



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	978 612 024
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	PETROTECH AS
Forretningsadresse:	Kvalamarka 26 5514 HAUGESUND

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Lewis John Woodburn McAlister
Dato for fastsettelse av årsregnskapet:	25.06.2021

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, 27.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating Revenue	7	40 537 000	38 565 000
Annen driftsinntekt	7		13 808 000
Sum inntekter		40 537 000	52 373 000
Kostnader			
Cost of Goods sold		6 871 000	4 479 000
Salaries and personnel costs	2,10	36 501 000	39 783 000
Depreciation and amortisation	5	3 650 000	2 760 000
Imparment	5	0	245 000
Other Operating Cost/income	2,7	8 361 000	12 257 000
Sum kostnader		55 383 000	59 524 000
Driftsresultat		-14 846 000	-7 151 000
Finansinntekter og finanskostnader			
Share of loss subsidiaries	6	-17 496 000	-3 049 000
Interest Income		419 000	488 000
Sum finansinntekter		-17 077 000	-2 561 000
Impairment		134 000	
Annen rentekostnad		633 000	746 000
Net Foreign exchange (loss)		-2 062 000	96 000
Sum finanskostnader		-1 295 000	842 000
Netto finans		-15 782 000	-3 403 000
Ordinært resultat før skattekostnad		-30 628 000	-10 554 000
Tax income/expense	3	6 000	5 000
Ordinært resultat etter skattekostnad		-30 634 000	-10 559 000
Årsresultat		-30 634 000	-10 559 000
Overføringer og disponeringer			
Transfer from Retained earnings	9	-30 634 000	-10 559 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		-30 634 000	-10 559 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Land and Buildings	5	7 286 000	7 661 000
Equipment and Machinery	5	18 031 000	20 884 000
Fixtures and fittings	5	165 000	0
Sum varige driftsmidler		25 482 000	28 545 000
Finansielle anleggsmidler			
Investering i datterselskap	6	399 689 000	0
Investering i annet foretak i samme konsern		0	134 000
Sum finansielle anleggsmidler		399 689 000	134 000
Sum anleggsmidler		425 171 000	28 679 000
Omløpsmidler			
Varer			
Inventory		158 000	85 000
Sum varer		158 000	85 000
Fordringer			
Accounts Receivable		1 750 000	3 766 000
Other Receivables		2 772 000	1 069 000
Konsernfordringer	7	26 035 000	39 300 000
Sum fordringer		30 557 000	44 135 000
Bankinnskudd, kontanter og lignende			
Bank Deposit		6 103 000	3 850 000
Sum bankinnskudd, kontanter og lignende		6 103 000	3 850 000
Sum omløpsmidler		36 818 000	48 070 000
SUM EIENDELER		461 989 000	76 749 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share Capital	8,9	8 982 000	8 291 000
Overkurs	9	969 372 000	163 345 000
Annen innskutt egenkapital	9		389 534 000
Sum innskutt egenkapital		978 354 000	561 170 000
Opptjent egenkapital			
Retained earnings	9	-538 570 000	-504 909 000
Share of Subsidiaries' equity	9	0	-245 000
Sum opptjent egenkapital		-538 570 000	-505 154 000
Sum egenkapital		439 784 000	56 016 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	10	8 640 000	6 115 000
Sum avsetninger for forpliktelser		8 640 000	6 115 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		8 640 000	6 115 000
Kortsiktig gjeld			
Leverandørgjeld		6 708 000	5 931 000
Accruals		4 806 000	6 333 000
Employee taxes ad VAT		2 051 000	2 354 000
Sum kortsiktig gjeld		13 565 000	14 618 000
Sum gjeld		22 205 000	20 733 000
SUM EGENKAPITAL OG GJELD		461 989 000	76 749 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 730932

Enheten

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Leweis John Woodburn McAlister
Dato for fastsettelse av årsregnskapet: 25.06.2021

Revisjon

Årsregnskapet er utarbeidet av ekstern
autorisert regnskapsfører: Ja

Grunnlag for avgivelse

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Brønnøysundregistrene, 22.09.2021



Organisasjonsnr: 978 612 024
PETROTECH AS

RESULTATREGNSKAP

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PETROTECH AS

BALANSE

Beløp i: NOK **Note** **2020** **2019**

BALANSE - EIENDELER

Anleggsmidler

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Sum anleggsmidler **425 171 000** **28 679 000**

Omløpsmidler

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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

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PETROTECH AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

Årsregnskapet er satt opp etter regnskapsloven. Regnskapsreglene for små foretak er fulgt. Company information The statutory accounts are prepared in accordance with the relevant Norwegian laws and generally accepted accounting standards for small companies. The Company is 100% owned by Expro Holdings Norway AS. The Company's ultimate parent company and ultimate controlling party is Expro Group Holdings International Limited ('EGHIL'), a company incorporated in the Cayman Islands. The parent company of the smallest group for which consolidated financial statements are prepared and which include the Company is EGHIL. Copies of the consolidated financial statements of EGHIL are available from its registered office at 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. Income recognition Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes. The following criteria must also be met before revenue is recognised: Rendering of services Revenue from the provision of well flow management services is recognised on a time and material basis in the period in which the services are provided with reference to the contract. Sale of goods Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods. Property, plant and equipment Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. The Group capitalised borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009. Depreciation is provided once an asset is placed into operational service and, other than land, is on a straight-line basis over its expected useful life as follows: Property, plant and equipment 2 to 25 years The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Goodwill Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable net assets of the acquiree. Subsidiaries Petrotech AS holds 100% equity investments in Petrotech B.V and Expro Norway AS; the subsidiaries use the same accounting policies as the parent company. The results of the subsidiaries are recognised in the accounts of Petrotech AS using the equity method by which the share of the profit/loss for each of the subsidiaries is included in the value of the investment and recognised as financial income or loss (refer to note 7). 8 Affiliated companies Petrotech AS owns 49% of the shares in AS Petrotech Knowledge (Malaysia) Sdn.Bhd ("PKM"). All revenues in PKM are transferred to Petrotech AS which in turn covers all expenses



