



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 980 353 273
Organisasjonsform: Aksjeselskap
Foretaksnavn: BAKER HUGHES NORGE AS
Forretningsadresse: Tanangervegen 501
4056 TANANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Davenport, Marianne Stavland
Dato for fastsettelse av årsregnskapet: 01.07.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 07.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Total revenues	8,11	4 359 233 000	3 930 016 000
Sum inntekter		4 359 233 000	3 930 016 000
Kostnader			
Cost of sales and services	11	2 290 975 000	2 071 018 000
Wages, social security and pensions	1,6	1 524 172 000	1 449 442 000
Ordinary depreciation, amortization and write down	2	119 130 000	116 812 000
Other sales, purchase and admin.expenses	1,11	833 629 000	661 737 000
Sum kostnader		4 767 906 000	4 299 009 000
Driftsresultat		-408 673 000	-368 993 000
Finansinntekter og finanskostnader			
Interest income	11	93 126 000	167 717 000
Exchange (gain)/ loss			252 832 000
Sum finansinntekter		93 126 000	420 549 000
Exchange loss		146 989 000	
Interest expenses		4 163 000	1 250 000
Sum finanskostnader		151 152 000	1 250 000
Netto finans		-58 026 000	419 299 000
Ordinært resultat før skattekostnad		-466 699 000	50 306 000
Taxes	3	-102 306 000	11 714 000
Ordinært resultat etter skattekostnad		-364 393 000	38 592 000
Årsresultat		-364 393 000	38 592 000
Overføringer og disponeringer			
Other equity		-364 393 000	38 592 000
Sum overføringer og disponeringer		-364 393 000	38 592 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Licences	2	184 000	211 000
Utsatt skattefordel	3	126 755 000	24 216 000
Sum immaterielle eiendeler		126 939 000	24 427 000
Varige driftsmidler			
Land	2	171 373 000	171 383 000
Buildings	2	269 195 000	286 541 000
Machinery and equipment	2	47 042 000	51 277 000
Fixed assets under construction	2	55 728 000	54 726 000
Rental tools	2	300 747 000	296 617 000
Sum varige driftsmidler		844 085 000	860 544 000
Finansielle anleggsmidler			
Other long term intercompany receivables	10	2 012 973 000	2 097 489 000
Sum finansielle anleggsmidler		2 012 973 000	2 097 489 000
Sum anleggsmidler		2 983 997 000	2 982 460 000
Omløpsmidler			
Varer			
Inventory	9	827 078 000	665 866 000
Sum varer		827 078 000	665 866 000
Fordringer			
Trade receivables		511 719 000	482 706 000
Other receivables		20 391 000	64 391 000
Konsernfordringer	10	2 869 470 000	3 094 738 000
Sum fordringer		3 401 580 000	3 641 835 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	4 391 000	29 055 000
Sum bankinnskudd, kontanter og lignende		4 391 000	29 055 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum omløpsmidler		4 233 049 000	4 336 756 000
SUM EIENDELER		7 217 046 000	7 319 216 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	4,5	207 000	207 000
Sum innskutt egenkapital		207 000	207 000
Opptjent egenkapital			
Other equity	5	4 415 925 000	4 780 318 000
Sum opptjent egenkapital		4 415 925 000	4 780 318 000
Sum egenkapital		4 416 132 000	4 780 525 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	6	8 028 000	9 883 000
Asset retirement obligation		513 000	499 000
Sum avsetninger for forpliktelser		8 541 000	10 382 000
Annen langsiktig gjeld			
Langsiktig konserngjeld	10	2 011 796 000	1 855 805 000
Sum annen langsiktig gjeld		2 011 796 000	1 855 805 000
Sum langsiktig gjeld		2 020 337 000	1 866 187 000
Kortsiktig gjeld			
Leverandørgjeld		315 305 000	295 046 000
Income taxes	3	15 389 000	
Withheld taxes, accrued social security and vacation pay		311 089 000	306 667 000
Other current liabilities		138 794 000	70 791 000
Sum kortsiktig gjeld		780 577 000	672 504 000
Sum gjeld		2 800 914 000	2 538 691 000



