



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 335 429
Organisasjonsform: Aksjeselskap
Foretaksnavn: MRC GLOBAL NORWAY AS
Forretningsadresse: Gamle Forusveien 53
4031 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: 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: Olaug Kristine Salte
Dato for fastsettelse av årsregnskapet: 18.08.2021

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, 10.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	900 172 000	972 019 000
Sum inntekter		900 172 000	972 019 000
Kostnader			
Varekostnad		642 966 000	720 679 000
Lønnskostnad	4, 9	159 113 000	146 316 000
Avskrivning	11, 12	53 627 000	53 629 000
Annen driftskostnad	4, 11	152 755 000	94 947 000
Sum kostnader		1 008 461 000	1 015 571 000
Driftsresultat		-108 290 000	-43 552 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	3	40 507 000	
Annen renteinntekt		860 000	3 647 000
Annen finansinntekt	3, 14	2 322 000	12 470 000
Sum finansinntekter		43 689 000	16 117 000
Rentekostnad til foretak i samme konsern	3	18 670 000	15 266 000
Annen rentekostnad		5 043 000	6 646 000
Annen finanskostnad	14	13 641 000	30 089 000
Sum finanskostnader		37 354 000	52 001 000
Netto finans		6 335 000	-35 883 000
Ordinært resultat før skattekostnad		-101 954 000	-79 436 000
Ordinært resultat etter skattekostnad		-101 954 000	-79 436 000
Årsresultat		-101 954 000	-79 436 000
Overføringer og disponeringer			
Overføringer annen egenkapital	6	-101 954 000	-79 436 000
Sum overføringer og disponeringer		-101 954 000	-79 436 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	12	23 379 000	44 541 000
Goodwill	12	114 196 000	142 874 000
Sum immaterielle eiendeler		137 575 000	187 415 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	11	2 908 000	4 703 000
Maskiner og anlegg	11	12 072 000	18 522 000
Driftsløsøre, inventar, verktøy, kontormaskiner ol	11	10 092 000	3 057 000
Sum varige driftsmidler		25 073 000	26 283 000
Finansielle anleggsmidler			
Investering i datterselskap	7	15 372 000	15 372 000
Lån til foretak i samme konsern	3	664 007 000	668 607 000
Netto pensjonsmidler	9		11 454 000
Andre fordringer			11 454 000
Sum finansielle anleggsmidler		679 379 000	695 433 000
Sum anleggsmidler		842 027 000	909 131 000
Omløpsmidler			
Varer			
Sum varer	13	151 968 000	197 178 000
Fordringer			
Kundefordringer	3	166 196 000	240 857 000
Andre fordringer	3	82 896 000	38 628 000
Sum fordringer		249 092 000	279 486 000
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	10	37 835 000	34 554 000
Sum omløpsmidler		438 895 000	511 218 000



Balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		1 280 921 000	1 420 349 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	6, 8	41 963 000	37 301 000
Overkurs	6	1 249 097 000	574 758 000
Annen innskutt egenkapital	6		679 001 000
Sum innskutt egenkapital		1 291 060 000	1 291 060 000
Opptjent egenkapital			
Annen egenkapital	6	-764 288 000	-662 334 000
Sum opptjent egenkapital		-764 288 000	-662 334 000
Sum egenkapital	17, 18	526 772 000	628 726 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelse	9	5 351 000	
Sum avsetninger for forpliktelse		5 351 000	
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	3, 10	483 411 000	348 225 000
Sum annen langsiktig gjeld		483 411 000	348 225 000
Sum langsiktig gjeld		488 762 000	348 225 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	15	49 000	121 918 000
Leverandørgjeld	3	161 542 000	221 005 000
Skyldige offentlige avgifter		24 643 000	30 530 000
Annen kortsiktig gjeld	16	79 153 000	69 944 000
Sum kortsiktig gjeld		265 386 000	443 397 000
Sum gjeld		754 149 000	791 622 000
SUM EGENKAPITAL OG GJELD		1 280 921 000	1 420 349 000



Balanse

Beløp i: NOK	Note	2020	2019
---------------------	-------------	-------------	-------------



