National Oilwell Varco Denmark I/S

Priorparken 480
2605 Brøndby

CVR no. 24 25 52 98

Annual report for the period 1 January to 31 December 2024

Adopted at the annual general meeting on 30 June 2025

chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of National Oilwell Varco Denmark I/S for the financial year 1 January - 31 December 2024.

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 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024.

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.

Brøndby, 25 June 2025

Executive board

Torbjörn Raymond Weywadt Nilsen President, Subsea Production System	Martha Maria Smorenburg de Haas Vice President, Project Management	Henrik Aas Thomsen Vice President, Finance

Supervisory board

Trevor Brian Martin Chairman	Christopher Paul O'Neil Deputy chairman

Independent auditor's report

To the shareholders of National Oilwell Varco Denmark I/S

Opinion

We have audited the financial Statements of National Oilwell Varco Denmark I/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial Statements give a true and fair view of the financial position of the Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 30 June 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Hans B. Vistisen
state authorised public accountant
mne23254

Mads Obel Knørsgaard
state authorised public accountant
mne49041

Company details

The company	National Oilwell Varco Denmark I/S Priorparken 480 2605 Brøndby	
	Telephone:	+45 4349 3000
	Website:	www.nov.com/sps
	CVR no.:	24 25 52 98
	Reporting period: Incorporated:	1 January - 31 December 2024 1 July 1999
	Domicile:	Brøndby
Supervisory board	Trevor Brian Martin, chairman Christopher Paul O'Neil, deputy chairman	
Executive board	Torbjörn Raymond Weywadt Nilsen Martha Maria Smorenburg de Haas Henrik Aas Thomsen	
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg	
Bankers	DNB Bank AS	

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2024	2023	2022	2021	2020
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Revenue	1,868	1,520	1,360	1,120	1,246
Profit/loss before amortisation/depreciation and impairment losses	271	174	50	-146	-67
Profit/loss before net financials	188	217	1	-188	-417
Net financials	11	50	669	23	19
Profit/loss for the year	198	267	670	-165	-398
Balance sheet					
Non-current assets	888	1,066	1,045	1,885	1,900
Current assets	1,152	1,194	693	595	779
Investments in property, plant and equipment	54	35	37	38	76
Investments in intangible assets	88	67	61	79	76
Balance sheet total	2,039	2,259	1,738	2,481	2,679
Equity	1,271	1,293	1,147	1,967	2,133
Short-term liabilities other than provision	732	922	539	470	546
Financial ratios					
Gross margin	41.5%	43.9%	39.7%	27.4%	31.8%
EBIT margin	10.1%	14.3%	0.1%	-16.8%	-33.5%
ROIC	35.9%	31.0%	11.6%	-8.6%	-1.4%
Current ratio	157.3%	129.5%	128.5%	126.5%	154.1%
Solvency ratio	62.3%	57.2%	66.0%	79.3%	79.6%
Return on equity	15.5%	21.9%	43.0%	-8.0%	-17.0%
Average number of employees	658	653	693	694	693

For terms and definitions on financial ratios, please see Financial Highlights section on Accounting Policies.

Management's review

Business review

National Oilwell Varco Denmark I/S engineers, manufactures and delivers flexible pipe systems for the purpose of recovering hydrocarbon oil and gas from offshore fields as well as solutions for the purpose of transporting chemicals and water to in-shore installations based on the use of flexible pipe products. The company is ultimately owned by NOV Inc.

The existing product range consists of flexible pipe solutions ranging from 2” – 16” (approx. 50 – 406 mm inside diameter) and designed to operate under very demanding offshore conditions in all parts of the world. The products are unique, because they remain flexible even under very high working pressure, up to 1,000 bars, and at the same time they are able to withstand working temperatures up to 130 Celsius. Flexible pipe systems are superior to other pipe solutions in respect of flexibility, ability to withstand different design conditions and capability to convey challenging mixtures of liquid and gaseous fluids.

Today, flexible pipe systems are used to recover oil and gas at water depths down to 2,500 meters, and National Oilwell Varco Denmark I/S’ products are qualified for use in these water depths.

National Oilwell Varco Denmark I/S also offers a unique condition monitoring solution for its flexible pipe systems based on the use of optical fibers embedded in the pipes' steel armor wires.

Apart from the flexible pipe products manufactured at the Kalundborg factory, National Oilwell Varco Denmark I/S also supplies a wide range of additional equipment to the market, such as accessories and steel structures required in a given system configuration. The ability to correctly design and to procure such elements is an important part of being a solution provider to the offshore oil and gas market.