Balanse

Beløp i: NOK	Note	2020	2019
SUM EGENKAPITAL OG GJELD		7 217 046 000	7 319 216 000



BAKER HUGHES NORGE AS

PROFIT AND LOSS ACCOUNT (NOK 1.000)

Notes		2020	2019
	OPERATING REVENUE AND EXPENSES		
8.11	Total revenues	4,359,233	3,930,016
11	Cost of sales and services	2,290,975	2,071,018
1.6	Wages, social security and pensions	1,524,172	1,449,442
2	Ordinary depreciation, amortization and write down	119,130	116,812
1.11	Other sales, purchase and admin.expenses	833,629	661,737
	Total operating expenses	<u>4,767,906</u>	<u>4,299,009</u>
	OPERATING RESULT	-408,673	-368,993
	FINANCIAL INCOME AND EXPENSES		
11	Interest income	93,126	167,717
	Exchange (gain)/ loss	146,989	-252,832
	Interest expenses	4,163	1,250
	NET FINANCIAL RESULT	-58,026	419,299
	RESULT BEFORE TAX - PROFIT/ (LOSS)	-466,699	50,306
3	Taxes	-102,306	11,714
	NET RESULT FOR THE YEAR	-364,393	38,592
	APPROPRIATION OF NET RESULT FOR THE YEAR		
	Other equity	-364,393	38,592
	Total	-364,393	38,592





BAKER HUGHES NORGE AS

BALANCE SHEET AS AT DECEMBER 31ST
(NOK 1.000)

Notes

	2020	2019
ASSETS		
Non current assets		
Intangible assets		
2 Licences	184	211
3 Deferred tax asset	126.755	24.216
Total intangible assets	<u>126.939</u>	<u>24.427</u>
Fixed assets		
2 Land	171.373	171.383
2 Buildings	269.195	286.541
2 Machinery and equipment	47.042	51.277
2 Fixed assets under construction	55.728	54.726
2 Rental tools	300.747	296.617
Total fixed assets	<u>844.085</u>	<u>860.544</u>
10 Financial fixed assets		
Other long term intercompany receivables	2.012.973	2.097.489
Total financial fixed assets	<u>2.012.973</u>	<u>2.097.489</u>
Total non current assets	<u>2.983.997</u>	<u>2.982.460</u>
Current assets		
9 Inventory	827.078	665.866
Debtors		
Trade receivables	511.719	482.706
10 Intercompany Receivables	2.869.470	3.094.738
Other receivables	20.391	64.391
Total debtors	<u>3.401.580</u>	<u>3.641.835</u>
7 Cash and cash equivalents	4.381	29.055
Total current assets	<u>4.233.049</u>	<u>4.336.756</u>
TOTAL ASSETS	<u>7.217.046</u>	<u>7.319.216</u>





BAKER HUGHES NORGE AS

CASH FLOW STATEMENT
(NOK 1.000)

Notes	2020	2019
NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating result before tax	-466,699	50,306
Taxes paid	14,848	-8,465
2 Depreciation and write down of fixed assets and intangible assets	119,130	116,812
Pension costs, net of contributions	-1,855	-445
(Gain) Loss of non-current assets	894	-16,235
Change in inventories	-161,212	-37,146
Change in trade receivables	-29,013	-34,175
Change in trade payables	20,259	86,561
Change in intercompany accounts	703,013	130,736
Change in other current assets/liabilities	116,733	-105,478
Change in asset retirement obligation	14	-1,187
Change in other long-term intercompany receivables	84,516	-136,222
Net cash provided by operating activities	400,629	45,062
NET CASH FLOW FROM INVESTING ACTIVITIES:		
Change in cash pool facilities	-321,755	-25,488
2 Proceeds from sale of property, plant and equipment	37,100	47,897
Purchase of property, plant and equipment	-140,638	-129,575
Net cash provided by investing activities	-425,292	-107,166
NET CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash provided by financing activities	0	0
Net change in cash and cash equivalents	-24,664	-62,104
Cash and cash equivalents at beginning of year	29,055	91,159
7 Cash and cash equivalents at end of year	4,391	29,055





