



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 998 943 035
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNOT SHUTTLE TANKERS 18 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl
Dato for fastsettelse av årsregnskapet: 17.03.2023

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 02.06.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Operating income	1	80 754 565	104 528 653
Other income			2 373
Sum inntekter		80 754 565	104 531 026
Kostnader			
Crew-hire	2	26 454 734	24 179 076
Ordinary depreciation	3	40 860 671	44 818 982
Ordinary depreciation - dry docking	3		
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3		58 656 195
Voyage related costs	1	18 024 797	7 621 329
Commissions		1 175 463	
Other operating expenses		52 983 904	11 474 492
Administration	2	8 348 904	6 882 535
Sum kostnader		147 848 472	153 632 609
Driftsresultat		-67 093 907	-49 101 584
Finansinntekter og finanskostnader			
Financial income	4	169 343	303 524
Foreign exchange gain/loss		-1 200 663	3 903 482
Sum finansinntekter		-1 031 321	4 207 006
Financial expenses	4	9 295 434	7 457 686
Sum finanskostnader		9 295 434	7 457 686
Netto finans		-10 326 755	-3 250 680
Ordinært resultat før skattekostnad		-77 420 662	-52 352 264
Taxes	5		
Ordinært resultat etter skattekostnad		-77 420 662	-52 352 264
Årsresultat		-77 420 662	-52 352 264
Årsresultat etter minoritetsinteresser		-77 420 662	-52 352 264



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Totalresultat		-77 420 662	-52 352 264



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	3	413 487 652	392 704 572
Dry-docking	3		
Sum varige driftsmidler		413 487 652	392 704 572
Sum anleggsmidler		413 487 652	392 704 572
Omløpsmidler			
Varer			
Inventories	6	10 538 174	1 300 253
Sum varer		10 538 174	1 300 253
Fordringer			
Receivables	11	14 550 206	10 247 514
Konsernfordringer		168 818	2 076
Sum fordringer		14 719 024	10 249 590
Bankinnskudd, kontanter og lignende			
Bank deposits	7	29 210 686	40 484 522
Sum bankinnskudd, kontanter og lignende		29 210 686	40 484 522
Sum omløpsmidler		54 467 884	52 034 364
SUM EIENDELER		467 955 536	444 738 937
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		132 000	132 000
Overkurs		116 644 752	116 644 752



Balanse

Beløp i: NOK	Note	2022	2021
Annen innskutt egenkapital		209 727 920	180 958 682
Sum innskutt egenkapital		326 504 672	297 735 434
Other equity			
Sum egenkapital	8, 9	326 504 672	297 735 434
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	97 705 618	136 720 680
Sum annen langsiktig gjeld		97 705 618	136 720 680
Sum langsiktig gjeld		97 705 618	136 720 680
Kortsiktig gjeld			
Leverandørgjeld	11	3 952 922	2 613 104
Kortsiktig konserngjeld		34 918 574	22 870
Other current liabilities		4 873 750	7 646 850
Sum kortsiktig gjeld		43 745 246	10 282 823
Sum gjeld		141 450 864	147 003 503
SUM EGENKAPITAL OG GJELD		467 955 536	444 738 937



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Name	Method	Signed at
Domyo, Takashi	BANKID	2023-03-13 10:04 GMT+01
Seglem, Trygve	BANKID	2023-03-13 09:40 GMT+01
Dahl, Karl Gerhard B	BANKID	2023-03-13 08:00 GMT+01



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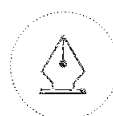


KNOT Shuttle Tankers 18 AS Annual Report 2022



M/T "Windsor Knutsen"

KNOT
Offshore Partners LP



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KNOT SHUTTLE TANKERS 18 AS

REPORT OF THE BOARD OF DIRECTORS 2022

KNOT Shuttle Tankers 18 AS owns and operates M/T Windsor Knutsen a 160 241-dwt shuttle tanker delivered from Daewoo shipyard at Busan South Korea in 2007 and converted to shuttle tanker at Remontowa, Poland in 2011.

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

The company's activities

The vessel was operated on a time-charter agreement to PetroChina International (America), Inc. until the 15-year class in 2nd quarter 2022. The vessel has after the dry-docking and class renewal been operated in the voyage and spot tanker market in Brazil until start-up the 11 January 2023 on a one-year fixed with one optional year time charter agreement to Shell. The Company has agreed with Equinor Shipping Inc. a 12-month fixed time charter contract with charterers option to extend the fixed period to 24-months and two 12-month options to commence in 4th quarter 2024.

