



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 914 006 600
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 25 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: 10.03.2022

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, 28.03.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Freight income	2	177 281 617	198 847 995
Other income		8 079	13 589
Sum inntekter		177 289 696	198 861 585
Kostnader			
Lønnskostnader og andre sosiale kostnader	12		
Crew-hire	12	24 491 077	21 654 093
Ordinary depreciation	4	46 211 529	47 718 900
Other operating expenses		17 452 021	16 983 842
Administration	8	6 259 480	6 418 845
Sum kostnader		94 414 106	92 775 680
Driftsresultat		82 875 590	106 085 904
Finansinntekter og finanskostnader			
Financial income	6	108 899	68 997
Foreign exchange gain/loss		2 714 168	1 235 481
Sum finansinntekter		2 823 067	1 304 479
Financial expenses	6	30 460 324	43 741 700
Sum finanskostnader		30 460 324	43 741 700
Netto finans		-27 637 256	-42 437 221
Ordinært resultat før skattekostnad		55 238 333	63 648 683
Taxes	11		
Ordinært resultat etter skattekostnad		55 238 333	63 648 683
Årsresultat		55 238 333	63 648 683
Årsresultat etter minoritetsinteresser		55 238 333	63 648 683
Totalresultat		55 238 333	63 648 683



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	4	869 338 895	915 531 463
Sum varige driftsmidler		869 338 895	915 531 463
Finansielle anleggsmidler			
Financial instruments	5	102 485	1 236 103
Sum finansielle anleggsmidler		102 485	1 236 103
Sum anleggsmidler		869 441 380	916 767 566
Omløpsmidler			
Varer			
Inventories	13	1 960 669	1 439 115
Sum varer		1 960 669	1 439 115
Fordringer			
Receivables	7	6 940 967	4 123 693
Konsernfordringer		4 767	
Sum fordringer		6 945 734	4 123 693
Bankinnskudd, kontanter og lignende			
Bank deposits	3	48 438 792	25 722 695
Sum bankinnskudd, kontanter og lignende		48 438 792	25 722 695
Sum omløpsmidler		57 345 195	31 285 503
SUM EIENDELER		926 786 575	948 053 070

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



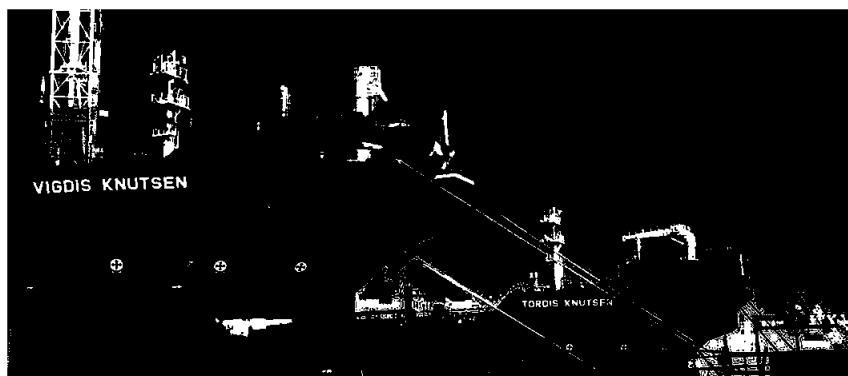
Balanse

Beløp i: NOK	Note	2021	2020
Innskutt egenkapital			
Share capital	9, 10	100 000	100 000
Annen innskutt egenkapital		210 217 598	225 927 187
Sum innskutt egenkapital		210 317 598	226 027 187
Opptjent egenkapital			
Other equity		84 548 816	67 563 384
Sum opptjent egenkapital		84 548 816	67 563 384
Sum egenkapital	9	294 866 414	293 590 571
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Obligasjonslån	5	1 603 706	6 117 519
Gjeld til kredittinstitusjoner	5, 5	621 400 076	639 406 994
Langsiktig konserngjeld	7		
Other non-current liabilities	5		
Sum annen langsiktig gjeld		623 003 782	645 524 513
Sum langsiktig gjeld		623 003 782	645 524 513
Kortsiktig gjeld			
Leverandørgjeld	7	3 852 071	2 695 552
Kortsiktig konserngjeld		1 079 581	1 214 415
Accrued interest		2 735 973	4 040 509
Other current liabilities		1 248 753	987 510
Sum kortsiktig gjeld		8 916 379	8 937 986
Sum gjeld		631 920 161	654 462 499
SUM EGENKAPITAL OG GJELD		926 786 575	948 053 070



KNOT Shuttle Tankers 25 AS

Annual Report 2021



M/T "Vigdis Knutsen"

KNOT
Offshore Partners LP



KNOT SHUTTLE TANKERS 25 AS

REPORT OF THE BOARD OF DIRECTORS 2021

KNOT Shuttle Tankers 25 AS owns one 158 000 dwt suez-max DP2 shuttle tanker, M/T Vigdis Knutsen, delivered from Hyundai Heavy Industries (HHI) Shipyard in South Korea in 2017.