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENTS 2020
(NOK 1.000)

ACCOUNTING PRINCIPLES

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

General

Revenues are recognized when they are earned. Revenue is earned when the product is delivered and title passes, the service has been rendered, or in the case of rentals, passage of time or other contractual obligations have been met.

Costs are charged as they are incurred and are matched with related revenues.

Assets related to the goods circulation in the business are classified as short term. Other receivables and liabilities due within one year after the fiscal year end are classified as short term.

All other assets and debts are classified as long term.

REVENUES

Revenues consist of sales and services of products and services related to drilling, evaluation and completion operations. The main activity is on the Norwegian continental shelf.

The Company have also minor operations on Iceland consisting of ground heat drilling.

RECEIVABLES

Trade receivables are stated at the lower of face value and net realizable value.

FOREIGN CURRENCY

Assets and liabilities in foreign currencies are converted at the rate ruling at the fiscal year end. Gains and losses due to changes in exchange rates are recognized in the income statement as financial income and expenses.

FIXED ASSETS

Fixed assets are recorded at acquisition cost and reduced with total ordinary depreciations and write downs. Ordinary depreciations are recorded straight line over the assets anticipated economic useful life.

Land and buildings held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts. Except for Land, fixed assets are depreciated over their useful lives.

INVENTORY

Inventory is held at the lower of average cost on the FIFO basis and net realizable value.

PENSIONS

Baker Hughes Norge AS has pension plans for the employees which gives the employee right to a specified amount from the point of retirement, or is based on defined contributions to the employee's pension savings. For the benefit plans the amount the employee will receive is dependent on various factors, such as contribution time, year of pension and future salary.





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENTS 2020
(NOK 1.000)

LEASING

A financial lease agreement is defined as an agreement which transfers to the lessee the most significant part of the financial risk and control associated with the asset, without transferring the ownership of the asset. An operational lease agreement is defined as a lease agreement which is not considered a financial lease agreement.

We recognize the expenses in the periods benefited from the use of the leased assets for operating leases.

ALLOWANCE FOR BAD DEBTS

We establish an allowance for bad debts through a review of several factors, including historical collection experience, current aging status of the customer accounts and financial condition of our customers. Our policy is to write off bad debts when the customer accounts are determined to be uncollectible.

TRANSACTIONS WITH RELATED PARTIES

Related parties are defined as group companies, directors of the company or its subsidiaries and senior executives. No material transactions or agreements with related parties were concluded during the 2020 financial year or 2019 which comparable figures are given, other than normal business transactions between group companies.

INTANGIBLE ASSETS

Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred. R&D expenses in the balance sheet are depreciated on a straight-line basis over the asset's expected useful life.

LONG TERM RECEIVABLES

Long-term receivables are receivables with maturities greater than 12 months after the reporting date. Long-term receivables are valued at nominal value at the time of establishment.

CASH FLOW STATEMENT/ CASH AND CASH EQUIVALENTS

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

TAXES

The tax expense in the income statement consist of taxes payable and change in deferred tax. Deferred tax is calculated based on the temporary differences between book values and tax values. A tax rate of 22% has been applied.

ASSET IMPAIRMENT

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cash flow can be identified. If the carrying amount is higher than both fair value less cost to sell and recoverable amount (net present value of future use/ ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENTS 2020
(NOK 1.000)

NOTE 1 – PAYROLL COSTS, NUMBER OF EMPLOYEES, BENEFITS, LOAN TO EMPLOYEES ETC.