Result for the year

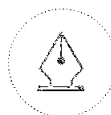
The operating result for KNOT Shuttle Tankers 18 AS was minus NOK 67 093 907 in 2022 compared to minus NOK 49 101 584 in 2021. After net financial loss of NOK 10 326 755 in 2022, against a loss of NOK 3 250 680 in 2021, the results of the year were minus NOK 77 420 662 in 2022 compared to minus NOK 52 352 264 in 2021.

The Board of Directors propose to cover the loss for the year by other paid-in equity.

Total cash flow from operational activities was NOK 7 005 666 in 2022, compared to NOK 73 606 115 in 2021. The liquidity position was NOK 29 210 686 as per 31.12.2022 compared to NOK 40 484 522 as per 31.12.2021. The company's ability to finance its investments is good. The outstanding mortgage loan is at the end of 2022 USD 16 024 532, USD 22 507 920 at the end of 2021.

Total capital was by the end of the year NOK 467 955 536, compared to NOK 444 738 937 the year before. The equity-share as of 31.12.2022 was 70 %, compared to 67 % per 31.12.2021.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since most of 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



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contracts at the end of 2022 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 no interest swap agreements.

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

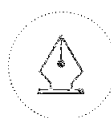
Environment, safety, and quality control

The requirements for safety and operation of ships are increasing, and the company, the group and the manager KNOT Management AS are concerned with operational excellence. The company vessel consists of modern ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ship is maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources into quality assurance and there are strict requirements for safety systems and the operation of the ship.

The operation of the vessel can affect the external environment through emissions of air and water and the company, and the manager therefore has a high focus on health, environment, and safety work. The company and manager are concerned with environmental considerations when implementing projects, and environmental considerations are included in all stages from planning and implementation from operation, maintenance, sorting and recycling. The manager and the crew focus on minimizing energy consumption and reducing the pollution from energy generation on the vessel from the daily operation. The requirements for environment and safety in the operations of vessels are increasing, and both the company, the manager and the KNOT Offshore Partners Group emphasize operational quality. There have been no accidents linked to operations that have had serious consequences for crew, the environment, or assets in 2022.

The company has no employees and thus no working environment. The company aims to be a workplace where there is no discrimination related to gender, ethnicity, religion, or disability. The board of directors considers the working conditions satisfactory. 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.

The company and the other companies in the Norwegian part of the group regularly carries out risk-based due diligence assessments in accordance with the obligations pursuant to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (LOV-2021-06-18-99) section 4. The



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due diligence assessments cover the operations in the company. The account for these due diligence assessments and other obligations pursuant to the Act's section 5 will be included in a report here www.knutsenoas.com within 30 June 2023.

Prospects

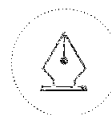
Based on that the performance of M/T Windsor Knutsen in 2022, the 15 year class renewal in 2nd quarter 2022 with ballast water treatment system installation and new contracts for the vessel from 2023 onwards, the Board of Directors has every reason to believe that the 2023 will be a satisfactory year for the company.

Haugesund, March 13, 2023

Trygve Seglem
Chairman of the Board

Karl Gerhard Bråstein Dahl
Member of the Board

Takashi Domyo
Member of the Board



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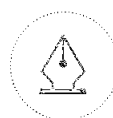
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KNOT Shuttle Tankers 18 AS

Profit & Loss Account

	Note	2022	2021
<u>Operating Income</u>			
Operating income	1	80 754 565	104 528 653
Other income		0	2 373
<i>Total Operating income</i>		<u>80 754 565</u>	<u>104 531 026</u>
<u>Operating Expenses</u>			
Voyage related costs	1	18 024 797	7 621 329
Crew-hire	2	26 454 734	24 179 076
Commissions		1 175 463	0
Other operating expenses		52 983 904	11 474 492
Administration	2	8 348 904	6 882 535
<i>Total Operating Expenses</i>		<u>106 987 802</u>	<u>50 157 432</u>
Ordinary depreciation	3	40 860 671	44 818 982
Write - downs	3	0	58 656 195
<i>Operating Result</i>		<u>-67 093 907</u>	<u>-49 101 584</u>
<u>Financial Income and Expenses</u>			
Financial income	4	169 343	303 524
Foreign exchange gain/loss		-1 200 663	3 903 482
Financial expenses	4	-9 295 434	-7 457 686
<i>Net Financial Items</i>		<u>-10 326 755</u>	<u>-3 250 680</u>
<i>Result before taxes</i>		<u>-77 420 662</u>	<u>-52 352 264</u>
Taxes	5	0	0
<i>Result for the year</i>		<u>-77 420 662</u>	<u>-52 352 264</u>