By the end of December 2024 National Oilwell Varco Denmark I/S counted 658 employees. 51% of the employees work at the Danish factory primarily concerned with the production of flexible pipe products. The remaining 49% of the employees work in the headquarters in Denmark and are engaged in research and development, project management, engineering work, general management and administration. In addition, National Oilwell Varco Denmark I/S has a small department in Aalborg primarily focused on research and development.

Unusual matters

The Company's financial position at 31. December 2024 and the results of its operation for the financial year ended 31. December 2024 are not affected by unusual matters.

Financial review

The company's income statement for the year ended 31 December 2024 shows a net profit of 198.4 million DKK and the balance sheet at 31 December 2024 shows equity of 1,271 million DKK.

Management's review

In 2024, National Oilwell Varco Denmark I/S realized revenue of 1,868 million DKK compared to revenue of 1,520 million DKK in 2023, equivalent to an increase of 22.9%.

The profit for the year before amortization and depreciation amounts to 271 million DKK compared to a profit of 173.9 million DKK in 2023, equivalent to an increase of 55.8%.

The net profit for 2024 amounts to 198.4 million DKK compared to a net profit of 267.2 million DKK in 2023, equivalent to a decrease of 25.7%. The decrease in net profit is explained by the non-recurring event of an impairment reversal in 2023, and subsequent increase in depreciations net effect 40 million DKK. The result was also negatively affected by hedge cost and increase in exchange loss 28 million DKK.

The revenue for 2024 was 5% above the expectations compared to the highest part of the expected range, and EBITDA was 1% above expectations compared to the highest part of the expected range as communicated in the annual report for 2023.

Project related risks

On an ongoing basis the company evaluates the need for provisions for technical risks on the individual projects.

Customer contracts typically contain a late-delivery clause enabling day fines of up to 10% of the contract value. If the production schedules indicate delays, the need to make provision is evaluated on a case-by-case basis.

Contracts entered into by the company typically include a provision that the company will be indemnified for consequential losses caused by the use of the company’s products.

In the event of a breach of the contract obligations, the overall and cumulative liability of the company is normally limited to the contract amount or lower.

Currency related risks

Activities abroad result in earnings and equity to be affected by exchange rate and interest rate developments for a number of currencies. According to the company's policy the company may hedge commercial currency risks. Hedging takes place primarily through forward exchange hedges to reduce the risk of adverse price movements from expected sales and purchases. The company does not engage in speculative currency positions

Management's review

Business related risks

National Oilwell Varco Denmark I/S is dependent upon the level of activity in the oil and gas industry, which is volatile and has caused, and may cause future fluctuations in our operating results.

The oil and gas industry historically has experienced significant volatility. The demand for National Oilwell Varco Denmark I/S products is dependent on the number of oil rigs in operation, the number of oil wells being drilled, and the debt ratio, and drilling characteristics/conditions of these wells' reservoirs. The last of which ultimately drives the operating companies' decision to not only produce but how the field will be produced, driving subsea infrastructure and architecture decisions.

The willingness of the oil operators to make capital expenditures to explore for and produce oil and the willingness of oilfield service companies to invest in capital equipment will continue to be influenced by numerous factors over which we have no control, the two most critical are capex spend (discipline) and the volatility of the oil prices. Expectations for future oil prices may cause shifts in the strategies and expenditure levels of oil companies, drilling contractors, service companies, and subsea equipment companies. Particularly with respect to decisions when and how to purchase major capital equipment of the type National Oilwell Varco Denmark I/S manufactures. Oil prices, which are determined by the marketplace, may shift to a range that is below the acceptable levels for certain of our customers, which could result in reduced demand for our products and have a material adverse effect on our financial condition, results of operations and cash flows. Conversely, sustained higher commodity pricing could enable a growth period that has a positive effect on these same business drivers.

Expected development of the company, including specific prerequisites and uncertainties

Since the steep decline in oil prices during 2020 Q1, oil commodities pricing has been steadily rising, with a peak mid 2022 (related to the war in Ukraine) and now trailing at fairly stable level.

The outlook for 2025 we cotinue to see a strong demand and increasing pricing levels, due to both higher costs of materials, as well as higher margins. Most offshore operators will hold firm on capital discipline, and a future demand for flexible pipes is expected to remain on high levels with Brazilian projects being one of the major contributors. Based on visibility of projects, revenue is expected to increase and end 2025 in the range from 2,450 DKK to 2,650 million DKK

Management expects a profit before financial items, depreciation, and amortization (EBITDA) to be recorded in 2025 in the range from 490 million DKK to 550 million DKK. EBITDA 2025 is materializing higher margin projects, primarily due to market conditions.