Payroll costs:	2020	2019
	NOK	NOK
Salaries	1,241,132	1,167,621
Social security tax	171,168	175,071
Pension costs Benefit plan (note 6)	989	968
Pension costs contribution plan	62,142	49,556
Pension costs AFP	10,328	12,663
Other benefits	38,413	43,563
Total	1,524,172	1,449,442

Average number of employees	<u>1,287</u>	<u>1,237</u>
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Benefits to executives	Managing Director	Board of Directors
Salaries	900	0
Bonuses	338	0
Other benefits	581	0

Share saving program in Baker Hughes Company was restarted on 1 January 2019. It allows employees to purchase company stock at a discount.

Auditor

Compensation to auditor for audit and other related services are as follows:

	2020	2019
	NOK	NOK
Expensed compensation for statutory audit	582	554
Expensed compensation for other services	0	0
Expensed compensation for tax related services	0	0





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENT 2020
(NOK 1.000)

NOTE 2 – INTANGIBLE AND FIXED ASSETS

	Land	Licences	Buildings	Machinery/ Equipment	Assets under construction	Rental tools
Cost as at 01.01.20	171,383	2,178	553,980	449,434	54,726	768,787
Additions			302	12,746	24,370	103,219
Disposal	-10			-1,629		-59,415
Transfer in/ out				-2,402	-23,368	-14,081
Acc.Depr.and write down as at 31.12.20		-1,994	-285,087	-411,107	0	-497,763
Net book value as at 31.12.20	<u>171,373</u>	<u>184</u>	<u>269,195</u>	<u>47,042</u>	<u>55,728</u>	<u>300,747</u>
Ordinary depreciation for the year	0	28	17,648	15,996		85,458
Depreciation rate		33%	5%	10 - 33%		10 - 33%
Depreciation plan		Straight line	Straight line	Straight line		Straight line
Yearly rental expenses of off-balance sheet assets			<u>51,424</u>	<u>24,173</u>		<u>60,380</u>

The company is localised in different places in the country and has established several tenancy agreements. The agreements have varying remaining periods, with terminations from December 2020 to April 2024. For machinery / equipment the individual present leasing agreements will expire in the period between March 2020 to May 2027.





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENT 2020
(NOK 1.000)

NOTE 3 – TAX EXPENSES

	2020	2019
	NOK	NOK
Specification of income tax expense		
Taxes payable		0
Taxes earlier years		58
Tax paid in foreign countries		646
Change in deferred tax	-102.306	11.009
Tax related to ordinary profit	<u>-102.306</u>	<u>11.713</u>
Reconciliation of actual tax expense		
Expected income tax from nominal tax rate 22% / 23%	-102.674	11.067
Tax effect of:		
Non deductible expenses	134	-79
Changes tax assessments earlier years		79
Tax paid in foreign countries		646
Other current provision	233	0
Tax expense	<u>-102.306</u>	<u>11.714</u>
Payable tax balance sheet		
Payable tax	0	0
Payable tax balance sheet	<u>0</u>	<u>0</u>

Specification of the tax effect from temporary differences and tax losses carry forward:

	2020		2019	
	NOK <i>Asset</i>	NOK <i>Liability</i>	NOK <i>Asset</i>	NOK <i>Liability</i>
Long term receivable		733.010		817.360
Fixed assets	88.826		71.940	
Current assets		38.015	53.713	
Losses carried forward	1.209.113		769.819	
Liabilities	49.246		31.960	
Total:	<u>1.347.183</u>	<u>771.025</u>	<u>927.433</u>	<u>817.360</u>
Net deferred tax in the balance sheet 22%	126.755		24.216	

	2020	2019
	NOK	NOK
Change in deferred tax asset		
Balance 1.1	24.216	35.225
Charged against profit and loss account	102.539	-11.009
Balance 31.12	<u>126.755</u>	<u>24.216</u>





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENT 2020
(NOK 1.000)

NOTE 4 – EQUITY AND SHAREHOLDER INFORMATION

The share capital of Baker Hughes Norge AS consists of the following classes

	Number of shares	Face value	Book value
A – shares	100	1.002	100
B - shares	107	1.002	107

B - Non voting shares have all other rights as the A-shares in the company.

Ownership structure

	A-shares	B-shares	Total	Distribution- of shares	Voting rights
Baker Hughes Nederland Holdings BV	100	0	100	48,3%	100%
Baker Hughes Finance International SRL	0	107	107	51,7%	0%
Total number of shares	<u>100</u>	<u>107</u>	<u>207</u>	<u>100%</u>	<u>100%</u>

The company's immediate parent and controlling party Baker Hughes Finance International SRL, a company incorporated in Barbados and Baker Hughes Nederland Holdings B.V., a company incorporated in Netherlands. The company's ultimate parent company is Baker Hughes Company, incorporated in Delaware. Related companies in these financial statements refer to members of the ultimate parent company's group of companies.

The financial information of the Company has been recorded in the consolidated financial statements of Baker Hughes Company. The financial statements of Baker Hughes Company can be found on the website www.bakerhughes.com under Investor.

Copies of the financial statements of the immediate parent can be requested from the Company Secretary at The Ark, 201 Talgarth Road Hammersmith, London, W6 8BJ

NOTE 5 – EQUITY

	Share Capital	Other Equity
Equity as of January 1 2020	207	4.780.318
Net income		-364.393
Equity as of December 31 2020	<u>207</u>	<u>4.415.925</u>





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENT 2020
(NOK 1.000)

NOTE 6 – PENSION COSTS, FUNDS AND OBLIGATIONS

Insured pension plan

The company has pension plans that cover a total of 1,253 persons. Effective from 1.1.2004 the pension plans were changed from defined benefit to defined contribution plans. The remaining obligations in the earlier pension plan are related to disablement. The obligations are covered through an insurance company.

	2020	2019
	Insured pension plan	Insured pension plan
Net present value of benefits earned during the year	1.206	1.124
Interest expense on benefits earned	648	865
Estimated return on plan assets	892	834
Changes in estimates and deviations recorded in the profit and loss account	- 1.808	-1.910
Administration cost	51	55
Net periodic pension cost	<u>989</u>	<u>968</u>
Projected benefit obligation	- 39.664	-38.891
Estimated market value of plan assets	34.335	30.912
Net benefit obligation inclusive social security tax	<u>-5.329</u>	<u>-7.979</u>
Unrecognized net actual gain/loss	- 2.699	- 1.904
Prepaid pension (net pension liabilities)	<u>-8.028</u>	<u>-9.883</u>
Discount rate	1.80%	1.80%
Yearly change G-amount	2.25%	2.25%
Yearly rise in salaries	2.25%	2.50%
Expected rise in pensions	0.70%	0.80%
Expected return on fund investments	4.20%	4.30%





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENT 2020
(NOK 1.000)

NOTE 7 – GUARANTEES

There is a bank guarantee for covering the employees withholding tax.

NOTE 8 – REVENUE

Revenue split by categories

	2020 NOK	2019 NOK
Sales	1.600.299	1.309.998
Services	2.365.370	2.173.926
Rental	250.442	277.382
Others	143.122	168.710
Total	<u>4.359.233</u>	<u>3.930.016</u>

Revenue split by locations

	2020 NOK	2019 NOK
Domestic	4.268.106	3.799.604
Europe	60.692	91.764
America	12.435	16.172
Middle East	6.542	10.225
Asia Pac	7.115	7.010
Others	4.343	5.241
Total	<u>4.359.233</u>	<u>3.930.016</u>

NOTE 9 – INVENTORY

	2020 NOK	2019 NOK
Finished Goods	850.596	687.501
Spareparts	5.627	5.540
Accrual for obsolescence	-29.145	-27.175
Total	<u>827.078</u>	<u>665.866</u>





BAKER HUGHES NORGE AS

NOTES TO THE FINANCIAL STATEMENT 2020
(NOK 1.000)

NOTE 10 - INTERCOMPANY BALANCES

	2020 NOK	2019 NOK
Long-term loan to group company	2,012,914	2,097,264
Total	2,012,914	2,097,264

Baker Hughes Norge AS is part of the Baker Hughes group cash pool arrangement. Balances in the bank accounts are daily brought to a zero balance. The net balance is recorded in the balance as intercompany receivables/ payables.

As of 31.12, the cash pool balance for Baker Hughes Norge AS was a net deposit of NOK 2.379,798.162 (2019 NOK 2.701.552.665).

NOTE 11 - RELATED PARTY TRANSACTIONS

The significant related party transactions for the Company are shown below

	2020 NOK	2019 NOK
Sales	64,098	106,143
Purchases of goods	177,120	195,160
Management fee income	37,773	-556
Management fee expenses	162,811	160,861
Interest income on long-term intercompany receivables	92,933	162,032
Interest income on cash pool arrangement	88	5,094
Intercompany Royalties	122,004	98,042
Intercompany Rental Expenses	433,676	515,953





Verification

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Verification





BAKER HUGHES NORGE AS
Annual Report 2020

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BAKER HUGHES NORGE AS

Annual Report 2020

Baker Hughes Norge AS delivers equipment, products and services to the oil and gas industry. Headquartered in Tananger, Baker Hughes Norge predominantly services the Norwegian sector of the North Sea from a several oil service bases along the Norwegian coast. The company also has a registered branch office in Iceland.

The Norwegian business environment was dominated for most of the year by the global Covid-19 pandemic. As noted in the 2019 Annual Report, Baker Hughes was not expected to be immune to the effects of the pandemic. Global, Regional and local teams were implemented in March 2020 in order to expedite the safe continuation of our business as efficiently as possible. The structures and processes implemented have proven to be invaluable, as the pandemic (and the impact on business continuity) has lasted longer than anticipated – and may well continue well into 2021 and possibly beyond.

Covid-19 related travel and quarantine requirements have led to a negative impact on cost, with the need to manage our personnel resources day to day based on availability. Hotel quarantine costs are entirely for the account of Baker Hughes, as are overtime costs associated with replacing personnel who may be in isolation or quarantine. Notwithstanding the complexities of Covid and Brexit, the crisis management and personnel planning teams have managed to ensure that planned operations have been executed safely and on-time.

Despite the pandemic, and the impacts on Hydrocarbon demand and Oil & Gas commodity prices, the market in Norway continued to have relatively strong and stable levels of activity through 2020 with development drilling well counts showing a slight decrease of approximately 8% compared to 2019. Exploration activity was harder hit with only 31 wells spudded in 2020, compared with 58 wells spudded the prior year (as per Norwegian Petroleum Directorate statistics).

Baker Hughes saw little impact in activity, despite the lower overall wells activity in 2020, and continues to be well positioned to service the activity levels going forward through a solid contract portfolio.

Looking forward at 2021 and beyond, market development in Norway is predicted to continue, with the government tax incentives positively impacting several small and mid-size field developments.

Baker Hughes continues to implement our long-term strategy, focusing on business transformation. The lessons learned from the Covid pandemic have served to strengthen our resolve in the digital journey we are undertaking, allowing key technologies to be delivered safely and remotely. Feedback from our customer base enhances our belief that Baker Hughes is on track to transform our core towards delivering superior value to our customers through differentiating performance and technologies with a lower carbon footprint.

The following commentary relates to the industry conditions in which Baker Hughes operates and the various product lines of the company during 2020.