Skattedirektoratet

Saksbehandler Torstein Kinden Haveland	Deres dato 12.01.2015	Vår dato 15.01.2015
Telefon 22078139	Deres referanse Steinar AAsland	Vår referanse 2015/20724

MRC GLOBAL NORWAY AS
Postboks 146 Forus
4065 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for MRC Global Norway AS, org. nr. 996 335 429

Vi viser til deres brev av 12. januar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for MRC Global Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering MRC Global Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at 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

MRC Global Norway AS er en del av et amerikansk eid konsern. Selskapet er en del av et oljeservice konsern som driver internasjonal virksomhet innenfor produkter, løsninger og tjenester innenfor ventiler, instrumentering og rør. Arbeidsspråket er engelsk. Selskapet opererer i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Litter 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

Postadresse
Postboks 9200 Gran and
0134 Oslo

Besøksadresse:
Se www.skattedirektoratet.no
Org.nr. 996260318
E-post: skattedetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



2018/20724 Side 2 av 2

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 særlig vekt på at selskapet inngår i et utenlandsk konsern. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Statsautoriserte revisorer
Ernst & Young AS

Vassbotnen 11a Forus, NO-4313 Sandnes
Postboks 8015, NO-4068 Stavanger

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

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of MRC Global Norway AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MRC Global Norway AS, which comprise the balance sheet as at 31 December 2020, 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 2020 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

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: 8P0K3-4N8M-JA2OG-SAZGW-UM008-Z06TE



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 and the going concern assumption 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.



Stavanger, 26 August 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Stig Tore Strand
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: 8P0K3-44N8M-JA2OG-SAZGW-UM008-Z06TE

Independent auditor's report - MRC Global Norway AS

A member firm of Ernst & Young Global Limited



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo"™ - sikker digital signatur.
De signerende parter sin identitet er registrert, og er listet nedenfor.

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

Stig Tore Strand

Statsautorisert revisor

På vegne av: EY

Serienummer: 9578-5998-4-756562

IP: 145.62.xxx.xxx

2021-08-26 12:13:06Z



Penneo Dokumentnøkkel: 8P0K3-4N8M-JA2QG-SAZGW-UM008-Z06TE

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>



MRC Global Norway AS

Annual report 2020

Board of directors' report

Annual accounts

- **Income statement**
- **Balance sheet**
- **Cash flow statement**
- **Notes**

Auditors' report



MRC Global Norway AS

Annual Report 2020

MRC Global Norway AS

Adress: Kanalarmen 12, 4033 STAVANGER

Org.nr: 996335429 MVA

The business

MRC Global Norway AS (the Company) is a wholly owned subsidiary of MRC Global Inc. The company is a leading supplier of products, solutions and services within valves, instrumentation and stainless piping to the Norwegian oil, gas and process industry. The company is organized in Valve, Piping and Instrumentation divisions.

The Valve and Instrumentation divisions have own technology and production in addition to representing several well recognized international manufacturers. The company is located in Stavanger, Bergen, and Hokksund.

Profit & loss and Balance Sheet

It is the Board's opinion that the proposed income statement and balance sheet with accompanying notes provide sufficient information about the Company's position and result of operations.

Operating income for the year 2020 was posted at 900,0 million NOK with an EBITDA loss for 2020 of 54,6 million NOK.

Depreciation and amortization for 2020 were 53,6 million NOK, giving an EBIT of minus 108,3 million NOK for the year.

The company's net financial income in 2020 was 6,4 million NOK, resulting in a pre-tax profit of minus 102,0 million NOK.

Annual profits for the year ended at minus 102,0 million NOK.

The Company's assets at 31 December 2020 were 1280,9 million NOK, compared to 1420,3 million NOK in the previous year.

The equity at 31 December 2020 was 526,8 million NOK compared to 628,7 million NOK in the previous year.

The Company's liabilities have been reduced from 791,6 million NOK in 2019 to 754,1 million NOK in 2020.