Management's review

The Company's knowledge resources are of particular importance to its future earnings

It is imperative for National Oilwell Varco Denmark I/S' continued development to attract and maintain highly skilled and specialized employees, including engineers possessing knowledge within the offshore business.

Corporate social responsibilities

Corporate social responsibility is an integrated part of the NOV group's strategy. The group will always focus on acting responsibly in terms of clients, employees, business partners as well as surroundings and environment.

Description of the company's business model

National Oilwell Varco Denmark I/S engineers, manufactures and delivers flexible pipe systems for the purpose of recovering hydrocarbon oil and gas from offshore fields as well as solutions for the purpose of transporting chemicals and water to in-shore installations based on the use of flexible pipe products. We have businesses world-wide and in almost all continents.

Management's review

Description of the company's corporate social responsibility policies

Policies on the environment and climate

Description of the company's corporate social responsibility standards, guidelines and principles:

National Oilwell Varco Denmark I/S is dedicated to being environmentally responsible and compliant with all applicable environmental laws and regulations in the countries where we operate. Our corporate Environmental Group is committed to serving NOV by identifying and eliminating environmental liabilities, reducing energy consumption, spending, and maintaining compliance with environmental regulations worldwide.

As a large manufacturing company, we recognize the potential risks associated with our manufacturing activities and testing procedures. At National Oilwell Varco Denmark I/S, we are committed to minimizing any unintentional negative impact on the environment and identifying opportunities for positive environmental impact. Our current use of fossil fuels for energy production poses a manageable risk of increased operational expenses due to the unpredictability of future carbon pricing mechanisms and taxes aimed at mitigating climate change, but at this time we do not expect such mechanisms or taxation to develop in such a manner that would be material to our operational expenses.

We focus on optimizing our energy use, procedures, and recycling practices and operate in compliance with legal requirements and ISO standard certifications such as 14001 – Environmental Management System and ISO 50001 – Energy Management System. We have, throughout the year, regularly reviewed and updated these policies to ensure that they align with the latest industry best practices.

In the financial year 2024, we continue to implement systems to better track our energy usage, our aim is to improve our carbon footprint. We also improved our waste handling, by adding additional specialized wastebins at our facilities, to improve better recycling efforts. Lastly, we have conducted an internal campaign on energy saving initiatives, to empower our employees to take simple steps to save energy.

Management's review

Policies on social conditions and labour practices

Description of the company's corporate social responsibility standards, guidelines and principles:

At National Oilwell Varco Denmark I/S, we take corporate social responsibility seriously. As a manufacturing company, we recognize that one of the most material risks we face is related to the health and safety of our employees. That is why we are committed to providing safe and healthy working conditions for all our employees, contractors, customers, and vendors. Our goal is to achieve zero serious injuries and work-related illnesses, both physical and mental.

To ensure that we are meeting this commitment, we have established rigorous standards, guidelines, and principles for workplace health and safety, such as ISO 45001 Working Environment Management System. We regularly review and update these policies to ensure that they align with the latest industry best practices.

In addition to providing safe and healthy working conditions, we also place a strong emphasis on consultation and engagement. We work closely with our employees, their representatives, customers, and suppliers to ensure that we are maintaining strong partnerships and high levels of satisfaction. By doing so, we can build long-term sustainability and create a positive impact on the communities in which we operate.

In 2024, we have been consulting, visiting and engaging with our suppliers and employees, to ensure that there is a high employee satisfaction while making sure that our suppliers uphold social and employee conditions.

We perform consultancy with our employees twice a year, to ensure feedback on how the employees are doing. Based on the feedback we have received in the survey, all managers are required to follow-up and ensure proper action is taken.

For the future, we expect to further improve our work with social and employee condition, through extended consultations (e.g., surveys, training, auditing of suppliers etc.).

Policies on human rights

Description of the company's corporate social responsibility standards, guidelines and principles:

For National Oilwell Varco Denmark I/S, the most material risk of violating human rights will exist within our supply chain. As an international company, we value the varied backgrounds and perspectives of each of our employees and we are committed to providing a work environment free of unlawful discrimination and harassment based on any status or activity protected by applicable law. We uphold human rights in all of our facilities and throughout all our commercial (supply chain and client base) and employment (pre-, during and post-) activities.