for PKM. The business of PKM is therefore directly reflected in the accounts. The remaining 51% of the shares are owned by Tengku ab Malek bin Tengku Mohamed. Inventory The Company holds inventories to maintain its equipment as well as holding inventories for sale to customers. In both cases, inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their current location and condition which are calculated using the average cost method. Net realisable value represents either the value-in-use or the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Trade receivables Trade receivables are measured at initial recognition at fair value and are subsequently carried at the lower of their original invoiced value and recoverable amount, which due to the short maturity period of trade receivables approximates to amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Trade payables Trade payables are measured at initial recognition at fair value and are subsequently carried at book value which, due to the short maturity period of trade payables, approximates to amortised cost. Foreign currency translation Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the monthly average rate at the date of the transaction. Pensions The Company operates one pension scheme, a defined benefit plan. For the defined benefit plan the accounting of pensions is based on a linear earnings profile and expected final salaries for the population. Changes to the plan are recognized in reserves. Financial instruments Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. All financial assets and liabilities are recognised at fair value at the trade date and for financial assets and liabilities with short maturity periods, their fair value or amortised cost approximates to book value. Tax The tax cost in the profit and loss statement consists of both the tax payable and the change in deferred taxes. Deferred taxes are calculated at 22% on the basis of temporary differences between accounting and tax values and tax loss carried forward at the closing of the financial year. Tax increasing and tax reducing temporary differences including tax loss carried forward which will reverse or may reverse in the same period are matched and presented using the net method.

Note

6

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	6909549.00	1.20	8291458.80
<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Expro Holding Norway AS	6909549.00	100.00%	Ordinære aksjer
<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	6909549.00	100.00%	

Note



2

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	29162000.00	32027000.00
<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	4131000.00	4388000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	1818000.00	1049000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	1390000.00	2319000.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	36501000.00	39783000.00

Note

2

Ytelser til ledende personer

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
	1271000.00	246000.00	463000.00

The managing director is entitled to 12 month's full salary on resignation, if the Board exercises its right to prevent him from engaging in competitive business for a period of 12 months after departure. No director received remuneration for his services as a board member.

Note

2

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	120000.00	75000.00
<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
		151000.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	120000.00	226000.00

Note

2

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:



40.00

Note
10

Obligatorisk tjenestepensjon

Er virksomheten pliktig til å ha tjenestepensjonsordning etter lov:
Ja

Oppfyller pensjonsordning lovkravene: Ja

The Company operates a defined benefit plan for 36 employees (Year ended 31 December 2019: 38). The plan entitles the employees to receive defined benefits in the future. These are dependent upon years of service, salary level and the increase in the basic amount provided by the social security system. The pension scheme is in accordance to the Norwegian Pension Act. The liabilities are insured through an insurance company.

Note

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Note
6

Konsern, tilknyttet selskap og datterselskap

Tilknyttet selskap/datterselskap

<u>Navn og adresse</u>	<u>Eierandel</u>	<u>Stemmeandel</u>	<u>Egenkapital</u>	<u>Resultat</u>
Petrotech BV	100.00%	100.00%	-9069.00	-494857.00
Expro Norway AS	100.00%	100.00%	104703.00	-17496.00

Konsernregnskapet inngår i konsolideringen til morselskap: Nei

Datterselskap er utelatt fra konsolideringen: Ja

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Expro Norway AS is filling out their own Financials

Note
3

Skattekostnad

Resultatført skatt på ordinært resultat

Skattepliktig inntekt

Betalbar skatt i balansen

Note



3

Midlertidige forskjeller - utsatt skatt/skattefordel

Note

5

Varige driftsmidler/anleggsmidler

Driftsløsøre, inventar o.l. er forkortet til: "Drift/inv"

Maskiner og anlegg er forkortet til: "Mask/anl"

Tomter, bygninger og annen fast eiendom er forkortet til: "T/B/AFE"

<u>Anskaff. kost 01.01.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
2068000.00	64977000.0	11838000.0	78883000.0	0
	0	0	0	0

<u>Tilgang i året</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
193000.00	18629000.0	18822000.0	0	0
	0	0	0	0

<u>Avgang i året</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
		20261000.0	20261000.0	0
		0	0	0

<u>Anskaff. kost 31.12.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
2261000.00	63345000.0	11838000.0	77444000.0	0
	0	0	0	0

<u>Akk.av-/nedskr.01.01.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
2068000.00	44093000.0	4177000.00	50338000.0	0
	0	0	0	0

<u>Akk.av-/nedskr.31.12.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
2096000.00	45314000.0	4552000.00	51961000.0	0
	0	0	0	0

<u>Bal.ført verdi 31.12.</u>	<u>Drift/inv</u>	<u>Mask/anl</u>	<u>T/B/AFE</u>	<u>Sum</u>
165000.00	18031000.0	7286000.00	25482000.0	0
	0	0	0	0

Note

10

Egenkapital

Aksjekapital er forkortet til: "Aksjekap"

Annen innskutt egenkapital er forkortet til: "A.innsk.EK"

<u>Egenkapital 01.01.</u>	<u>Aksjekap</u>	<u>Overkurs</u>	<u>A.innsk.EK</u>
8291000.00	163345000.00	389534000.00	

<u>Mottatt konsernbidrag</u>	<u>Aksjekap</u>	<u>Overkurs</u>	<u>A.innsk.EK</u>



691000.00 416493000.00

<u>Neds.opptj.EK/udekket tap</u>	<u>Aksjekap</u>	<u>Overkurs</u>	<u>A.innsk.EK</u>
		389534000.00	-389534000.00
			0

<u>Egenkapital 31.12.</u>	<u>Aksjekap</u>	<u>Overkurs</u>	<u>A.innsk.EK</u>
	8982000.00	969372000.00	0.00