MRC Global Norway has prudently managed its cash flow for both receivables & payables throughout 2020. A significant reduction in both accounts receivable and inventory holding have allowed MRC Global Norway to show a 100M NOK improvement in operating cash flow compared to 2019. The business has also demonstrated a prudent approach to investment reducing net cash flow from investing activities by approx. 10M NOK year over year. From a financing perspective the business has also paid down all external debt throughout the course of 2020.

Research and development

The company is developing its own product ValveWatch, an online diagnostic system for valve monitoring. The Company are using internal knowledge as well as external consultants in the development.

Assumption of going-concern

After some years of downturn in the Oil & Gas business the NCS market has turned around and investments have increased. The company has implemented extensive efficiency improvements and savings measures



MRC Global Norway AS

where appropriate to improve profitability.

The ultimate parent company, MRC Global Inc, holds a multi-currency global asset-based revolving credit facility. The company can draw on this facility or cash held in the International business at any time upon request.

Based on this the board of directors, in accordance with the requirements of the Norwegian Accounting Act §3-3, confirms that the condition for a going concern is satisfied and the financial statements have been prepared on this basis.

Working Environment and personnel

The Company had a sick leave of 3,20% in the year to 31 December 2020 compared to 4,21% a year earlier.

There is no record of any accident with serious consequences in 2020.

The company maintains a safe working environment through an established safety representative structure.

The Board believes the company has a satisfactory working environment and performs annual appraisal interviews and employee surveys every second year.

Gender equality

As at 31 December 2020 the Company had 230 employees, divided into 39 women and 191 men. Corresponding figures for 2019 was 232 employees divided among 39 women and 193 men.

The company's goal is to be a workplace where there is equality between women and men. The company acknowledges that diversity and inclusion are important factors which help to drive positive business performance.

The company has ensured that females are given equal opportunities throughout recruitment and selection processes and in cases where two candidates are equally qualified/competent we take positive action to address gender imbalance.

The Managing Director of the company has outlined in employee communications the importance of sourcing skilled females to promote diversity. During the most recent business re-organisation at least two females were promoted to managerial roles.

The company is committed to sourcing a diverse pool of candidates from the market. Historically the company has supported candidates from NAV in special situations who either require on the job training or who have reduced capacity.

The practices outlined above are fully reflected in MRC Global's Code of Ethics, Dignity at Work & Equal Opportunities statement as described below:

'The company is committed to promoting equal employment opportunity in all of its operations. It is the company's policy not to discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, age, national origin, or disability and to comply fully with all laws prohibiting discrimination and promoting opportunity and advancement in employment'

'MRC Global Inc. and its worldwide subsidiaries ("MRC Global") is committed to providing a workplace environment and conducting business in a manner that respects the rights and dignity of all people, including employees, customers, suppliers, and other third parties with whom it does business. MRC Global recognizes that its employees and third parties have a right to transact business and work in conditions without discrimination, free from harassment, respectful of individual rights, and with dignity. MRC Global seeks to conduct itself and its business in a discrimination-free and harassment-free atmosphere in compliance with all legal requirements; and is committed to the principles set forth in its Human Rights Statement. More importantly, MRC Global is committed to this because it is the right thing to do'.



MRC Global Norway AS

Environmental reporting

The Environmental impact resulting from the company's activities is evaluated to be at a low level. The Company and its partners have very strict requirements for waste management, and to the extent, there is a risk of contamination, the Company meets the regulatory requirement. Hazardous waste is collected at recycling centers and delivered to an approved collection point in accordance to established procedures.

Risk

The Company's risks and uncertainties is correlated with the business cycle and related to investments, modifications, maintenance and replacement in the oil and gas industry on the Norwegian Continental Shelf (NCS) as well as the process industry.

Credit risk is controlled by continuous monitoring of existing customers as well as the credit rating of new customers. The largest customers are established and financially strong oil companies and oil service players, which lowers the credit risk. The challenging market in recent years has resulted in increased risk.


The company has both income and expenses in different currencies and is thereby exposed to currency fluctuations. The Company's overall strategy is to reduce the currency risks as much as possible.


Outlook

After some years of downturn in the Oil & Gas business the NCS market has improved in recent years with improved investment. The company continues to implement extensive efficiency improvements and savings measures where appropriate to improve profitability.