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 and the vessel in accordance with separate agreements.

The company's activity

The company vessel operates under a 5-year fixed contract with Brazil Shipping I Limited, a subsidiary of Royal Dutch Shell, the fixed period ending March 2022. In December 2020, the company entered into a new three-year fixed contract with Brazil Shipping I Limited, the newly agreed contracts are schedule to commence in 2023.

Result for the year

The operating result for KNOT Shuttle Tankers 25 AS was NOK 82 875 590 in 2021 compared to NOK 106 085 904 in 2020. After net financial loss of NOK 27 637 256 in 2021, against a loss of NOK 42 437 221 in 2020, the result for the year were NOK 55 238 333 in 2021 compared to NOK 63 648 683 in 2020.

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

Total cash flow from operating activities in the company was NOK 98 562 592, NOK 126 511 773 in 2020. The liquidity position was NOK 48 438 792 as per 31.12.2021 compared to NOK 25 722 695 as per 31.12.2020. The company's ability to finance its investments is good. The company have together with some of the group companies refinanced the vessel financing with a new long-term facility in 2021. The outstanding mortgage loan is at the end of 2021 USD 75 442 025, USD 77 136 000 at the end of 2020.

The company's short-term debt per 31.12.2021 was 1.4 % of total debt (1.4 % in 2020).

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

The company is also exposed to changes in the interest rate level, as its long-term debt carrying floating interest rate. The company has three interest rate swap agreements in the amount of USD 87.5 million to reduce the company's interest rate risk.

Total capital was by the end of the year NOK 926 786 575, NOK 948 053 070 at the end of 2020. The equity-share as of 31.12.2021 was 32 %, compare to 31 % as of 31.12.2020.

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.

The environment safety and quality control

The requirements for a safety operation of ships are increasing, and both the company and the manager KNOT Management AS are concerned with an operational excellence. KNOT Shuttle Tankers Group's fleet consists of ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ships are maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources to the quality assurance and there are strict requirements for safety systems and an operation of the ships.

The company is not aware of any significant pollution to the external environment, and the Board of Directors considers the working conditions on-board the vessel as satisfactory. M/T Vigdis Knutsen are certified in accordance with both ISM code and the ISPS code.

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

Prospects

M/T Vigdis Knutsen will be redelivered from the long-term charter with Brazil Shipping I Limited in March, and will thereafter sail to Europe for 5 year class and maintenance. The vessel is long termed financed with the new facility entered into in 2021. The Board of Directors are actively searching new contracts for the vessel together with KNOT Management, the commercial manager, after redelivery from the drydocking yard and until the new long-term charter contract with Shell that is expected to start up in 2023. The Board of Directors expect that 2021 will be a stable profitable year for the company.

Haugesund, March 10, 2022


Trygve Seglem
Chairman of the Board/CEO


Karl Gerhard Bråstein Dahl
Member of the Board


Takashi Domyo
Member of the Board



KNOT Shuttle Tankers 25 AS

Profit & Loss Account

	Note	2021	2020
<u>Operating Income</u>			
Freight income	2	177 281 617	198 847 995
Other income		8 079	13 589
<i>Total Operating income</i>		<u>177 289 696</u>	<u>198 861 585</u>
<u>Operating Expenses</u>			
Crew-hire	12	24 491 077	21 654 093
Other operating expenses		17 452 021	16 983 842
Administration	8	6 259 480	6 418 845
<i>Total Operating Expenses</i>		<u>48 202 577</u>	<u>45 056 780</u>
Ordinary depreciation	4	46 211 529	47 718 900
<i>Operating Result</i>		<u>82 875 590</u>	<u>106 085 904</u>
<u>Financial Income and Expenses</u>			
Financial income	6	108 899	68 997
Foreign exchange gain/loss		2 714 168	1 235 481
Financial expenses	6	-30 460 324	-43 741 700
<i>Net Financial Items</i>		<u>-27 637 256</u>	<u>-42 437 221</u>
<i>Result before taxes</i>		<u>55 238 333</u>	<u>63 648 683</u>
Taxes	11	0	0
<i>Result for the year</i>		<u>55 238 333</u>	<u>63 648 683</u>