The company performs annual conduct & ethics training for all employees who have a company email address to ensure everyone has a clear understanding of their obligations in this area. This training was maintained throughout 2024 and no known violations recorded.

In the future, we will continue to perform annual conduct and ethics training for all employees with a company email.

Anti-corruption and bribery policies

Description of the company's corporate social responsibility standards, guidelines and principles:

The most material risks in this area relate to the risk of unethical behavior amongst our commercial agents who operate on our behalf in certain jurisdictions. It is the policy of National Oilwell Varco Denmark I/S that the company, its subsidiaries and affiliates and all directors, officers, employees, agents, representatives and joint venture partners of the company shall comply fully with all anti-corruption and anti-bribery laws that are applicable to them.

The company performs annual conduct & ethics training for all employees who have a company email address to ensure everyone has a clear understanding of their obligations in this area. There have been no known breaches of this policy in 2024.

In the future, we will continue to perform annual conduct and ethics training for all employees with a company email.

Statement of policy for data ethics

Description of the entity's work with and policy for data ethical questions

Management's review

The corporate data protection policy sets out how we take responsibility for and work with data ethics and data use. Computer ethics will, like other business considerations, be part of the consideration of major strategic business decisions and will support our business model, values, and vision.

Our work with data ethics is based on our values and general guidelines and has a special focus on data ethics principles, including responsibility and property.

The policy deals with the data we collect and process as well as all other data that we may process.

Our goal for ethical behavior with regards to data is to always use data responsibly and properly as well as to create transparency in our data collection and management.

We safeguard the security of personal data and other data processing and ensure that this data is not stored for a longer period of time than is necessary for the purposes for which the data is processed.

The company has prepared policies for GDPR, which the company and its employees follow. NOV is committed to protecting the privacy of its employees and supports a general policy of lawfulness in how it collects, processes, uses, transfers, discloses, stores or deletes Personal Data. All NOV employees shall collect, process, use, transfer, disclose, store or delete Personal Data in the normal course of conducting business on behalf of NOV in accordance with applicable laws.

The policies are available for all employees at the corporate intranet.

Income statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Revenue	3	**1,867,782,569**	**1,520,196,387**
Raw materials and consumables		-812,314,465	-586,738,790
Other external expenses		-280,644,493	-265,351,849
Gross profit		**774,823,611**	**668,105,748**
Staff costs	4	-503,819,284	-494,176,742
Profit/loss before amortisation/depreciation and impairment losses		**271,004,327**	**173,929,006**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-83,071,070	-49,593,177
Impairment losses recognised in respect of current assets exceeding normal impairment losses	2,10	0	92,431,862
Profit/loss before net financials		**187,933,257**	**216,767,691**
Financial income	6	49,593,791	61,167,261
Financial costs	7	-39,079,498	-10,677,290
Profit/loss for the year		**198,447,550**	**267,257,662**
Distribution of profit	8		

Balance sheet 31 December

	Note	2024	2023
		DKK	DKK
Assets			
Completed development projects		65,412,433	45,558,689
Development projects in progress		22,292,686	21,463,619
Intangible assets	9	**87,705,119**	**67,022,308**
Land and buildings	10	59,036,293	68,552,862
Plant and machinery	10	216,803,298	223,758,961
Other fixtures and fittings, tools and equipment	10	223,982	286,657
Property, plant and equipment in progress	10	44,898,733	49,710,966
Tangible assets		**320,962,306**	**342,309,446**
Receivables from group entities	11	474,047,135	651,464,100
Deposits	11	4,854,261	4,737,373
Fixed asset investments		**478,901,396**	**656,201,473**
Total non-current assets		**887,568,821**	**1,065,533,227**
Raw materials and consumables		284,120,151	244,505,552
Work in progress		1,119,408	3,029,212
Inventory	12	**285,239,559**	**247,534,764**
Trade receivables		156,169,232	216,949,977
Contract work in progress	13	73,678,035	469,565,382
Receivables from group entities	14	614,583,726	243,104,523
Other receivables	15	19,036,490	12,362,539
Prepayments	15	2,812,750	4,303,153
Receivables		**866,280,233**	**946,285,574**
Total current assets		**1,151,519,792**	**1,193,820,338**
Total assets		**2,039,088,613**	**2,259,353,565**