Egenkapital

Opptjent egenkapital er forkortet til: "Opptj.EK"

<u>Egenkapital 01.01.</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	-504909000.00	-245000.00	56016000.00
			0

<u>Årsresultat</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	-30634000.00		-30634000.00

<u>Mottatt konsernbidrag</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
			417184000.00

<u>Andre endringer</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	-2782000.00		-2782000.00

<u>Egenkapital 31.12.</u>	<u>Opptj.EK</u>	<u>Udekket tap</u>	<u>Sum</u>
	-538325000.00	-245000.00	439784000.00
			0



Directorate of Taxes

Inquiries to Torstein Kinden Helteland	Your date 26.04.2012	Our date 03.05.2012
Telephone 22078139	Your reference Bjørn Dybdahl	Our reference 2012/292194

PETROTECH AS
P.O. Box 575
5501 HAUGESUND

Permission to prepare the annual accounts and director's report in English language for Petrotech AS, org. nr. 978 612 024

Dear Mr. Bjørn Dybdahl

With reference to your letter of 26 April 2012, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns Petrotech AS.

Conclusion

Based on a total evaluation, the view of The Directorate of Taxes is that Petrotech AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph.

The exemption requires that the information that the decision is based on, does not change significantly.

Background

Petrotech AS is part of the Expro International Group Holdings Ltd group with the head office in Reading, UK. The group has operations in all the major hydrocarbon producing areas of the world, and Petrotech AS reports to the UK head office as well as regional headquarters in Aberdeen, UK. The company's working language is English. All key players and partners in this industry speak and use English language. All communications with customers and creditors are in English. The annual report and financial statements are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.

Ot. prp. nr. 42 (1997=1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

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"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

Hence, one of the main aims of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized the company is a wholly-owned subsidiary of a British company. The company's working language is English. Internal, English is also only language used for reporting purpose. Further, all key players and partners in this industry speak and use English language.

We kindly request you to mention "our reference" in all written communication with The Norwegian Tax Authorities.

Best regards

Rune Tystad
Senior Adviser
Legal Department
Directorate of Taxes

Torstein Kinden Helleland



Deloitte.

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To the General Meeting of Petrotech AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Petrotech AS showing a loss of NOK 30 634 000. The financial statements comprise the balance sheet as at 31 December 2020, the income 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 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.

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:

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Organisasjonsnummer: 980 211 282

Penneo Dokumentnøkkel: S1QTT-FZGI-HWYI-ACYQB-EA0E2-NZ3OX



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Independent Auditor's Report -
Petrotech AS

- 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 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.

Report on Other Legal and Regulatory Requirements

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, 28 June 2021
Deloitte AS

Reidar Ludvigsen
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: S1QTF-F2GI-HWYUJ-ACYQB-EA0E2-NZ3QX



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Reidar Ludvigsen

State Authorised Public Accountant (Norway)

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Petrotech AS
Kvalamaka 26
5514 Haugesund
Norway

www.exprogroup.com

Ernst & Young AS

Stavanger, 29 June 2020

Att.: Stig Tore Strand

This letter of representations is provided in connection with your audit of the financial statements of Petrotech AS and subsidiaries ("the Company") for the year ended 31 December 2019. We recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements present fairly, in all material respects, the financial position of Petrotech AS as of 31 December 2019 and of its operations and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). This involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial statements and financial records

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 12.11.2019, for the preparation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.)
2. We acknowledge, as members of management of the Company, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above present fairly, in all material respects the financial position, results of operations and cash flows of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Company, we believe that the Company has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarized in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.



B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Company's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and errors
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations including fraud that may have affected the Company (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Company's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Company's business, its ability to continue in business, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information provided and completeness of information and transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
 - Additional information that you have requested from us for the purpose of the audit and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements. In our opinion, we have fulfilled our duty to properly register and document the accounting information in accordance with Norwegian law and bookkeeping practice generally accepted in Norway.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) until this date.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Company's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the end of the period. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Company has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. We have disclosed to you any cybersecurity breach that either occurred or that third parties (including regulatory agencies, law enforcement agencies and security consultants) had brought to our attention during the period under audit and up to the date of the representation that could potentially be material to the financial statements.



D. Assets

1. The Company has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Company's assets, nor has any asset been pledged as collateral.
2. All assets, including contingent assets, are correctly reflected in the financial statements.

E. Liabilities and contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed the financial statements all guarantees that we have given to third parties.

F. Remuneration to the Board, management and employees

1. To the extent required by the Accounting Act sections 7-31 and 7-32 and general financial statements legislations, the financial statements and footnote disclosures contain complete information regarding all agreements made by the managing director, chair of the Board, other board members and other executives with respect to compensation, options/warrants, pension, early retirement and termination rights as well as all loans or collateral provided to Board members, shareholders and employees.
Since 31 December 2019, the following changes have been made to these agreements: No changes
2. No board members, employees or other individuals and/or Companies included in the Limited Liability Companies Act section 6-17 have received any compensation violating the regulations of this section.

G. Going concern

1. Note 1 to the financial statements discloses all of the matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

H. Subsequent events

1. Other than Covid-19 described in note 1 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.
2. We confirm that we have provided you with information about effects of Covid-19, and that these effects have been adequately considered and presented in the Board of Directors' report and notes to the financial statements.

I. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the annual report.
2. We confirm that the content contained within the other information is consistent with the financial statements.

Yours faithfully,


Dag Eldsvik
Senior Area Manager


Murtaza Khan
Area Finance Manager



Communication schedule for uncorrected misstatements

Entity: <u>Pebotech AS</u>		Period Ended: <u>31-Dec-2019</u>		Currency: <u>000 NOK</u>								
Uncorrected misstatements		Analysis of misstatements Debit/(Credit)						Income statement effect of the current period		Income statement effect of the prior period		
No.	WIP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period DCI	Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
(misstatements are recorded as journal entries with a description)			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)			
Factual misstatements:												
N10.13		Cost pertaining to 2020 has been booked as AP in 2019 instead of as a prepayment.			40							
2xxx		Prepayments										
550810		Computer Equipment - Software								(46)		
19 N2		Holiday pay list does not agree to booked amount on account for reserve for vacation cost			42							
240410		Reserve for vacation cost								(42)		
600xx		Salaries & wages										
Total of uncorrected misstatements before income tax			0	0	80	0	0	0	0	(86)	0	0
Total of uncorrected misstatements			0	0	80	0	0	0	0	(86)	0	0
Financial statement amounts			48 069	28 670	(14 913)	(8 115)	(36 016)			10 850		
Effect of uncorrected misstatements on F/S amounts			0.6%	0.6%	-0.6%	0.0%	0.0%			-0.8%		0.0%
Memo: Total of non-taxable items (marked 'X' above)										0		0
Uncorrected misstatements before income tax									0.0%	(86)		0
Less: Tax effect of misstatements at current year marginal rate										0		0
Uncorrected misstatements in income tax										0		0
Cumulative effect of uncorrected misstatements after tax but before turnaround										-0.8%		(86)
Turnaround effect of prior period uncorrected misstatements												0
All factual and projected misstatements:										0		0
Judgmental misstatements (Note 3):										0		0
Cumulative effect of uncorrected misstatements, after turnaround effect										-0.8%		(86)
Current year income before tax												
Current year income after tax												10 559



Petrotech AS

Annual report 2019

As at 31 December 2019

The nature of the business and where it is carried out

Petrotech AS ("the Company") supplies products and services to the oil and gas industry predominantly within the area of specialised high-quality physical and chemical testing of oil and gas wells. The Company operates predominantly on the Norwegian continental shelf and the head office is located in Haugesund.

Future outlook

The short-term market outlook will be fluid, as the service sector is impacted by the immediate E&P company budget cuts announced in reaction to the oil price collapse and the effects of COVID-19 pandemic, further reducing demand on an already oversupplied market.

The Group continues to work closely with our clients in order to carefully monitor and adjust our business to these evolving market demands. We have taken steps to reduce outgoings and the Company is taking a prudent and vigilant approach on all expenditure

Going concern

Having considered the principal risks and uncertainties facing Expro Holdings UK 2 Limited and its subsidiaries (the "Group") and the current economic environment, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of not less than twelve months from the date of signature of the accounts. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. The total equity of the company is positive NOK 56m but in light of the earned equity of the company being negative at the balance sheet date 31 December 2019, given the Group's expectation to have sufficient resources to support the continued operational existence of its subsidiaries for the following twelve months, the Company's board of directors (the "Board") will evaluate various alternatives, including potential capital contributions, as appropriate, to return the earned equity of the Company to a positive position. A letter of support from Expro Holdings UK 2 Limited has been provided stating, that it will provide financial support to the Company, if needed, for a period of at least twelve months from date of approval of the financial statements.

COVID-19 pandemic is expected to have an impact on the cashflows and operations of the Company. The short-term market outlook for the Group will be challenging, as the service sector is impacted by the immediate E&P company budget cuts announced in reaction to the oil price collapse and the effects of COVID-19 pandemic, further reducing demand on an already oversupplied market. The Group and the Company have taken immediate steps to reorganise its operations to continue to serve its customers and to take action to reduce its cost base and protect the financial resources of the Group and the Company.

The Directors are satisfied that the parent undertaking EHUK2 has the ability to provide this support, should it be required and that the Company will have continued access to the cash pooling arrangement within the Group. Given the continued parental support, the Directors deem it appropriate to prepare the financial statements on the going concern basis.

Business review

Revenue for the year ended 31 December 2019 was NOK 52m, reflecting a 19% increase compared to annualized revenue in 2018. The operating costs excluding impairment increased by 14% during the year in line with the increase in revenue. A loss before tax of NOK 10.5m (9 months ended 31 December 2018: loss NOK 121.1m) was booked. The main driver in reduction in loss in the current year is that Petrotech share of loss in its subsidiary Expro Norway AS amounting to NOK 156m exceeded its Investment and, as a result, the company has no obligation to recognise any further losses. Therefore Petrotech's share of the loss in its subsidiary Expro Norway AS has only been recognised to the extent of the book value of its investment in Expro Norway AS, being NOK 3m which has been booked in the income statement.

Events after the reporting date

The impact of COVID-19 on the future outlook of the business is also set out in Note 13 to the financial statements. No other material events have occurred since the balance sheet date which would affect the financial statements of the Company



Petrotech AS

Annual report 2019

As at 31 December 2019

Employment policies

The Company's employment policies are regularly reviewed and updated to ensure that they remain effective. The policies are designed to promote a working environment which supports the recruitment and retention of effective employees, improves productivity and fosters relationships free of discrimination. Providing all employees with access to training remains a priority.

Health and safety

The health and safety of all personnel is of paramount importance to Expro. Commitment from all levels of the business supports us in delivering the highest standards of safety performance. The Group has consistently outperformed industry-established standards in health and safety since March 2004.

The total sickness leave ratio in the 12 months ended 31 December 2019 was 9% which is seen as acceptable.

Management of risks and uncertainties

The following risks could materially affect the business of the Group of which the Company is a part, its financial position and the results of subsidiaries' operations. Controls are put in place for the mitigation of internal risks and management seek to identify risks that are not within its control. Further risks to the Group are disclosed in the accounts of Expro Holdings UK 2 Limited.

Oil price

The market conditions for upstream well flow management services are closely linked to the price for oil and gas. Price is a factor of supply and demand, and in the short-term this is impacted by immediate issues such as the global economic and geopolitical environments. The prevailing price for oil, as well as expectations in respect of future prices, will therefore directly impact the Company's revenues, adjusted operating profit and cash flows.

Foreign currency risk

The Company faces exposure to transactional foreign currency risk as a result of transactions in currencies other than its functional currency, and translational foreign currency risk on the revaluation of net monetary assets and liabilities, including working capital balances. The Group monitors its exposure to foreign exchange risk on an ongoing basis through analysis of the profile of its monetary assets and liabilities, and has a policy of natural hedging which substantially mitigates the impact of currency movements in terms of profits, cash and net assets.

Environmental matters

Expro is committed to environmental responsibility and aims to prevent harm to the environment as a result of its operations. The environmental impacts are not those commonly associated with the oil and gas industry as the Company and the Group are solutions providers and, therefore, not directly responsible for impacts from flaring, venting or field development. However, the Group does provide solutions to its customers to eliminate or reduce such impacts, such as the introduction of wet gas metering and clean burn technology, as well as separation technology that has been developed to lessen impact on the environment and local communities.

Regulatory

The general upstream oil and gas sector is subject to significant regulation which aims to ensure the exploration, development and production of hydrocarbons are achieved in a safe and responsible manner. As a service provider, Expro is impacted by both regulation of its customers and regulations which directly impact its provision of products and services. Regulations to which customers are subject will impact where and how hydrocarbons could be developed and this in turn will impact the demand on Expro's well-testing and commissioning segments. Regulation of the sector and service companies can be perceived as positive as it limits the amount of direct competition experienced by Expro in a number of its product and service offerings.



Petrotech AS

Annual report 2019

As at 31 December 2019

Equality

The Company is determined to give equal opportunities to all employees regardless of their gender. However, at the end of the financial year the proportion of female employees remains relatively low. This is due to the fact that the business of the Company is traditionally male dominated and thus it may be difficult to find female candidates with a suitable background.

Gender distribution (%) amongst the Company's employees	Women	25%
	Men	75%
Gender distribution (%) within the Company's Board:	Women	0%
	Men	100%

Distribution of the loss

It is proposed that the loss in the year ended 31 December 2019 be distributed as follows:

Transferred to retained earnings	NOK -
Transferred from retained earnings	<u>NOK 10,559k</u>
Total distributed	<u>NOK 10,559k</u>

Dag Eldsvik
Director

Lewis J.W. McAlister
Chairman

Bjørn Dybdahl
Director

Date: 29 JUNE 2020



Petrotech AS

Income statement

As at 31 December 2019

	Note	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018* NOK'000
Operating revenue			
Operating revenue		38,565	31,827
Other Income	12	13,808	1,144
Total revenue		<u>52,373</u>	<u>32,971</u>
Operating costs			
Cost of goods sold		(4,479)	(4,115)
Salaries and personnel costs	2,4	(39,783)	(28,048)
Depreciation and amortisation	5	(2,760)	(1,709)
Impairment	5,6	(245)	(13,209)
Other operating costs		(12,257)	(5,263)
Total operating costs		<u>(59,524)</u>	<u>(52,344)</u>
Operating loss		<u>(7,151)</u>	<u>(19,373)</u>
Financial expense			
Interest income		488	350
Share of loss in subsidiaries	7	(3,049)	(94,652)
Other interest expense		(746)	(538)
Net foreign exchange (loss)		(96)	(6,920)
Net financial expense		<u>(3,403)</u>	<u>(101,760)</u>
Ordinary loss before tax		<u>(10,554)</u>	<u>(121,133)</u>
Tax cost			
Tax(expense) / income on ordinary profit	11	(5)	61
Net loss		<u>(10,559)</u>	<u>(121,072)</u>
Disposals			
Transferred from retained earnings		(10,559)	(121,072)
Total disposals		<u>(10,559)</u>	<u>(121,072)</u>



Petrotech AS

Balance sheet

As at 31 December 2019

	Note	31 December 2019 NOK'000	31 December 2018 NOK'000
Fixed assets			
<i>Operating assets</i>			
Equipment and machinery	5	20,884	14,943
Land and buildings	5	<u>7,661</u>	<u>8,047</u>
Total operating assets		<u>28,545</u>	<u>22,990</u>
<i>Financial assets</i>			
Shares in subsidiaries	7	-	3,049
Shares in affiliated companies	8	<u>134</u>	<u>134</u>
Total financial assets		<u>134</u>	<u>3,183</u>
Total non- current assets		<u>28,679</u>	<u>26,173</u>
Current assets			
<i>Inventory and WIP</i>			
Inventory		<u>86</u>	<u>20</u>
Total inventory and WIP		<u>86</u>	<u>20</u>
<i>Receivables</i>			
Accounts receivable		3,766	3,810
Intercompany accounts receivable	12	39,300	52,607
Other receivables		<u>1,068</u>	<u>1,174</u>
Total receivables		<u>44,134</u>	<u>57,591</u>
Bank deposits		<u>3,850</u>	<u>3,446</u>
Total current assets		<u>48,070</u>	<u>61,057</u>
Total assets		<u>76,749</u>	<u>87,230</u>



Petrotech AS

Balance sheet

As at 31 December 2019

	Note	31 December 2019 NOK'000	31 December 2018 NOK'000
Equity			
<i>Paid in equity</i>			
Share capital	9,10	8,291	8,291
Share premium	10	163,345	163,345
Total paid in equity		<u>171,636</u>	<u>171,636</u>
Capital Injection	10	389,534	389,534
<i>Earned equity</i>			
Share of subsidiaries' equity	10	(245)	(245)
Retained earnings	10	(504,909)	(496,023)
Total earned equity		<u>(505,154)</u>	<u>(496,268)</u>
Total equity		<u>56,016</u>	<u>64,902</u>
Liabilities			
<i>Provisions</i>			
Retirement benefit obligations	4	6,115	6,980
Total provisions		<u>6,115</u>	<u>6,980</u>
<i>Short term liabilities</i>			
Accounts payable		5,931	8,721
Accruals		6,333	4,329
Employee taxes and VAT		2,354	2,298
Total short term liabilities		<u>14,618</u>	<u>15,348</u>
Total liabilities		<u>20,733</u>	<u>22,328</u>
Total equity and liabilities		<u>76,749</u>	<u>87,230</u>

Dag Eidsvik
Director

Lewis J.W. McAllister
Chairman

Bjørn Svoboda
Director

Date: 29 JUNE 2020



Petrotech AS

Cash flow statement

As at 31 December 2019

	Year to 31 December 2019	9 months ended 31 December 2018
	NOK'000	NOK'000
<u>Cash flow from operating activities</u>		
Ordinary loss before tax	(10,554)	(121,133)
Depreciation and amortisation	2,760	15,249
Impairment	245	(331)
Share of result from subsidiaries (note 7)	3,049	94,652
(Decrease) / increase in inventory	(65)	-
Increase / (decrease) in accounts receivable	150	(1,851)
(Decrease)/ increase in short term liabilities	(730)	1,772
Tax	(5)	61
Translation of retained earnings from foreign affiliate	551	623
Change in pension liabilities	257	190
Net cash flow used in operating activities	<u>(4,342)</u>	<u>(10,768)</u>
<u>Cash flow from investing activities</u>		
Investment in subsidiary	-	(91,624)
Outgoing payment from acquisition of fixed assets	(8,561)	(9,562)
Incoming payment from disposal of fixed assets	-	3,955
Net cash flow used in investing activities	<u>(8,561)</u>	<u>(97,231)</u>
<u>Cash flow from financing activities</u>		
Movements in intercompany balances	13,307	(279,504)
Capital contribution	-	389,534
Net cash flow from financing activities	<u>13,307</u>	<u>110,030</u>
Net change in cash and bank deposits	404	2,031
Cash and bank deposits at beginning of year	3,446	1,415
Cash and bank deposits at end of year	3,850	3,446



Petrotech AS

Notes to the financial statements

As at to 31 December 2019

1. Accounting Policies & Procedures

Company information

The statutory accounts are prepared in accordance with the relevant Norwegian laws and generally accepted accounting standards for small companies.

The Company is 100% owned by Expro Holdings Norway AS.

The Company's ultimate parent company and ultimate controlling party is Expro Group Holdings International Limited ('EGHIL'), a company incorporated in the Cayman Islands. The parent company of the smallest group for which consolidated financial statements are prepared and which include the Company is EGHIL. Copies of the consolidated financial statements of EGHIL are available from its registered office at 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands.

Restatement of 2018 comparatives

The 2018 comparative figure for salaries and personnel costs totalling NOK 17m has been restated as Intercompany personnel recharge of NOK 11m was incorrectly classified as personnel cost in the prior year resulting in understated personnel costs and understated operating revenue with no impact on the results for the nine-month period ending 31 December 2018. Both the operating revenue and personnel costs for the nine-month period ending 31 December 2018 has now been restated accordingly.

The 2018 comparative figure for management charges totalling NOK 1,1m was incorrectly net off between charged billed and received from other countries resulting in understatement of Other Income (NOK 1.1m) and operating cost (NOK 2.2m) with no impact on the results for the nine-month period ending 31 December 2018. Both the other income and operating costs for the nine-month period ending 31 December 2018 has now been restated accordingly.

Basis of preparation and going concern

In assessing whether the financial statements for the Company should be prepared on the going concern basis, the directors have considered the future outlook of the Group and the Company.

Having considered the principal risks and uncertainties facing Expro Holdings UK 2 Limited and its subsidiaries (the "Group") and the current economic environment, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of not less than twelve months from the date of signature of the accounts. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. The total equity of the company is positive NOK 56m but in light of the earned equity of the company being negative at the balance sheet date 31 December 2019, given the Group's expectation to have sufficient resources to support the continued operational existence of its subsidiaries for the following twelve months, the Company's board of directors (the "Board") will evaluate various alternatives, including potential capital contributions, as appropriate, to return the earned equity of the Company to a positive position. A letter of support from Expro Holdings UK 2 Limited has been provided stating, that it will provide financial support to the Company, if needed, for a period of at least twelve months from date of approval of the financial statements.

COVID-19 pandemic is expected to have an impact on the cashflows and operations of the Company. The short-term market outlook for the Group will be challenging, as the service sector is impacted by the immediate E&P company budget cuts announced in reaction to the oil price collapse and the effects of COVID-19 pandemic, further reducing demand on an already oversupplied market. The Group and the Company have taken immediate steps to reorganise its operations to continue to serve its customers and to take action to reduce its cost base and protect the financial resources of the Group and the Company.

The Directors are satisfied that the parent undertaking EHUK2 has the ability to provide this support, should it be required and that the Company will have continued access to the cash pooling arrangement within the Group. Given the continued parental support, the Directors deem it appropriate to prepare the financial statements on the going concern basis.



Petrotech AS

Notes to the financial statements (continued)

As at to 31 December 2019

Income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the provision of well flow management services is recognised on a time and material basis in the period in which the services are provided with reference to the contract.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. The Group capitalised borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009.

Depreciation is provided once an asset is placed into operational service and, other than land, is on a straight-line basis over its expected useful life as follows:

Property, plant and equipment	-	2 to 25 years
-------------------------------	---	---------------

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable net assets of the acquiree

Subsidiaries

Petrotech AS holds 100% equity investments in Petrotech B.V and Expro Norway AS; the subsidiaries use the same accounting policies as the parent company. The results of the subsidiaries are recognised in the accounts of Petrotech AS using the equity method by which the share of the profit/loss for each of the subsidiaries is included in the value of the investment and recognised as financial income or loss.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. (Refer to Note 7)

Affiliated companies

Petrotech AS owns 49% of the shares in AS Petrotech Knowledge (Malaysia) Sdn.Bhd ("PKM"). All revenues in PKM are transferred to Petrotech AS which in turn covers all expenses for PKM. The business of PKM is therefore directly reflected in the accounts. The remaining 51% of the shares are owned by Tengku ab Malek bin Tengku Mohamed.

Inventory

The Company holds inventories to maintain its equipment as well as holding inventories for sale to customers. In both cases, inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their current location and condition which are calculated using the average cost method. Net realisable value represents either the value-in-use or the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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Petrotech AS

Notes to the financial statements (continued)

As at to 31 December 2019

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently carried at the lower of their original invoiced value and recoverable amount, which due to the short maturity period of trade receivables approximates to amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade payables

Trade payables are measured at initial recognition at fair value and are subsequently carried at book value which, due to the short maturity period of trade payables, approximates to amortised cost.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the monthly average rate at the date of the transaction.

Pensions

The Company operates one pension scheme, a defined benefit plan. For the defined benefit plan the accounting of pensions is based on a linear earnings profile and expected final salaries for the population. Changes to the plan are recognized in reserves.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. All financial assets and liabilities are recognised at fair value at the trade date and for financial assets and liabilities with short maturity periods, their fair value or amortised cost approximates to book value.

Tax

The tax cost in the profit and loss statement consists of both the tax payable and the change in deferred taxes. Deferred taxes are calculated at 22% on the basis of temporary differences between accounting and tax values and tax loss carried forward at the closing of the financial year. Tax increasing and tax reducing temporary differences including tax loss carried forward which will reverse or may reverse in the same period are matched and presented using the net method.

2. Personnel costs

	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018* NOK'000
Salaries	32,027	21,900
Employer's tax	4,388	3,257
Pension cost	1,049	1,085
Other benefits	2,319	1,806
	39,783	28,048

*The 2018 comparative figure for salaries and personnel costs totalling NOK 17,137k has been restated as Intercompany personnel recharge of NOK 10,911k was incorrectly classified as personnel cost in the prior year, resulting in understated personnel costs and understated operating revenue with no impact on the results for the nine-month period ending 31 December 2018. Both the operating revenue and personnel costs for the nine-month period ending 31 December 2018 has now been restated accordingly



Petrotech AS

Notes to the financial statements (continued)

As at to 31 December 2019

2. Personnel costs (continued)

	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018 NOK'000
Average number of employees	40	41
Benefits to managing director		
Salary	1,224	900
Pension costs	112	81
Other benefits	558	274
	1,894	1,255

The managing director is entitled to 12 month's full salary on resignation, if the Board exercises its right to prevent him from engaging in competitive business for a period of 12 months after departure. No director received remuneration for his services as a board member.

3. Audit fee

The cost for the external auditor was NOK 74.9k (period ended 31 December 2018: NOK 95k), the cost for other services was 150.5k. (period ended 31 December 2018: NOK 87k). The company held an accrual of NOK 52.3k for audit services and NOK Nil k for other services at the end of the year. (period ended 31 December 2018: NOK 69k and NOK 60k)

4. Retirement Benefit Scheme

Insured schemes

The Company operates a defined benefit plan for 38 employees (period ended 31 December 2018: 37). The plan entitles the employees to receive defined benefits in the future. These are dependent upon years of service, salary level and the increase in the basic amount provided by the social security system. The pension scheme is in accordance to the Norwegian Pension Act.

The liabilities are insured through an insurance company.

	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018 NOK'000
Annual pension costs		
Present value of current year earnings	1,771	1,318
Interest cost on assets	746	538
Expected return on assets	(487)	(348)
Net periodic pension costs defined benefit plan	2,030	1,508



Petrotech AS

Notes to the financial statements (continued)

As at to 31 December 2019

4. Retirement Benefit Scheme (continued)

	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018 NOK'000
Pension Deficit:		
Pension Liability	(28,535)	(28,530)
Scheme Assets	22,420	21,550
	(6,115)	(6,980)
Economic Indicators:		
Corridor	10.00%	10.00%
Expected return on assets	2.30%	2.30%
Discount Rate	2.20%	2.60%
Rate of compensation increase	2.25%	2.75%
Increase of social security base amount	2.00%	2.50%
Rate of pension increase	0.7%	0.80%
Payroll tax	14.10%	14.10%
Mortality table	K2013BE	K2013BE

5. Property, plant and equipment

	Equipment and machinery NOK'000	Land and Buildings NOK'000
Cost 01 January 2019	57,984	11,838
Acquisitions	7,597	-
Transfers in	20,678	-
Transfers out	(19,254)	-
Disposals	(97)	-
Cost 31 December 2019	66,907	11,838
Accumulated Depreciation 01 January 2019	43,041	3,791
Depreciation charge	2,374	386
Impairment	245	-
Transfers in	7,078	-
Transfers out	(6,618)	-
Disposals	(97)	-
Accumulated Depreciation 31 December 2019	46,023	4,177
Net book value 31 December 2019	20,884	7,661
Net book value 31 December 2018	14,943	8,047
Planned depreciation	5, 9, & 10 years	25 years 12



Petrotech AS

Notes to the financial statements (continued)

As at to 31 December 2019

6. Intangible assets and Goodwill

	Goodwill NOK'000	Patents NOK'000
Cost 01 January 2019	54,146	23,000
Accumulated impairment 01 December 2018	54,146	23,000
Impairment charge	-	-
Accumulated Impairment 31 December 2019	54,146	23,000
Net book value 31 December 2019	-	-
Net book value 31 December 2018	-	-

The ongoing challenging business environment was considered to be a potential indicator of impairment. Accordingly, the Company's goodwill and patents were tested for impairment at 31 December 2019.

7. Investments in subsidiaries

The company is the parent company to Petrotech BV and Expro Norway AS. The company owns shares in:

Company	City of residence	Number of shares	Book value 2018	Book Value 2019	Ownership interest and voting right	Currency	Net profit/(loss)	Company's Equity
Petrotech BV*	Netherlands	400	-	-	100%	Euro	(57,924)	(485,788)
Expro Norway AS	Stavanger	1,001	3,049	-	100%	NOK	(156,541)	(294,985)
			3,049	-				

*As FY19 Audit has not yet been finalised, the figures from FY18 audited financials have been used.

The loss in its subsidiary Expro Norway AS amounted to NOK 156m in the current year which exceeded the book value of the Petrotech's investment in Expro Norway and, as a result, Petrotech no longer has an obligation to recognise any further losses in line with the equity method.

Therefore Petrotech's share of the loss in its subsidiary Expro Norway AS has only been recognised to the extent of the book value of its investment in Expro Norway AS, being NOK 3,049,000, which has been booked in the income statement to bring the book value of the investment to Nil.

8. Affiliated companies

Company	City of residence	Voting rights & shares owned	Currency	Share capital 31 December 2019	Number of shares	Book Value 2019 NOK'000
AS Petrotech Knowledge (Malaysia) Sdn Bhd	Kuala Lumpur	49%	MYR	100,000	100,000	134



Petrotech AS

Notes to the financial statements (continued)

As at to 31 December 2019

9. Shares and shareholders

The company's major shareholder as at 31, 2019 December, who own more than 1% of the share capital is:

Shareholder's name	Total shares	Percentage	Vote share
Expro Holdings Norway AS	6,909,549	100%	100%

The share capital of the Company consists of NOK 8,291,458.80 based on 6,909,549 shares with nominal value of NOK 1.2.

10. Equity

	Share capital NOK'000	Capital contribution NOK'000	Share premium NOK'000	Share of subsidiaries' equity NOK'000	Retained Earnings NOK'000	Total Equity NOK'000
At 1 January 2019	8,291	389,534	163,345	(245)	(496,023)	64,902
Loss for the year	-	-	-	-	(10,559)	(10,559)
Pensions	-	-	-	-	1,122	1,122
FX on reserves translation	-	-	-	-	551	551
At 31 December 2019	8,291	389,534	163,345	(245)	(504,909)	56,016

11. Tax

	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018 NOK'000
Tax credit on loss for the year		
Adjustments in respect to prior years		5
Change in deferred tax		(61)
Total tax credit/(expense) for the year/period	5	(61)

Specification of the tax base:

	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018 NOK'000
Net loss before income tax	(10,554)	(121,133)
+ Permanent differences	4,540	24,586
+Changes in temporary differences	(1,215)	208
Other adjustments	-	3,067
+/- Currency adjustment	-	-
-Use of losses carry forward	-	-
=Tax base	(7,229)	(93,272)



Petrotech AS

Notes to the financial statements (continued)

As at to 31 December 2019

11. Tax (continued)

Specification of tax expenses:

	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018 NOK'000
Taxes payable in the balance sheet	-	-
=Total taxes payable	-	-
+/-Changes in tax rate		
+/-Change in deferred tax /tax assets		
Adjustments previous periods	5	(61)
=Income tax credit/(expense)	5	(61)

	Year to 31 December 2019 NOK'000	9 months ended 31 December 2018 NOK'000
Deferred tax/Deferred tax assets		
Specification of temporary differences		
Differences which may reverse:		
Fixed assets	(2,476)	(5,836)
Pension liability	6,115	6,980
Accounting provisions	86	-
Total temporary differences before loss carried forward	3,725	1,144
Accumulated tax loss carried forward	51,399	40,997
=Basis for deferred tax assets	55,124	42,141
Unrecognised net deferred tax asset	12,127	9,271
<i>Tax rate 31 December (%)</i>	<i>22%</i>	<i>22%</i>

At the balance sheet date the Company had net unrecognized deferred tax assets totaling NOK 12.1m (2018:NOK 9.3 m), arising from tax losses generated in the Company. The net deferred tax asset has not been recognized as management does not consider it likely that the benefit will be realized in the near term.

12. Intercompany

The following table provides the total amount of transactions that have been entered into with other companies in the Group for the relevant financial year.

Type of transaction	Classification	Year to 31 December 2019 NOK'000	9 month ended to 31 December 2018 NOK'000
Sales to other companies in the Group	<i>Included in Operating Revenue</i>	13,492	16,700
Purchase from other companies in the Group	<i>Included in Other Operating costs</i>	(41)	(3,900)
Central management charge to other companies in the Group	<i>Included in Other Income</i>	13,808	1,144
Central management charge from other companies in the Group	<i>Include in Other operating costs</i>	(8,138)	(2,242)
		31 December 2019 NOK'000	31 December 2018 NOK'000
Amounts owed by Intercompany receivables and group undertakings		39,300	52,607



Petrotech AS

Notes to the financial statements (continued)

As at to 31 December 2019

13. Events after reporting date

There were no events between the reporting date and the date the financial statements were authorised for issue that require disclosure, other than as disclosed below:

After the balance sheet date, the Group has seen macro-economic uncertainty with regards to demand for oil, gas and products impacting on the overall activity in the oil and gas industry as a result of the COVID-19 (coronavirus) outbreak. Management determined COVID-19 is a non-adjusting event and as such, no adjustment has been made in respect of COVID-19. However, the Company continues to monitor and assess the impact of COVID-19 on the recoverability of its long-term assets, intercompany and trade receivables and as of the date of the financial statements such impact remains uncertain.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Petrotech AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Petrotech AS, which comprise the balance sheet as at 31 December 2019, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of 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.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



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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 International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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 proposal for the 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Petrotech AS

A member firm of Ernst & Young Global Limited

Pemneo Dokumentnøkkel: U1YXHU-X2F2W-KE05M-0F8U2-T0XKS-3W16Y



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Stavanger, 29 June 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Stig Tore Strand
State Authorised Public Accountant (Norway)

Pemso Dokumentnøkkel: U1YHU-X2F2W-KE05M-0F8UJ-T0XK5-3W16Y

Independent auditor's report - Petrotech AS

A member firm of Ernst & Young Global Limited



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

Stig Tore Strand

Statsautorisert revisor

På vegne av: Ernst & Young AS

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