KNOT Shuttle Tankers 25 AS
Balance Sheet as of 31. December

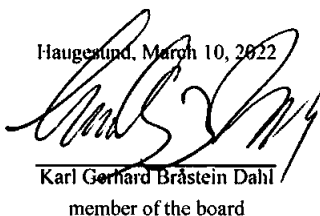
	Note	2021	2020
<u>Assets</u>			
<u>Fixed assets</u>			
Vessel	4	869 338 895	915 531 463
Financial instruments	5	102 485	1 236 103
<i>Total Fixed Assets</i>		869 441 380	916 767 566
<u>Current Assets</u>			
Inventories	13	1 960 669	1 439 115
Receivables	7	6 940 967	4 123 693
Current receivables group		4 767	0
Bank deposits	3	48 438 792	25 722 695
<i>Total Current Assets</i>		57 345 195	31 285 503
TOTAL ASSETS		926 786 575	948 053 070

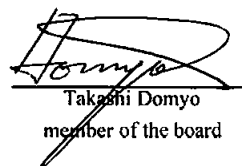


KNOT Shuttle Tankers 25 AS
Balance Sheet as of 31. December

	Note	2021	2020
<u>Shareholders Equity and Liabilities</u>			
<u>Equity</u>			
Share capital	9, 10	100 000	100 000
Other paid-up equity		210 217 598	225 927 187
<i>Total capital paid-in</i>		<u>210 317 598</u>	<u>226 027 187</u>
Other equity		84 548 816	67 563 384
<i>Total Shareholders' Equity</i>	9	<u>294 866 414</u>	<u>293 590 571</u>
<u>Long Term Liabilities</u>			
Financial instruments	5	1 603 706	6 117 519
Liabilities to financial institutions	5	621 400 076	639 406 994
<i>Total Long Term Liabilities</i>		<u>623 003 782</u>	<u>645 524 513</u>
<u>Current Liabilities</u>			
Accounts payable	7	3 852 071	2 695 552
Accrued interest		2 735 973	4 040 509
Current liabilities group		1 079 581	1 214 415
Other current liabilities		1 248 753	987 510
<i>Total Current Liabilities</i>		<u>8 916 379</u>	<u>8 937 986</u>
<i>Total liabilities</i>		<u>631 920 161</u>	<u>654 462 499</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>926 786 575</u>	<u>948 053 070</u>


Torgeir Sjøstem
chairman of the board

Haugesund, March 10, 2022

Karl Gerhard Bråstein Dahl
member of the board


Takashi Domyo
member of the board



KNOT SHUTTLE TANKERS 25 AS

CASHFLOW STATEMENT

	2021	2020
Total generated from operations 1)	101 927 802	126 686 554
Change in working capital	<u>-3 365 210</u>	<u>-174 781</u>
Net cashflow from operations	<u>98 562 592</u>	<u>126 511 773</u>
Net invested in vessel	<u>-18 960</u>	<u>-98 476</u>
Net cashflow from investments	<u>-18 960</u>	<u>-98 476</u>
Dividend paid-out	-53 962 490	-75 338 360
Capitalized debt issuance costs	-7 181 439	0
Proceeds from long term-debt	639 148 341	0
Repayment of long-term debt	<u>-653 831 946</u>	<u>-48 556 140</u>
Net cashflow from financing	<u>-75 827 534</u>	<u>-123 894 500</u>
Net cashflow for the year	22 716 098	2 518 798
+ Cash balance per 01.01.	<u>25 722 695</u>	<u>23 203 897</u>
= Cash Balance per 31.12.	<u>48 438 792</u>	<u>25 722 695</u>

1) Generated from operations:

Result before tax	55 238 333	63 648 683
+Realized profit/loss on foreign exchange Mortgage debt	1 722 519	6 505 010
+Unrealized profit/loss on foreign exchange rate contracts	-4 513 813	6 117 519
+Ordinary depreciation	46 211 529	47 718 900
+Amortization financial contract	1 133 618	1 136 724
+Amortization loan expenses	<u>2 135 616</u>	<u>1 559 718</u>
= Total generated from operations	<u>101 927 802</u>	<u>126 686 554</u>



KNOT SHUTTLE TANKERS 25 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.