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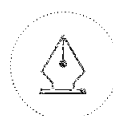
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KNOT Shuttle Tankers 18 AS

Balance Sheet as of 31. December

<u>Assets</u>	Note	2022	2021
<u>Non Current Assets</u>			
Vessel	3	413 487 652	392 704 572
<i>Total non Current Assets</i>		<u>413 487 652</u>	<u>392 704 572</u>
<u>Current Assets</u>			
Inventories	6	10 538 174	1 300 253
Receivables	11	14 550 206	10 247 514
Current receivables group		168 818	2 076
Bank deposits	7	29 210 686	40 484 522
<i>Total Current Assets</i>		<u>54 467 884</u>	<u>52 034 364</u>
TOTAL ASSETS		<u>467 955 536</u>	<u>444 738 937</u>



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KNOT Shuttle Tankers 18 AS
Balance Sheet as of 31. December

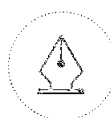
<u>Shareholders Equity and Liabilities</u>	Note	2022	2021
<u>Equity</u>			
Share capital		132 000	132 000
Share premium		116 644 752	116 644 752
Capital paid-in		209 727 920	180 958 682
<i>Total capital paid-in</i>		<u>326 504 672</u>	<u>297 735 434</u>
Other equity		0	0
<i>Total Shareholders' Equity</i>	8, 9	<u>326 504 672</u>	<u>297 735 434</u>
<u>Long Term Debt</u>			
Liabilities to financial institutions	10	97 705 618	136 720 680
<i>Total Long Term Debt</i>		<u>97 705 618</u>	<u>136 720 680</u>
<u>Current Liabilities</u>			
Accounts payable	11	3 952 922	2 613 104
Current liabilities group		34 918 574	22 870
Other current liabilities		4 873 750	7 646 850
<i>Total Current Liabilities</i>		<u>43 745 246</u>	<u>10 282 823</u>
<i>Total liabilities</i>		<u>141 450 864</u>	<u>147 003 503</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>467 955 536</u>	<u>444 738 937</u>

Haugesund, March 13, 2023,
The board of KNOT Shuttle Tankers 18 AS

Trygve Seglem
chairman of the board

Karl Gerhard Bråstein Dahl
member of the board

Takashi Domyo
member of the board



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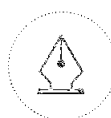


KNOT SHUTTLE TANKERS 18 AS

CASHFLOW STATEMENT

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

	2022	2021
Result before tax	-77,420,662	-52,352,264
+ Ordinary depreciation	40,860,671	44,818,982
+ Impairment	0	58,656,195
-/+ Profit/loss on foreign exchange liabilities to fin. institutions	23,162,228	17,231,873
+ Financial expenses - liabilities to financial institutions	648,361	833,700
= Total generated from operations	-12,749,402	69,188,486
+ Net received on current assets	-13,707,355	3,770,015
+ Net received on current liabilities	33,462,423	647,614
Net cashflow from operations	7,005,666	73,606,115
<u>Cashflow from investments</u>		
Upgrading of vessel	-21,917,534	-443,744
Performed class renewal with drydocking	-39,726,217	0
Net cashflow from investments	-61,643,751	-443,744
<u>Cashflow from financing</u>		
Repayment of liabilities to financial institutions	-62,825,651	-56,895,296
Equity received - group contribution received	106,189,900	17,117,800
Net cashflow from financing	43,364,249	-39,777,496
Net cashflow for the year	-11,273,836	33,384,875
+ Bank deposits per 01.01.	40,484,522	7,099,647
= Bank deposits per 31.12.	29,210,686	40,484,522



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KNOT SHUTTLE TANKERS 18 AS

Notes to the Financial Statement 31.12.2022

Accounting Principles

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

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 ineffective part of the debt in foreign currencies over financial items.

Related party transactions

The Company has undertaken several agreements and transactions with group companies and/or related parties. The level of fees are based on market terms and are in accordance with the arm's length principle. Ship management fee includes services like technical management, crewing management, IT and energy management.