Although there is some uncertainty with regards the outcome of the Covid-19 pandemic the company is well positioned to support it's long standing customers. The lifting of lock down restrictions in recent months has resulted in an improvement in the Brent Crude oil price.

Røyneberg, 18 August 2021
Board of MRC Global Norway AS


Steve Smith
Chairman of the Board


Anders Landa
Board member / CEO


Emily Katherine Shields
Board member


Nina Beate Berendok Sletten
Board member


Svein Erik Mjelde
Board member


Cornelis Christoffel Putter
Board member


Morten Stene Larsen
Board member



MRC Global Norway AS

Income statement

Amounts in NOK thousands	Note	2020	2019
Revenue			
Sales revenue	2	900 172	972 019
Operating expenses			
Cost of stocks		642 966	720 679
Payroll expenses	4, 9	159 113	146 316
Depreciation of tangible and intangible fixed assets	11, 12	53 627	53 629
Other operating expenses	4, 11	152 755	94 947
Total operating expenses		1 008 461	1 015 571
Operating result		-108 290	-43 552
Financial income and expenses			
Other interest income		860	3 647
Interest income from group companies	3	40 507	0
Other financial income	3, 14	2 322	12 470
Interest paid to group companies	3	18 670	15 266
Other interest expenses		5 043	6 646
Other financial expenses	14	13 641	30 089
Net financial items		6 335	-35 883
Ordinary result before tax		-101 954	-79 436
Net profit or loss for the year		-101 954	-79 436
Allocated as follows			
Transferred to other equity	6	-101 954	-79 436



MRC Global Norway AS

Balance sheet as of December 31

Amounts in NOK thousands	Note	2020	2019
Fixed assets			
<i>Intangible assets</i>			
Goodwill	12	114 196	142 874
Other intangible assets	12	23 379	44 541
Total intangible assets		<u>137 575</u>	<u>187 415</u>
<i>Tangible assets</i>			
Land, buildings and other property	11	2 908	4 703
Machinery and plant	11	12 072	18 522
Fixtures and fittings, tools, office machinery etc.	11	10 092	3 057
Total tangible assets		<u>25 073</u>	<u>26 283</u>
<i>Financial assets</i>			
Investments in subsidiaries	7	15 372	15 372
Loans to group companies	3	664 007	668 607
Net pension assets	9	0	11 454
Total financial assets		<u>679 379</u>	<u>695 433</u>
Total fixed assets		<u>842 027</u>	<u>909 131</u>
Current assets			
Inventories	13	<u>151 968</u>	<u>197 178</u>
<i>Receivables</i>			
Trade receivables	3	166 196	240 857
Other receivables	3	82 896	38 628
Total accounts receivable		<u>249 092</u>	<u>279 486</u>
Cash and cash equivalents	10	<u>37 835</u>	<u>34 554</u>
Total current assets		<u>438 895</u>	<u>511 218</u>
Total assets		<u>1 280 921</u>	<u>1 420 349</u>



MRC Global Norway AS

Balance sheet as of December 31

Amounts in NOK thousands	Note	2020	2019
Equity			
<i>Paid-in capital</i>			
Share capital	6, 8	41 963	37 301
Share premium reserve	6	1 249 097	574 758
Other paid-in capital	6	0	679 001
Total paid-in capital		<u>1 291 060</u>	<u>1 291 060</u>
<i>Retained earnings</i>			
Other equity	6	<u>-764 288</u>	<u>-662 334</u>
Total retained earnings		<u>-764 288</u>	<u>-662 334</u>
Total equity	17, 18	<u>526 772</u>	<u>628 726</u>
Liabilities			
<i>Provisions</i>			
Pension liabilities	9	<u>5 351</u>	<u>0</u>
Total provisions		<u>5 351</u>	<u>0</u>
<i>Other long-term liabilities</i>			
Other long-term liabilities	3, 10	<u>483 411</u>	<u>348 225</u>
Total other long term liabilities		<u>483 411</u>	<u>348 225</u>
<i>Current liabilities</i>			
Liabilities to financial institutions	15	49	121 918
Trade creditors	3	161 542	221 005
Public duties payable		24 643	30 530
Other short-term liabilities	16	<u>79 153</u>	<u>69 944</u>
Total current liabilities		<u>265 386</u>	<u>443 397</u>
Total liabilities		<u>754 149</u>	<u>791 622</u>
Total equity and liabilities		<u>1 280 921</u>	<u>1 420 349</u>