Income

The income from charter party is in USD, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

Inventories

Inventories are valued according to the net realisable value principle.

Fixed Assets and Dry-Docking

The total cost of the vessel is capitalised at delivery and depreciated linearly to estimated net sales price at the end of estimated economic life. Normal economic life of shuttle tankers and FSO's is estimated to 23 years from delivery as newbuilding. We use extended life or reduced life if there are commercial or technical indications that the 23 year profile for that specific entity is not correct, i.e. fixed charter contracts above 23 year age, commercial restrictions or technical conditions or -requirements. Equipment or part of the vessels with a material cost or specific use that have another estimated life is evaluated separately.

Dry-docking expenses are capitalised and expensed 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.



Transactions in Foreign Currency

Income and expenditure in foreign currency are converted with the exchange rate at the time of the transaction.

We use hedge accounting for long term debt in foreign currencies. The expected net future nominal cash-flow in the same currency from chartering out vessel is the hedging instruments. The realized foreign exchange gain and -losses are booked together with the hedging instrument. We book realized- and unrealized foreign exchange gain/-loss for any uneffective part of the debt in foreign currencies over financial items.

Financial contracts

The company will from time to time step into/take over interest rate contracts from other group or related companies. The transfer of interest rate swaps between companies will be done with the financial counterpart's participation and will be sold/transferred to the new party at market value. The seller will take the value as a financial gain or loss into the profit and loss statement and the purchasing company will capitalize the value and amortize the value linearly to zero over the contract period.

Interest-bearing loan and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the net profit and loss statement when the liabilities are devalued or depreciated, as well as through the amortization process.

Financial Instruments

The treatment of foreign exchange- and interest rate instruments depends on the intention behind the agreement. If the intention of the contracts is to hedge the company's exposure against fluctuations in interest rates and foreign exchange rates, then the income and expenses related to the hedging and the corresponding items in the balance sheet are classified in the same manner.



Tax

The company have elected to be taxed based on the Norwegian tonnage tax regime.

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 Knutsen NYK Offshore Tankers Group and KNOT Offshore Partners Group. The level of fees are based on market terms and are in accordance with the arm's length principle. The company have no own employees and have outsourced management and crewing to related parties.

2 Contracts

The company vessel operate under a 5 year fixed contract with Brazil Shipping I Limited, a subsidiary of Royal Dutch Shell , the fixed period ending March 2022. In December 2020, the company entered into a new three year fixed contract with Brazil Shipping I Limited, the newly agreed contracts are schedule to commence in 2023.

KNOT Management AS operates as a manager on behalf of the company in accordance with management agreement.

3 Bank deposits

The company doesn't have locked-up bank funds per 31.12



4 Fixed Assets

<u>Vessel</u>	<u>2021</u>	<u>2020</u>
Historical value 1.1.	1 078 362 222	1 078 362 222
Accumulated depreciation 1.1.	168 348 751	125 355 616
Book value 1.1.	910 013 471	953 006 606
Additions/Disposals	0	0
Annual depreciation	41 481 822	42 993 135
Book value 31.12.	868 531 649	910 013 471

The economic life of the vessels is estimated to 23 years, and is depreciated accordingly.

<u>Dry-docking</u>	<u>2021</u>	<u>2020</u>
Capitalised dry-docking	23 907 476	23 809 000
Accumulated depreciation dry-docking 1.1.	18 389 484	13 663 719
Capitalised dry-docking 1.1.	5 517 992	10 145 281
Additions/Disposals	18 960	98 476
Annual depreciation	4 729 707	4 725 765
Book value 31.12.	807 245	5 517 992
Total book value vessel 31.12.	869 338 895	915 531 463

The company changed in third quarter 2021 the useful life estimate for M/T Vigdis Knutsen from 25 years to 23 years due to prevailing longer-term market trends. The company updated at the same time the estimated net sales price at the end of estimated life from NOK 0 at 25 years to estimated net sales price at end of the new estimated end of life.