1 Contracts

In late August 2022, the Company entered into a new time charter contract for the Windsor Knutsen with Shell and the vessel was delivered on charter 11 January 2023 for a fixed period of one year, with charterer's option to extend the charter for one additional year.

The Company has finalised negotiations with Equinor Shipping Inc. for a 12-month fixed time charter contract with charterers option to extend the fixed period to 24-months and two 12-month options to commence in 4th quarter 2024.

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.

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

Voyage related costs

Specification:

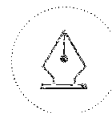
	2022	2021
Port Charges	902,848	0
Bunkers	17,121,949	7,621,329
Total	18,024,797	7,621,329

2 Employees and remuneration

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

	2022	2021
Grants crew expenses	-971,325	-1,847,791

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.



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	2022	2021
Auditors remuneration (excl. VAT):		
Audit	40,103	18,819
Other services besides audit	0	0
	<u>40,103</u>	<u>18,819</u>

3 **Fixed Assets**

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 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, in connection with certificate renewal and class of the vessel, are capitalised and expensed over the period till the next class renewal with dry-docking. This is in line with the depreciation plan of the vessel, and takes into account that the vessel is classified to operate for an additional period. Dry-docking is carried out every 5th year for vessels 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.

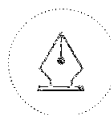
Vessel	2022	2021
Historical value 1.1	819,710,582	819,266,837
Acc. Depreciation 1.1	370,650,506	332,733,600
Acc. Write-Down 1.1	58,656,195	0
Book value 1.1	<u>390,403,881</u>	<u>486,533,237</u>
Additions/disposals	21,917,534	443,744
Write-Down	0	58,656,195
Ordinary annual depreciation	32,396,492	37,916,906
Book value 31.12.	<u>379,924,922</u>	<u>390,403,881</u>

Dry-docking	2022	2021
Capitalised dry-docking 1.1	35,224,828	35,224,828
Acc. Depreciation dry-docking 1.1	32,924,136	26,022,060
Capitalised dry-docking 1.1	2,300,692	9,202,768
Additions/disposals	39,726,217	0
Ordinary annual depreciation	8,464,179	6,902,076
Book value 31.12.	<u>33,562,730</u>	<u>2,300,692</u>

Total vessel	<u>413,487,652</u>	<u>392,704,572</u>
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4 **Financial Income and -Expenses**

	2022	2021
Financial Income:		
Dividend	0	303,514
Other interest income	169,343	10
Total financial income	<u>169,343</u>	<u>303,524</u>
Financial expenses:		
Interest expenses	8,225,062	6,221,445
Guarantee cost related parties	917,920	1,090,644
Other financial expenses	152,452	145,597
Total financial expenses	<u>9,295,434</u>	<u>7,457,686</u>



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5 Tax

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

In the tonnage tax regime, the company pay no tax on qualifying operational result and part of the net financial related to the ownership of the vessel, but pay an annual tax set annually by the parliament related to the tonnage owned by the company. The limited part of the profit that is taxable are taxed under the standard Norwegian company tax that for the accounting period is 22%. Tonnage taxed companies will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital.

We classify the tonnage tax as an operating expense.

Specification on the temporary differences:

	2022	Change	2021
Loss carried forward	-28,245,769	-2,725,996	-25,519,773
Basis for deferred tax (benefit)	-28,245,769	-2,725,996	-25,519,773
Deferred tax (benefit)	-6,214,069	-599,719	-5,614,350
Deferred tax (benefit) booked	0	0	0

Deferred tax assets are only recognized to the extent that it is more probable than not that these will be utilized in the future.

Taxable result tonnage tax scheme:

	2022	2021
Net financial items	-10,326,755	-3,250,680
Non-deductable currency loss	44,155	-3,911,616
Other non-deductible items	0	-294,408
Non-deductable interest	7,556,603	5,958,812
Taxable income before loss carried forward	-2,725,996	-1,497,892
Change in loss carried forward	2,725,996	1,497,892
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0
Tonnage tax expenses under operating expenses	70,702	161,460

6 Inventories

Specification of inventories per 31.12.

	2022	2021
Lube oil	2,209,744	1,300,253
Bunker	8,328,429	0
Total inventory	10,538,174	1,300,253

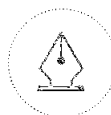
7 Bank deposits

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

8 Equity

Specification of the equity per 31.12.