Balance sheet 31 December

	Note	2024	2023
		DKK	DKK
Equity and liabilities			
Contributed capital		779,808,000	779,808,000
Reserve for development costs		87,705,119	67,022,308
Retained earnings		178,552,333	225,787,594
Proposed dividends		225,000,000	225,000,000
Hedging reserve	16	0	-4,347,926
Equity		**1,271,065,452**	**1,293,269,976**
Other payables	17	44,794,686	43,936,255
Total non-current liabilities	17	**44,794,686**	**43,936,255**
Prepayments received from customers		2,632,898	4,314,789
Trade payables		210,846,591	149,707,637
Payments work in progress	13	386,222,271	625,208,346
Payable to group entities		72,505,772	12,418,340
Other payables		51,020,943	69,272,198
Derivative financial instruments, liabilities	16	0	61,226,024
Total current liabilities		**723,228,475**	**922,147,334**
Total liabilities		**768,023,161**	**966,083,589**
Total equity and liabilities		**2,039,088,613**	**2,259,353,565**

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Statement of changes in equity

	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividends	Hedging reserve	Total
Equity at 1 January 2024	779,808,000	67,022,308	225,787,594	225,000,000	-4,347,926	1,293,269,976
Payment of ordinary dividends	0	0	0	-225,000,000	0	-225,000,000
Financial instruments adjustment for the year	0	0	0	0	4,347,926	4,347,926
Net profit/loss for the year	0	20,682,811	-47,235,261	225,000,000	0	198,447,550
Equity at 31 December 2024	**779,808,000**	**87,705,119**	**178,552,333**	**225,000,000**	**0**	**1,271,065,452**

The company's equity is divided between the shareholders. Dividend is paid out according to the Articles of Association. The profit of the partnership is kept in the operating entity until otherwise decided, after which the profit is distributed to the partners in proportion to their respective ownership interest. Dividend is distributed if unanimously agreed by the Board each year, considering the company's cash requirements the next fiscal years.

The company's contributed capital is DKK 779,808,000. The split as of 31 December 2024 of the contributed capital is SubseaFlex Holding ApS DKK 779,730,019 and NOV Holding Danmark ApS DKK 77,980. None of the partners are obligated to contribute further.

Notes

1 Accounting policies

The annual report of National Oilwell Varco Denmark I/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

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

The annual report for 2024 is presented in DKK

Income statement

Segment information

Information is provided on geographical markets. The segment information is provided in consideration of the company's accounting policies, risks and internal financial management.

Notes

1 Accounting policies

Revenue

The Company has adopted IFRS 15 as interpretation for recognition of revenue.

The Company uses the percentage-of-completion method to account for certain long-term construction contracts in the completion and productions for special productions of flexible pipes. These long-term construction contracts include the following characteristics:

- The contract include custom designs for customer specific applications

- The structural design is unique and requires significant engineering efforts, and

- Constructions have progress payments.

The Company makes estimates regarding the total costs of the project, progress against the project schedule and the estimated completion date, all of which impact the amount of revenue and gross margin the Company recognizes. The Company prepares detailed cost to complete estimates at the beginning of each project, taking into account all factors considered likely to affect gross margin. Factors that may affect future project costs and margins include shipyard access, weather, production efficiencies, availability and costs of labor, materials and subcomponents and other factors as mentioned in “Risk Factors.” These factors can significantly impact the accuracy of the Company’s estimates and materially impact the Company’s future reported earnings.

Revenue from royalty is recognized in the income statement if the general criterial are met, e.g. that the service concerned has been provided, that the amounts can be made up reliably, and that the amounts can expected to be received.

Revenue recognition from rental or services of the equipment is recognized in the income statement provided that the delivery and transfer risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured excluding VAT, taxes and discounts in relation to the sale.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in production.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, intercompany charges, as well as research and development costs that do not qualify for capitalization.

Notes

1 Accounting policies

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 including remuneration to the Board of Directors and the Board of Management.

Amortisation, depreciation and impairment losses

The item includes amortisation, depreciation and impairment of non-current assets. Amortisation/depreciation is provided using the straight-line method on the basis of the cost and the assessments of the useful life and residual value of the assets as described in section intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses include interest income and expense, gains and losses on securities, gains and losses on contracts in foreign currency, payables and transactions denominated in foreign currencies.

Tax on profit/loss for the year

National Oilwell Varco Denmark I/S is not a separate taxable entity, and therefore taxes are recognized by the partners. For that reason, no taxes of the profit for the year have been recognized in the income statement, just like no deferred taxes or current/receivable taxes have been recognized in the balance sheet.

Notes

1 Accounting policies

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities. Development projects that are clearly defined and identifiable, where the technical utilization degree, sufficient resources and a potential future market or development opportunities in the company are evidenced, and where the company intends to produce, market or use the project, are recognized as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover operating costs and development costs. Other development costs are recognized in the income statement when incurred.

Developments projects recognized in the balance sheet are measured at cost less accumulated amortisation and impairment losses. Following the completion of a development project, the capitalized development project is allocated and reclassified to completed development projects and amortized on a straight-line basis over the estimated useful life. The amortization period is usually five years.

The residual value of intangible assets is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortization charges are recognized. In case of changes in the residual value, the effect on the amortization charges is recognized prospectively as a change in accounting estimates.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as other operating income or other operating expenses, respectively.

Notes

1 Accounting policies

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.

The cost is supplemented by the present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset was utilized. The cost of a total asset is divided into separate elements, which are depreciated separately if the useful lives of the separate elements are different.

Subsequent costs, e.g. relating to replacement of parts of an item of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the group. The carrying amount of the replaced parts is derecognized in the balance sheet and recognized in the income statement. All costs incurred for ordinary repair and maintenance are recognized in the income statement as incurred.

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
Buildings	25 years
Plant and machinery	8-15 years
Fixtures and fittings, tools and equipment	3-8 years
Computer hardware	4 years
Cars	3-5 years

Leases

The Company has chosen IAS 17 as interpreation for classification and recognition of leases.

Notes

1 Accounting policies

Payments relating to operating leases are recognized in the income statement over the term of the lease. The company's total obligation relating to operating leases is disclosed in contingent liabilities, etc.

Impairment of non-current assets

The carrying amount of intangible assets, tangible assets, and investments in subsidiaries is tested annually for evidence of impairment other than the decrease in value reflected by amortisation and depreciation.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use.The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventory

Inventory are measured at cost using the weighted average method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of raw materials and consumables comprises the purchase price plus delivery costs.

Work in progress is measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not recognized.

The net realisable value of inventory 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.

Notes

1 Accounting policies

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

Receivables are measured at amortised cost.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Payments on account are set off against contract work in progress. Progress billings received in excess of the contract work performed are calculated separately for each contract and recognized as prepayments from customers under short-term liabilities other than provisions.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Other receivables and Prepayments

Prepayments recognized under 'Current assets' comprise expenses incurred concerning subsequent financial years. Other receivables consist of VAT receivable balances and revenue generated in the year and not yet invoiced.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Cash-pool deposits are, based on the characteristics of the cash-pool, not considered a part of the cash balance, but as part of receivables from group enterprises.

Notes

1 Accounting policies

Equity

Reserve for development costs

The reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The hedging reserve does not represent a limitation under company law and may therefore be negative.

Proposed dividends

Proposed dividendd are recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the year are presented as a separate line item in equity.

Liabilities

The Company has chosen IAS 39 Financial instruments: Recognition and measurement as interpretation for recognition and measurement of 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.

Prepayments received from customers

Prepayments received from customers recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Notes

1 Accounting policies

Fair Value

Fair value is determined based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability.
All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Notes

1 Accounting policies

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 'Derivative financial instruments, assets' or 'Derivative financial instruments, liabilities', respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and 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 hedging 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.

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

Notes

1 Accounting policies

Financial Highlights

Definitions of financial ratios.

Gross margin ratio	Gross Profit x 100 / Revenue
EBIT margin	Profit/loss before financials x 100 / Revenue
Current ratio	Current assets x 100 / Short-term liabilities
Solvency ratio	Equity at year end x 100 / Total assets
Return on equity	Net profit for the year x 100 / Average equity
ROIC	EBITA x 100 / Average invested capital excluding goodwill
Invested capital	Intangible assets and items of property, plant and equipment and net working capital

Notes

2 Special items

	2024	2023
	DKK	DKK
Reversal of impairment losses recognised in respect of non-current assets. Recognized in the income statement as reversal of impairment losses.	0	92,431,862
Non-refundable project cancellation fee. Recognized in the income statement within gross profit.	0	69,345,345
	0	**161,777,207**

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities. Special items may comprise expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's primary operating activities and that are deemed not to be recurring.

Special items for the year are specified above, including the line items in which they are recognized in the income statement.

Notes

	2024	2023
	DKK	DKK
3 Revenue		
The production value of completed and ongoing construction contracts	1,767,932,225	1,354,734,366
Other revenue	32,235,656	72,320,870
Royalty	67,614,688	93,141,151
Total revenue	**1,867,782,569**	**1,520,196,387**

	2024	2023
Revenue allocated to geographical segments:		
Scandinavia	274,882,977	361,698,230
Other European countries	55,938,565	77,884,481
Other countries in rest of the world	1,536,961,027	1,080,613,676
Total revenue	**1,867,782,569**	**1,520,196,387**

Notes

		2024	2023
		DKK	DKK
4	**Staff costs**		
	Wages and salaries	453,344,882	445,474,950
	Pensions	43,863,613	42,044,054
	Other social security costs	6,610,789	6,657,738
		503,819,284	**494,176,742**
	Including remuneration to the executive board:		
	Executive Board	15,735,495	15,386,843
		15,735,495	**15,386,843**
	Number of fulltime employees on average	638	653

The Supervisory Board has not received any remuneration.

		2024	2023
5	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Depreciation intangible assets	14,463,970	16,045,215
	Depreciation tangible assets	68,607,100	33,547,962
		83,071,070	**49,593,177**

Notes

		2024	2023
		DKK	DKK
6	**Financial income**		
	Interest from group enterprises	29,838,020	35,692,277
	Exchange adjustments	19,755,771	25,474,984
		49,593,791	**61,167,261**

		2024	2023
		DKK	DKK
7	**Financial costs**		
	Other financial costs	981,579	4,320,192
	Exchange adjustments costs	3,256,999	2,967,355
	Realized financial costs from hedge instruments	34,840,920	3,389,743
		39,079,498	**10,677,290**

		2024	2023
		DKK	DKK
8	**Distribution of profit**		
	Proposed dividend for the year	225,000,000	225,000,000
	Transfer for the year for development costs	20,682,811	5,418,405
	Retained earnings	-47,235,261	36,839,257
		198,447,550	**267,257,662**

9 Intangible assets

	Completed development projects	Patents	Development projects in progress
Cost at 1 January 2024	263,844,296	2,782,277	21,463,619
Additions for the year	0	0	35,146,781
Transfers for the year	34,317,714	0	-34,317,714
Cost at 31 December 2024	298,162,010	2,782,277	22,292,686

9 Intangible assets (continued)

	Completed development projects	Patents	Development projects in progress
Impairment losses and amortisation at 1 January 2024	218,285,607	2,782,277	0
Amortisation for the year	14,463,970	0	0
Impairment losses and amortisation at 31 December 2024	232,749,577	2,782,277	0
Carrying amount at 31 December 2024	**65,412,433**	**0**	**22,292,686**

Completed development projects include development and test of special pipe and molding technologies. Management has high expectations to the use of the technology, and these are all still in use. Management has not identified any indication of impairment in relation to the carrying amount of the completed development projects and the development projects in progress.

10 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 January 2024	330,449,117	1,400,980,910	5,457,439	49,710,966
Additions for the year	0	0	0	49,249,261
Disposals for the year	0	-30,916,870	-89,583	0
Transfers for the year	0	54,061,494	0	-54,061,494
Cost at 31 December 2024	330,449,117	1,424,125,534	5,367,856	44,898,733

Notes

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Impairment losses and depreciation at 1 January 2024	261,896,255	1,177,221,950	5,170,783	0
Depreciation for the year	9,516,569	59,027,859	62,674	0
Disposal for the year	0	-28,927,573	-89,583	0
Impairment losses and depreciation at 31 December 2024	271,412,824	1,207,322,236	5,143,874	0
Carrying amount at 31 December 2024	**59,036,293**	**216,803,298**	**223,982**	**44,898,733**

11 Fixed asset investments

	Receivables from group entities	Deposits
Cost at 1 January 2024	651,464,100	4,854,261
Transferred as dividends to shareholders	-195,241,746	0
Interests for the year	29,345,981	0
Interests transferred to current receivables	-11,521,200	0
Cost at 31 December 2024	474,047,135	4,854,261
Carrying amount at 31 December 2024	**474,047,135**	**4,854,261**

Loans/Receivables falling due between 1 and 5 years amount to 474,047,135 DKK and loans/receivables falling due efter 5 years amount to 0 DKK.

Notes

	2024	2023
	DKK	DKK
12 Inventory		
Raw materials and consumables	284,120,151	244,505,552
Work in progress	1,119,408	3,029,212
	285,239,559	**247,534,764**

	2024	2023
	DKK	DKK
13 Contract work in progress		
Work in progress, selling price	4,859,052,027	3,397,105,187
Work in progress, payments received on account	-5,171,596,263	-3,552,748,151
	-312,544,236	**-155,642,964**
Recognised in the balance sheet as follows:		
Contract work in progress under assets	73,678,035	469,565,382
Prepayments received under liabilities	-386,222,271	-625,208,346
	-312,544,236	**-155,642,964**

14 Receivables from group entities - Current

The Company is part of a cash-pool corporate scheme. Consequently the cash position of 218.396.931 DKK held by the Company by 31 december 2024 is presented as a receivable within Receivables from group entities in the balance sheet.

15 Other receivables and Prepayments

Other receivables comprise VAT receivable amounts from the TAX authorities. Prepayments comprise prepaid expenses regarding rent, insurance premiums and subscriptions.

Notes

16 Derivative financial instruments and disclosure of fair values

The company uses forward exchange contracts to hedge expected foreign currency risks related to the sale and purchase of goods in the coming year. Currencies which are part of the EMU-cooperation are not hedged.

The company determines the fair value of the asset/liability using level 2 inputs (inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability) in the fair value hierarchy as the fair value is based on publicly available foreign exchange and interest rates at each financial reporting date.

Overview of currency exposure:

Currency	Payment/ Maturity	Receivables	Payables	Hedged using forward exchange contracts	Net position
		DKK	DKK	DKK	DKK
USD	< 1 Year	50,134,514	31,126,400	0	19,008,114
GBP	< 1 Year	9,179,151	25,502,579	0	-16,323,428
BRL	< 1 Year	0	38,137,669	0	-38,137,669
Other	< 1 Year	1,471,926	1,706,901	0	-234,975
		60,785,591	**96,473,549**	**0**	**-35,687,958**

Notes

17 Other payables

	2024	2023
	DKK	DKK
Other payables		
After 5 years	41,440,537	40,857,008
Between 1 and 5 years	3,354,149	3,079,247
Non-current portion	44,794,686	43,936,255
Within 1 year	1,220,238	1,135,316
Other short-term other debt	49,800,705	68,136,882
Current portion	51,020,943	69,272,198
	95,815,629	**113,208,453**

Long term other payables concern the Company's obligation regarding the frozen holiday fund. The debt will be paid concurrent with employees retiring.

18 Subsequent events

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

19 Rent and lease liabilities

	2024	2023
	DKK	DKK
Operating lease liabilities. Total future lease payments:		
Within 1 year	12,693,339	8,993,497
Between 1 and 5 years	40,530,346	32,187,244
After 5 years	15,889,198	19,960,020
	69,112,883	**61,140,761**

Total nominal residual rent and lease payments.

Notes

20 Contingent liabilities

Recourse and non-recourse guarantee commitments
The company has entered into a number of contracts for delivery in 2025 - 2028 committing the company to deliver flexible pipe systems to customers.

The company has granted usual bank guaranties for projects amounting to a total of 914,920 TDKK.

The Company is part of cashpool with other companies in the National Oilwell Varco group and is jointly and severally liable with other group companies for the Company's individual contribution to the cashpool.

21 Related parties and ownership structure

Controlling interest

SubSeaFlex Holding ApS
NOV Holding Danmark ApS

Transactions

For information on remuneration to Management, please refer to note 4.

Transactions	Parent company	Group Enterprices
Royalty, revenue		67,614,688
Sales projects, Goods and service revenue		145,902,840
Management fee, recharge and other costs	499,572	39,166,560
Goods and service, costs		110,461,775
Interest, income	29,345,981	492,038
Dividend to partner	224,977,500	

Balance per 31, December 2024		
Loan, Receivables		732,156,075
Cash pool, receivables		218,396,931
Other receivables		138,077,856
Other liabitlites		61,499,951

Notes

21 Related parties and ownership structure (continued)

Consolidated financial statements

The ultimate parent company preparing consolidated statements is NOV Inc., 10353 Richmond Avenue, Houston, Texas 77042, USA.

The consolidated financial statements for NOV Inc. can be obtained from National Oilwell Varco Denmark I/S on request at the company's address:

Priorparken 480
2605 Brøndby
Denmark
https://investors.nov.com/annual-results

	2024	2023
	DKK	DKK
22 Fee to auditors appointed at the general meeting		
EY Godkendt Revisionspartnerselskab:		
Statutory audit fee	792,500	650,000
Tax advisory services	0	142,484
	792,500	**792,484**