5 Mortgage Debt and Financial Instruments

<u>31-12-21</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate as at 31.12.</u>	<u>NOK</u>
USD-loan	75 442 025	8,6589	8,3253	628 077 642
Deferred debt issuance				-6 677 565
				621 400 077
Current portion:				
USD-loan	5 317 652			44 271 059
Deferred debt issuance				-1 587 930
				42 683 129
<u>31-12-20</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate as at 31.12.</u>	<u>NOK</u>
USD-loan	77 136 000	8,3105	8,3105	641 038 728
Deferred debt issuance				-1 631 734
				639 406 994
Current portion:				
USD-loan	5 060 000			42 051 130
Deferred debt issuance				-1 502 170
				40 548 960

The USDNOK exchange rate at the year-end was 8,8363 (8,5375 in 2020).



The estimated outstanding debt per 31.12.2026 is USD 49 million.

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.

Future income flows from anticipated fixed contracts in USD exceed debt in USD. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate. Per 31.12.2021 the not recorded foreign exchange loss (i.e. off-balance) is NOK 39 million compared to a loss of NOK 18 million as per 31.12.2020.

Security for the loan is made through a first priority mortgage in the vessels, assignment of earnings, assignment of insurances, bank accounts, factoring agreement, pledged shares in the company, guarantees from the owner, and undertakings from the manager.

Book value of mortgaged assets is NOK 927 million (NOK 948 million last year).

The company has aimed to reduce the market risk by entering financial contracts. The company has entered long term freight contracts in USD, with the intention of having income, vessel investment and loans in the same currency in order to minimize the effects of exchange rate fluctuations. The company has also entered into interest rate swap contracts to reduce the effects of exchange rate fluctuations. The company has entered agreements on fixed rates on USD 87.5 million. Mark to market loss on interest swaps have not been taken into account with USD 1.2 million (loss of USD 4.3 million last year). Inefficient part is taken into account with a loss of USD 0.2 million in 2021.

<u>Aquired interest swaps</u>	<u>2021</u>	<u>2020</u>
Book value 01.01.	1 236 103	2 372 827
Amortization	1 133 618	1 136 724
Book value 31.12.	102 485	1 236 103

6 Financial Income and -Expenses

	<u>2021</u>	<u>2020</u>
Financial Income:		
Dividend	105 028	0
Other interest income	3 871	68 997
Total financial income	108 899	68 997
Financial expenses:		
Inefficient part of interest rate swap	-4 513 813	6 117 519
Interest expenses	31 479 071	33 688 733
Guarantee cost from related parties	3 155 428	3 619 505
Other financial expenses	339 637	315 943
Total financial expenses	30 460 324	43 741 700



7 Balances with related parties

	<u>2021</u>	<u>2020</u>
<u>Accounts payable</u>		
Knutsen OAS Management AS	1 880	0
KNOT Shuttle Tankers 35 AS	1 264	1 264
Knutsen OAS Crewing AS	65 873	46 750
KNOT Management AS	172 746	138 338
Knutsen OAS Shipping AS	2 084 391	1 910 327
	<u>2 326 154</u>	<u>2 096 679</u>
<u>Receivables</u>		
KNOT Management AS	3 323 739	1 440 748
Knutsen OAS Shipping AS	72 536	0
	<u>3 396 275</u>	<u>1 440 748</u>

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.

	<u>2021</u>	<u>2020</u>
<u>Auditors remuneration (excl. VAT):</u>		
Audit	18 819	37 638
Tax advice	0	0
Other services besides audit	0	0
	<u>18 819</u>	<u>37 638</u>

9 Equity

Specification of the equity per 31.12.

	Share capital	Additional paid-in capital	Other equity	Total equity
Equity 01.01.	100 000	225 927 187	67 563 384	293 590 571
Extraordinary dividend paid-out	0	-15 709 589	-38 252 901	-53 962 490
Result for the year	0	0	55 238 333	55 238 333
Equity 31.12.	<u>100 000</u>	<u>210 217 598</u>	<u>84 548 816</u>	<u>294 866 414</u>

Share capital consist of 100 shares à NOK 1,000, all held by KNOT Shuttle Tankers AS.

The company is controlled 100% by KNOT Offshore Partners LP. Accounting for the Group can be obtained from the website, <http://knotoffshorepartners.com/>.

10 Shares Owned by Board Members and Affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the company Knutsen NYK Offshore Tankers AS, which controls 30,47% of KNOT Offshore Partners LP.