2020 revenues saw a slight increase from the previous year as activity began to firm, ending at NOK4 359 233 380. Baker Hughes Norge continued to focus on operational efficiencies and cost ensuring the business is sustainable in the current market cycle. Costs remain above levels deemed sustainable, despite efficiency gains seen from remote operations and new technology introductions. Profitability remains below levels required in a healthy business environment, and the Board and leadership teams are determined to adjust the business wherever possible to ensure favourable returns. The challenging business environment extends to our employees – we continue to ensure that through open and transparent engagement with our employees and unions that we are able to continue to shape our business to meet the needs of our customers and stakeholders is critically important.





The Board of Baker Hughes Norge is confident that we have a solid order book and are implementing the right processes and digital enablers so that profitability and business opportunities can be maximised.

At year-end, the company had an equity ratio of 61%, a slight decrease from 66% in 2019. The company continues to have a solid financial position.

Baker Hughes Norge continued to execute operationally. Our safety metrics have improved year on year, which is testament to leadership and employee focus on HS&E.

The outlook for Baker Hughes Norge is still considered to be positive, with a steady stream of technologies being introduced which will ensure a leading position among Oilfield service providers with our Norwegian customer base.

Baker Hughes continues to lead the service industry in our ambitions to meet the energy transformation and reduce our carbon footprint. The Norway team continues to engage with potential clients and industry partners around green and renewable energy projects. These early engagements will place Baker Hughes in a favourable position as we move towards a low carbon industrial environment.

The financial statements presented here assume continued operations as a going concern.

Given that the ultimate parent is Baker Hughes Incorporated, the company's credit risk and cash flow risk is therefore considered minimal. Cash flow changes from 2019 to 2020 are mainly related to inter-company balance movements, including inventory increases as we ramp up to supply increased activity. The market risk is considered moderate due to a diverse and strong multi-year contract portfolio. The company does have some exposure to changes in exchange rates, in particular US dollars - but contract portfolios are considered to be well balanced between Norwegian Kroner and US dollars.

The work environment in the company is considered satisfactory. The company continued to enjoy excellent relations with the Occupational Health Service which, among its tasks, collaborates in ensuring a satisfactory work environment.

Sickness absence in 2020 saw a slight increase year on year, but overall remained a low level of 1.3% for short term sick leave (less than 16 days). During the year we experienced one recordable incident resulting in lost time or medical treatment and two recordable spills. All incidents were investigated, with corrective actions implemented. Baker Hughes Norge continued to ensure that focus on Health, Safety and the Environment was our most important priority. Leadership and employee engagement continued through the "Perfect HS&E Day" focus both in Norway as well as globally with 363 of 365 days qualifying as "Perfect HSE days" in Norway.

Several inspections and audits were supported, including an ISO audit performed by DNV. No major findings were reported, but all minor findings and observations are used actively in the continuous improvement work processes.

The company actively promotes equality throughout the organisation and complies with Norwegian laws regarding non-discrimination and equality. Approximately 14% of the full time company employees are female. Baker Hughes Norge continues to focus ensuring our Diversity and Inclusion programs assist in leveraging a balanced employee base - Women and men enjoy the same opportunities to qualify for all types of positions and opportunities for promotion are the same.

Baker Hughes Norge continues to be an active member of "Norsk Olje og Gas" - the Norwegian Oil & Gas association for Oil Companies and Suppliers on the Norwegian continental shelf. Baker Hughes is largely aligned with the rest of the oil industry, we work actively with business and environmental improvements.





BAKER HUGHES NORGE AS
Annual Report 2020

Page 3

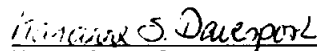
Most of the research and development under the Baker Hughes umbrella takes place at Technology Centres in Houston (USA), Celle (Germany), Rio de Janeiro (Brazil) and Dahrán (Saudi Arabia).

Protection of the external environment is considered to be robust, protocols for use of chemicals and radioactive isotopes comply with government standards. Baker Hughes Norge is certified according to ISO 14001.