	Share capital	Share premium	Capital Paid-in	Other equity	Total equity
Equity 01.01	132,000	116,644,752	180,958,682	0	297,735,434
Group contribution, net	0	0	106,189,900	0	106,189,900
Result for the year	0	0	-77,420,662	0	-77,420,662
Equity 31.12.	132,000	116,644,752	209,727,920	0	326,504,672



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Share capital consists of 2 400 shares NOK 55 each, all the shares is owned by KNOT Shuttle Tankers AS.

KNOT Shuttle Tankers 18 AS is controlled 100% by KNOT Offshore Partners LP. Accounting for the Group can be obtained from the website, <http://knotoffshorepartners.com/>.

9 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.

10 Mortgage Debt and Financial Instruments

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

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

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

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

	Currency	Outstanding currency	Hedge accounting rate	Accounting balance	
				2022	2021
Mortgage debt	USD	16,024,532	6.1177	98,033,279	137,696,702
Debt issuance cost				-327,661	-976,022
Liabilities to financial institutions				97,705,618	136,720,680

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

Future income flows from anticipated fixed revenue contracts in the same currency as the financing exceed the debt at the balance sheet date. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate.

	2022	2021
Foreign exchange gain/-loss not taken over profit and loss (i.e. off-balance):	-60,715,350	-61,190,031

Amounts due within 12 months of the balance sheet date:

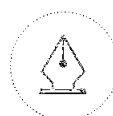
Mortgage debt	98,033,279	39,663,423
Debt issuance cost	-327,654	-648,362
Liabilities to financial institutions	97,705,625	39,015,061

Repayment profile:

based on expected refinancing

0 - 12 months	6,483,388	6,483,388
13 - 24 months	6,483,388	6,483,388
25 - 36 months	3,057,756	6,483,388
37 - 48 months	0	3,057,756
49 - 60 months	0	0
After 60 months	0	0
	16,024,532	22,507,920

The exchange rate at the year-end	USDNOK	9.9066	8.8363
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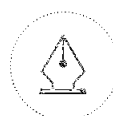


Security for the loan is made through a first priority mortgage in the vessel, transportation of income, pledged bank deposit, factoring agreement, pledged shares in the company and guarantees from the owner.

Book value of mortgaged assets is NOK 468 million.

11 Balances with related parties

	2022	2021
<u>Receivables</u>		
Knutsen OAS Shipping AS	0	209,618
KNOT Management AS	2,278,161	2,066,898
	<u>2,278,161</u>	<u>2,276,516</u>
<u>Accounts payable related parties</u>		
Knutsen OAS Crewing AS	92,014	83,635
Knutsen OAS Shipping AS	1,810,631	1,355,644
Knutsen OAS Management AS	170,247	5,640
KNOT Shuttle Tankers 31 AS	0	82,550
KNOT Management AS	357,094	157,975
	<u>2,429,986</u>	<u>1,685,444</u>



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Ernst & Young AS

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

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KNOT Shuttle Tankers 18 AS

Opinion

We have audited the financial statements of KNOT Shuttle Tankers 18 AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Oslo, 13 March 2023
ERNST & YOUNG AS

(The auditor's report is signed electronically)

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Independent auditor's report - KNOT Shuttle Tankers 18 AS 2022

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Johan Nordby

Statsautorisert revisor

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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 25.01.2013	Vår dato 30.01.2013
Telefon 22078139	Deres referanse	Vår referanse 2013/72130

KNUTSEN OAS SHIPPING AS
Postboks 2017
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 25. januar 2013 og telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

Knutsen EOR Solutions AS	org. nr. 999 332 676
Knutsen Shuttle Tankers 19 AS	org. nr. 999 274 323
Knutsen Shuttle Tankers Invest AS	org. nr. 999 250 793
KNOT Shuttle Tankers 17 AS	org. nr. 998 942 969
KNOT Shuttle Tankers 18 AS	org. nr. 998 943 035
KNOT Shuttle Tankers AS	org. nr. 998 942 829

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

Bakgrunn

Knutsen EOR Solutions AS er eid 100 % av TS Shipping Invest AS. De øvrige 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 fikk i vedtak (2010/867030) av 2. juni 2010 dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk. Det er også gitt tillatelse til datter selskaper og selskaper som er eid 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. 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.

Postadresse Postboks 9200 Grønland 0134 Oslo For elektronisk henvendelse se www.skatteetaten.no	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
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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 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."

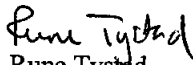
Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

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 tilsvarende selskaper i konsernet er innvilget dispensasjon. Eierkretsen er begrenset. 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