11 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 within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which amounted to NOK 156 174 (NOK 156 174 last year). Tonnage tax is classified as an operating expense.

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

	31.12.2021	Change	31.12.2020
Unrealized interest rate swaps	-1 603 706	4 513 813	-6 117 519
Deductibel interest carried forward	-6 944 695	0	-6 944 695
Loss carried forward	-59 458 063	-20 335 266	-39 122 797
Basis for deferred tax (benefit)	-68 006 464	-15 821 453	-39 949 973
Deferred tax (benefit)	0	0	0

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

Taxable result tonnage tax scheme:

	2021	2020
Net financial Items	-27 637 256	-42 437 221
Non-taxable currency gain	-3 944 379	-1 398 745
Non-deductable interest	15 862 059	23 050 295
Unrealized interest rate swaps	-4 513 813	6 117 519
Other deductible items	-101 877	0
Taxable income before loss carried forward	-20 335 266	-14 668 152
Loss carried forward	20 335 266	14 668 152
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0

12 Employees

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from related parties.

	2021	2020
Grants crew expenses	2 099 441	3 689 870

13 Inventories

Inventories refer to lube oil and stores as per 31.12.



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

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

www.ey.no
Medlemmer av Den norske Revisorforening

To the Shareholders' Meeting of KNOT Shuttle Tankers 25 AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 25 AS (the company) which comprise the balance sheet as at December 31, 2021, the statement of income 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 statutory requirements, and
- the financial statements present fairly in all material respects the financial position of the Company as at December 31, 2021 and (of) its financial performance and its 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International 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 information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management for the Financial Statements

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



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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 insofar as it is not likely that the enterprise will cease operations.

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 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.

Oslo, 10 March 2022
Ernst & Young AS

Johan Lid Nordby
State Authorised Public Accountant
(This document is signed electronically)

Independent auditor's report - Knot Shuttle Tankers 25 AS

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

Johan Nordby

Statsautorisert revisor

On behalf of: Ernst & Young AS

Serial number: 9578-5997-4-729076

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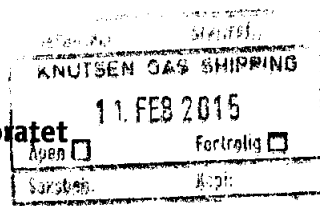
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Skattedirektoratet



Saksbehandler
Torstein Kinden Helleland

Deres dato
30.01.2015

Vår dato
09.02.2015

Telefon
22078139

Deres referanse
Geir Tore Henriksen

Vår referanse
2015/87104

KNUTSEN OAS SHIPPING AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 30. januar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

KNOT Shuttle Tankers 30 AS	org. nr. 914 716 527
KNOT Shuttle Tankers 31 AS	org. nr. 914 750 326
Knutsen Technology AS	org. nr. 991 517 553
KNOT Shuttle Tankers 23 AS	org. nr. 913 154 576
KNOT Shuttle Tankers 28 GP AS	org. nr. 914 450 160
KNOT Shuttle Tankers 28 LP AS	org. nr. 914 450 063
KNOT Shuttle Tankers 27 AS	org. nr. 914 021 456
KNOT Shuttle Tankers 29 AS	org. nr. 914 450 055
KNOT FSO 2 AS	org. nr. 814 450 112
KNOT Shuttle Tankers 24 AS	org. nr. 914 012 902
KNOT Shuttle Tankers 25 AS	org. nr. 914 006 600
KNOT Shuttle Tankers 26 AS	org. nr. 914 021 251

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskap 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.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

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. Konsernet ønsker nå å søke om samme dispensasjon for ytterligere et antall selskap som inngår i konsernet. Alle selskapene inngår i konsernregnskapet til TS Shipping Invest AS. Selskapene det søkes om dispensasjon for er enten eid 100 % av TS Shipping Invest AS, eller 50 % av TS Shipping Invest AS og 50 % av det nederlandske selskapet NYK Logistics Holding (Europe) B.V. Alle selskapene i konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper.

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

**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.

De samme fakta og argument for dispensasjon foreligger i denne søknaden som ble vurdert ved innvilgelse av dispensasjon for konsernspissen og enkelte søsterselskap. Selskapenes aktivitet er knyttet til en internasjonal bransje hvor engelsk språk benyttes både internt i selskapene samt mot aksjonærer, og i kommunikasjon med eksterne forretningspartnere. Videre er eierkretsen begrenset.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer