Soil Recovery A/S

Nederbyvej 12
5800 Nyborg

CVR no. 10 37 60 84

Annual report for the period 1 January to 31 December 2020

Adopted at the annual general meeting on 30 June 2021

Robbert Oudendijk
chairman

Table of contents

Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Soil Recovery A/S for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Nyborg, 30 June 2021

Executive board

Gordon Duthie
Managing director

Supervisory board

Robbert Oudenjik
Chairman

Gordon Duthie
Deputy chairman

Trevor Brian Martin

Independent auditor's report

To the shareholder of Soil Recovery A/S

Opinion

We have audited the financial statements of Soil Recovery A/S for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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 in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 in preparing the financial statements 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, 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 management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Odense, 30 June 2021

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 20 28

Morten Schougaard Sørensen
Statsaut. Revisor
MNE no. 32129

Company details

The company	Soil Recovery A/S Nederbyvej 12 5800 Nyborg	
	Telephone:	+45 62 25 13 58
	Website:	Soil-recovery.dk
	CVR no.:	10 37 60 84
	Reporting period: Incorporated:	1 January - 31 December 2020 15 August 1986
	Domicile:	Nyborg
Supervisory board	Robbert Oudenjik, chairman Gordon Duthie, deputy chairman Trevor Brian Martin	
Executive board	Gordon Duthie	
Auditors	EY Godkendt Revisionspartnerselskab Englandsgade 25 5100 Odense C	

Management's review

Business review

Soil Recovery A/S carries on business within development, construction, sale and operation of plants relating to heat treatment, including, especially, distillation and hightemperature incineration. Further, Soil Recovery A/S leases offshore containers and automatic tank cleaning units for cleaning mud and oil tanks on offshore supply vessels.

Financial review

The company's income statement for the year ended 31 December 2020 shows a profit of DKK 3.137.171, and the balance sheet at 31 December 2020 shows equity of DKK 34.608.516.

Management considers the company's financial performance in the year satisfactory concidering the market situation.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Covid-19

While the company has not experienced a materially adverse impact from COVID-19 on the financial statments for 2020, the compay is closely monitoring the potential of COVID-19 on its financial reporting for 2021 and beyound, as the impact of the COVID-19 pandemic continues to unfold.

Resultatopgørelse 1 januar - 31 december

	Note	2020 DKK	2019 DKK
Gross profit		**17.257.744**	**27.525.766**
Staff costs	1	-10.380.788	-14.287.973
Profit/loss before amortisation/depreciation and impairment losses		**6.876.956**	**13.237.793**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	0	-59.068
Other operating income		74.599	0
Profit/loss on ordinary activities before fair value adjustments		**6.951.555**	**13.178.725**
Profit/loss before net financials		**6.951.555**	**13.178.725**
Financial income	3	546.032	363.776
Financial costs	4	-2.285.060	-199.657
Profit/loss before tax		**5.212.527**	**13.342.844**
Taxes	5	-2.075.356	-3.212.364
Profit/loss for the year		**3.137.171**	**10.130.480**

Proposed dividend for the year	0	15.000.000
Retained earnings	3.137.171	-4.869.520
	3.137.171	**10.130.480**

Balance 31 december

	Note	2020 DKK	2019 DKK
Assets			
Land and buildings		277.789	277.789
Plant and machinery		0	0
Other fixtures and fittings, tools and equipment		0	0
Tangible assets	6	**277.789**	**277.789**
Total non-current assets		**277.789**	**277.789**
Work in progress		5.048.392	1.245.435
Raw materials and consumables		4.152.315	17.235.119
Stocks		**9.200.707**	**18.480.554**
Trade receivables	7	4.172.879	2.417.025
Deferred income		905.033	1.605.000
Receivables from group companies		21.593.486	26.010.884
Other receivables		603.985	486.558
Deferred tax asset	9	760.363	976.638
Receivables		**28.035.746**	**31.496.105**
Cash at bank and in hand		**859.993**	**5.837.194**
Total current assets		**38.096.446**	**55.813.853**
Total assets		**38.374.235**	**56.091.642**

Balance 31 december

	Note	2020 DKK	2019 DKK
Equity and liabilities			
Share capital		5.000.000	5.000.000
Retained earnings		29.608.516	26.471.345
Proposed dividend for the year		0	15.000.000
Equity	8	**34.608.516**	**46.471.345**
Trade payables		519.930	1.419.617
Payables to group companies		300.975	2.042.323
Income taxes payable		930.481	2.420.898
Other payables		2.014.333	3.737.459
Total current liabilities		**3.765.719**	**9.620.297**
Total liabilities		**3.765.719**	**9.620.297**
Total equity and liabilities		**38.374.235**	**56.091.642**
Contingent liabilities	10		
Mortgages and collateral	11		
Related parties and ownership structure	12		

Notes

		2020	2019
		DKK	DKK
1	**Staff costs**		
	Wages and salaries	9.503.920	13.011.638
	Pensions	825.559	1.006.293
	Other social security costs	51.309	270.042
		10.380.788	**14.287.973**
	Average number of employees	15	25
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Depreciation tangible assets	0	59.068
		0	**59.068**

		2020	2019
		DKK	DKK
3	**Financial income**		
	Interest received from group companies	14.016	55.756
	Other financial income	450	105.448
	Financial income	531.566	202.572
		546.032	**363.776**

		2020	2019
		DKK	DKK
4	**Financial costs**		
	Other financial costs	2.285.060	199.657
		2.285.060	**199.657**

Notes

	2020	2019
	DKK	DKK
5 Tax on profit/loss for the year		
Current tax for the year	930.481	2.793.333
Deferred tax for the year	216.275	174.901
Adjustment of tax concerning previous years	231.415	244.130
Foreign tax paid	697.185	0
	2.075.356	**3.212.364**

6 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost at 1 January 2020	4.009.104	43.023.037	2.388.354
Cost at 1 January 2020	4.009.104	43.023.037	2.388.354
Impairment losses and depreciation	3.731.315	43.023.037	2.388.354
Impairment losses and depreciation	3.731.315	43.023.037	2.388.354
Carrying amount	**277.789**	**0**	**0**

7 Receivables

Part of the trade receivables are overdue (app. DKK 2,6 million). Payment has not been made due to payment restrictions in the county of the customer. Payment is expected in 2021 and no impairment has been made. The costumer in Angola has made payments in 2021 of DKK 290 thousand.

Notes

8 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2020	5.000.000	26.471.345	15.000.000	46.471.345
Ordinary dividend paid	0	0	-15.000.000	-15.000.000
Net profit/loss for the year	0	3.137.171	0	3.137.171
Equity	**5.000.000**	**29.608.516**	**0**	**34.608.516**

The share capital consists of 5.000 shares of a nominal value of DKK 1.000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes

9 Provision for deferred tax

	2020 DKK	2019 DKK
Provision for deferred tax at 1 January 2020	976.638	1.151.539
Deferred tax adjustments in the year	0	-174.901
Transferred to deferred tax asset	760.363	976.638
	0	**0**
Deferred tax asset		
Calculated tax asset	760.363	976.638
Carrying amount	**760.363**	**976.638**

10 Contingent liabilities

The company is jointly taxed with its sister company, Subseaflex Holding ApS, which acts as managment company, and is jointly and severally with other jointly taxed group entities for payment for income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalities and dividends falling due for payment on or after 1 July 2012.

The company is a part of cashpool agreement with other companies in the National Oilwell Varco group and is jointly and severally liable with other group companies for the outstanding credit under the agreement.

The company has production facilities on rental land. If the rent agreement is terminated, the company has an obligation to demolish the building and potentially clean the land.

11 Mortgages and collateral

The company has issued an owner's mortage (bill of sale) at a value of USD 500,000 secured on treatment plant no. SR 0319.

Notes

12 Related parties and ownership structure

Controlling interest

Ultimate parent
NOV Inc.
Houston, Texas, USA

Other related parties

Participating interest
Celle, Germany

Tuboscope Vetco (Deutschland) GmbhH

Transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Act. All transactions have been carried out on an arm's length basis.

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Tuboscope Vetco (Deutschland) GmbH, Celle, Germany

Consolidated financial statements

The company is reflected in the group report of the parent company's consolidated financial statements.

The group report of can be obtained at the following address:

National Oilwell Varco, Inc, Houston, Taxes, USA - www.nov.com
Tuboscope Vetco (Deutschland) GmbhH, Celle, Germany - www.unternehmenregister.de

Anvendt regnskabspraksis

The annual report of Soil Recovery A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Effective from the financial year 2020, the company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statments Act. The implementation ot the amanding act has not affected the company's accounting policies on recognition and measurement of assets and liabilities but has sloly entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statments are consistent with those of last year.

The accounting policies applied are consistent with those of last year.

The annual report for 2020 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Anvendt regnskabspraksis

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Income from the rendering of service is recognised as revenue as the service is rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage of completion method).

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

The entity is jointly taxed with other group entities. The total Danish Income tax charge is allocted between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Anvendt regnskabspraksis

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Completed development projects	5 years
Land and buildings	15 years
Plant and machinery	3-8 years
Other fixture, fittings, tools and equipmets	5 years

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

Anvendt regnskabspraksis

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Impairment of fixed assets
The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables
Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Equity
Dividends
Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Anvendt regnskabspraksis

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in the fair value reserve under 'Equity'. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.