244</u>

<u>Receivables</u>		
Knutsen Shuttle Tankers 14 AS	1 264	0
Knutsen Shuttle Tankers 19 AS	922	0
KNOT Shuttle Tankers 24 AS	0	169
	<u>2 186</u>	<u>169</u>



## 12 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies are within the tonnage tax scheme and therefor imposed tonnage tax, which in 2020 amounted to NOK 152 205 (and NOK 152 205 in 2019). Tonnage tax is classified as an operating expense.

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

	<u>2020</u>	<u>Change</u>	<u>2019</u>
Loss carried forward	-31 757 105	-9 670 727	-22 086 378
Basis for deferred tax (benefit)	-31 757 105	-9 670 727	-22 086 378
Deferred tax (benefit) booked	0	0	0

Taxable result tonnage tax scheme:

	<u>2020</u>	<u>2019</u>
Net financial items	-2 151 124	-7 102 020
Foreign exchange hedge over income	-28 562 108	-14 542 838
Non-deductable interest expenses	1 719 436	4 038 313
Non-taxable interest tax	0	12
Non-taxable currency gain	19 323 068	11 253 126
Taxable income before loss carried forward	-9 670 727	-6 353 406
Loss carried forward	-9 670 727	-6 353 406
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0



Statsautoriserte revisorer  
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo  
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Knutsen Shuttle Tankers 2 AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of KNOT Shuttle Tankers 2 AS, which comprise the balance sheet as at 31 December 2020, the profit & 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

#### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report - Knutsen Shuttle Tankers 2 AS

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### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 24 February 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Magnus H. Birkeland  
State Authorised Public Accountant (Norway)

Pennco Dokumentnrøkket: FGPY2-GG30J-0V0VH-DDFY1-06886-3MP4Z

Independent auditor's report - Knutsen Shuttle Tankers 2 AS

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### MAGNUS HEGERTUN BIRKELAND

Partner

På vegne av: EY

Serienummer: 9578-5990-4-2796687

IP: 77.16.xxx.xxx

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## Skattedirektoratet

Saksbehandler  
Jan Hoelstad

Deres dato  
11.03.2011

Vår dato  
30.03.2011

Telefon  
22077325

Deres referanse  
Jørn Knutsen

Vår referanse  
2011/327976

Ernst & Young AS  
Postboks 6163, Postterminalen  
5892 Bergen

## Dispensasjon fra kravet om utarbeidelse av årsregnskap og -beretning på norsk språk

Det vises til deres brev av 11. mars 2011 samt e-post av 30. mars 2011 med supplerende opplysninger i sakens anledning. Skattedirektoratet innvilget i vedtak 09/867030 av 2. juni 2010 TS Shipping Invest AS samt en rekke navngitte datterselskap, dispensasjon fra kravet om å utarbeide årsregnskap og – beretning på norsk språk. Da det er etablerte enkelte nye selskap i konsernet samt at er gjort endringer i konsernstruktur og eierskap for enkelte av de tidligere selskapene søkes det på nytt om dispensasjon for følgende selskap:

- Knutsen NYK Offshore Tankers AS org. nr: 995 221 713
- samt følgende datterselskap:
  - Knutsen Bøyelaster XI KS org. nr: 986 224 610
  - Knutsen Bøyelaster XI AS org. nr: 986 224 602
  - Knutsen Bøyelaster II KS \* org. nr: 959 321 752
  - Knutsen Bøyelaster II AS org. nr: 959 321 663
  - Knutsen Bøyelaster III KS \* org. nr: 959 505 349
  - Knutsen Bøyelaster III AS org. nr: 959 504 822
  - Knutsen Shuttle Tankers XII KS org. nr: 991 959 610
  - Knutsen Shuttle Tankers XII AS org. nr: 991 959 556
  - Knutsen Produkt Tanker IV KS \* org. nr: 961 068 355
  - Knutsen Produkt Tanker IV AS org. nr: 961 068 177
  - Knutsen Bøyelaster VI KS org. nr: 971 585 579
  - Knutsen Bøyelaster VI AS org. nr: 993 011 681
  - Knutsen Bøyelaster VIII KS org. nr: 979 539 649
  - Knutsen Bøyelaster VIII AS org. nr: 993 010 596
  - Knutsen Bøyelaster IX KS org. nr: 979 685 521
  - Knutsen Bøyelaster IX AS org. nr: 879 685 362
  - Knutsen Terminal Tanker AS org. nr: 945 404 191
  - Knutsen Newfoundland Chartering AS org. nr: 990 356 963
  - Knutsen Shuttle Tankers 2 AS org. nr: 992 593 903
  - Knutsen Offshore KS org. nr: 893 435 832
  - Knutsen Offshore AS org. nr: 992 593 881