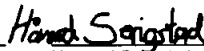
The financial result for the year is a loss of NOK 364 392 743.

The directors do not propose to declare any dividend for the year.

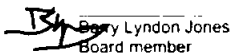
For the Board of Directors of Baker Hughes Norge AS
Tananger, June 2021



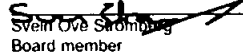
Marianne Stavland Davenport
CEO / Chairman



Haavard Selvigstad
Board member



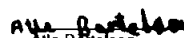
Bory Lyndon Jones
Board member



Svein Ove Skolmberg
Board member



Roar Dromnes
Board member



Alle Bøttelsen
Board member



Bjørn Enes
Board member



Ragnvald Børstein
Board member





Verification





Verification

Director

Signature

Signer

Signature

Signerpartner

Signature

Signerpartner

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To the General Meeting of Baker Hughes Norge AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Baker Hughes Norge AS showing a loss of NOK 364 392 743. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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 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, we are required to report that fact. We have nothing to report in this regard.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Ållå	Finnsnes	Mokle	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

Penneo Dokumentnøkkel: X72V5-GT8L6-5YDPN-Q3LL-1-YUJUD-GYFAC



Baker Hughes Norge AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 a true and fair view.

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.

Penneo Dokumentnøkkel: X72V5-GT8L6-5YDPN-Q3LL-1-VUJUD-GYFAC



Baker Hughes Norge AS

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, 1 July 2021
KPMG AS

Gunnar Sotnakk
State Authorised Public Accountant
(This document is signed electronically)

Pemso Dokumentnøkkel: X72V5-GT8L6-5YDPN-Q3LL-1-VUPUD-GYFAC



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

Gunnar Sotnakk

Partner

På vegne av: KPMG AS

Serienummer: 9578-5993-4-2025853

IP: 80.232.xxx.xxx

2021-07-01 19:13:54Z



Gunnar Sotnakk

Statsautorisert revisor

På vegne av: KPMG AS

Serienummer: 9578-5993-4-2025853

IP: 80.232.xxx.xxx

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Vår dato 15.02.2019	Din/Deres dato 15.01.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Gunnar Sotnakk	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5256601	Postadresse Postboks 9200 Grønland 0134 OSLO

KPMG AS
Postboks 7000 Majorstua
0306 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Baker Hughes Norge AS org.nr. 980 353 273

Vi viser til deres brev av 15. januar 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Baker Hughes Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret vurdering Baker Hughes Norge AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

Bakgrunn

Fra søknaden gjengis;

Baker Hughes Norge AS (org.no 980 353 273) har følgende eierstruktur:

- Baker Hughes Nederland Holdings B.V., Nederland (eierandel 48,3%)
- Baker Hughes Finance International SRL, Barbados (eierandel 51,7%)

Selskapets ultimate morselskap er General Electric Company, et multinasjonalt konsern med hovedkontor i USA. Selskapet må følgelig bruke engelsk for at eierne skal forstå regnskapet. Det samme gjelder for enkelte av selskapets styremedlemmer, som er engelskspråklige.

Selskapet driver sin virksomhet i en internasjonal bransje, oljeservicebransjen, hvor arbeidsspråket er engelsk. Det er grunn til å anta at mulige eksterne regnskapsbrukere som långivere, kunder, leverandører, ansatte og lokalsamfunnet vil være vant til å forholde seg til informasjon på engelsk og at disse ikke blir vesentlig negativt berørt dersom selskapet får dispensasjon. Offentlige regnskapsbrukere som skatteetaten etc. kan ikke anses å bli negativt berørt ved at selskapet får tillatelse til å utarbeide årsregnskap og årsberetning på engelsk.

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.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er eid av et utenlandsk og eierkretsen er begrenset. Selskapet inngår i et internasjonalt konsern. Selskapet driver virksomhet i en internasjonal bransje og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Side 2 / 2