Postadresse

Postboks 9200 Grønland  
0134 Oslo

For elektronisk henvendelse se [www.skatteetaten.no](http://www.skatteetaten.no)

Besøksadresse

Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org. nr: 996250318

Sentralbord

800 80 000  
Telefaks

22 17 08 60



- Knutsen Produkt Tanker V AS org. nr: 979 976 445
- Knutsen Shuttle Tankers Pool AS org. nr: 982 302 536
- Knutsen Atlantic Chartering AS org. nr: 984 963 262
- Knutsen Canadian Chartering AS org. nr: 984 963 270
- Knutsen Offshore Tankers AS org. nr: 995 206 870
- Knutsen Offshore Tankers 2 AS org. nr: 995 206 862
- Knutsen Shuttle Tankers 3 AS org. nr: 995 146 584
- Knutsen NYK Management AS org. nr: 996 124 916
- Knutsen Shuttle Tanker 13 AS org. nr: 996 661 016
- Knutsen Tankers 2 AS org. nr: 992 593 792
- Knutsen Tankers 3 AS org. nr: 992 593 814

Alle datterselskapene er eid 100 % med unntak av selskapene merket med \*. I de tre selskapene som også har andre eiere, utgjør disse andre eierne et lite antall og kan anses som etablerte investorer.

**Søknad:**

Fra deres brev gjengis:

*"TS Shipping Invest AS etablerte det 100 % eide datterselskapet Knutsen Offshore Tankers ASA (KOT) i februar 2010. I april 2010 ble hele bøyelastervirksomheten i konsernet flyttet inn under KOT, hvor en rekke av de selskapene som var søkt avleggelse av regnskaper på engelsk fulgte med.*

*I desember 2010 solgte TS Shipping Invest AS seg ned til 50 % i KOT ved at det japanske rederiet NYK Line gikk inn på eiersiden og overtok 50 % av aksjene. Selskapet skiftet navn til Knutsen NYK Offshore Tankers AS (KNOT).*

*Alle selskapene i KNOT konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper. Som tidligere beskrevet er brukerne av regnskapene hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften (ansatte, kunder, leverandører etc.). Nytt fra tidligere er at den andre eieren NYK Line er engelskspråklig. Aksjonærstrukturen er begrenset til 2 hovedeiere.*

*Selskapets virksomhet er finansiert av en rekke norske og internasjonale banker. Ettersom finansieringen i all hovedsak gjøres via syndikerte banklån er det et krav fra bankene at regnskapene oversettes til i engelsk språkdrakt.*

*Også de aller fleste av selskapenes kunder og leverandører og andre brukerne har engelsk som sitt naturlige språk/forretningspråk..."*

**Skattedirektoratets vurdering og konklusjon**

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk.



*Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.*

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

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

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


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

I forhold til tidligere gitte dispensasjon, har det kommet inn japanske interessenter i tillegg på eiersiden. For øvrig anses øvrige sentrale faktorer som fortsatt til stede. Dette gjelder også de nyetablerte selskapene.

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

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

Med hilsen

  
Torstein Kinden Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Jan Høelstad