MRC Global Norway AS

Balance sheet as of December 31


Amounts in NOK thousands

Note

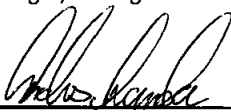
2020

2019

Stavanger, 18 August 2021



Steve Smith
Chairman of the Board



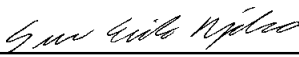
Anders Landa
Board member / CEO



Emily Katherine Shields
Board member



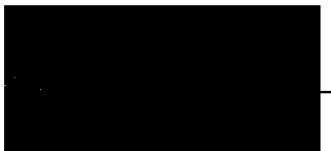
Nina Beate Berendok Sletten
Board member



Svein Erik Mjelde
Board member



Cornelis Christoffel Putter
Board member





MRC Global Norway AS

Cash flow statement

Amounts in NOK thousands	Note	2020	2019
Cash flow from operating activities			
Profit/(loss) before tax		-101 954	-79 436
Depreciation and Amortization		53 627	53 629
Changes in inventories, trade receivables and trade payables		60 408	-48 369
Changes in pension scheme liabilities/assets		16 806	-1 138
Changes in current balance sheet items		13 854	17 745
Net cash flow from operating activities		<u>42 741</u>	<u>-57 569</u>
Cash flow from investing activities			
Purchase of tangible fixed assets		-2 442	-5 435
Sale of tangible fixed assets		311	0
Purchase of intangible fixed assets		-445	-7 386
Proceeds from sale of other investments		0	1
Net cash flow from investing activities		<u>-2 576</u>	<u>-12 820</u>
Cash flow from financing activities			
Change in liabilities to financial institutions		-121 869	3 317
Change in liabilities and receivables to group		84 985	82 973
Net cash flow from financing activities		<u>-36 884</u>	<u>86 290</u>
Net change in cash and cash equivalents		3 281	15 901
Cash and cash equivalents at 01.01		<u>34 554</u>	<u>18 654</u>
Cash and cash equivalents at 31.12		<u>37 835</u>	<u>34 554</u>



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 1 Accounting Principles

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

MRC Global Norway AS is a subsidiary of MRC Stream AS, which is exempt from preparing consolidated financial statements in accordance with the Norwegian Accounting Act §3-7 and approval from the Norwegian Tax Administration.

Investment in subsidiaries

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Recognition of revenue

Revenues from the sale of goods and services are recognized in the income statement once services are performed.

Revenues from the sale of services and long-term manufacturing projects are recognized in the income statement according to the project's level of completion provided the outcome of the transactions can be estimated reliably. Progress is measured as the number of hours spent compared to the total number of hours estimated or incurred cost compared the estimated total cost. When the outcome of the transaction cannot be estimated reliably, only revenues equal to the project cost that have been incurred will be recognized as revenue. The total estimated loss on a contract will be recognized in the income statement during the period when it is identified that a project will generate a loss.

Classification and assessment of balance items

Current assets and current liabilities comprise items that fall due for payment within one year of the transaction date. Other items are classified as non-current assets / non-current liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value at the establishment date.

Non-current assets are valued at historical cost, but are written down to fair value if a fall in value occurs that is not temporary. Non-current liabilities are recognized in the balance sheet at nominal value at the establishment date.

Receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments.



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life.

The depreciation period starts when assets are put in use in ordinary operations. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset.

Leasing

Each leasing contract is classified either as a finance lease or an operating lease on the basis of an assessment of terms of the contract.

Pension costs

MRC Global Norway AS previously principally covered its pensions through closed collective pension schemes in life assurance companies. These arrangements were recognized as defined benefit plans. In 2020 the company settled the obligations under these plans by purchasing paid up policies from the life assurance companies and offering defined contribution plans to the employees. The effect of this settlement is presented as plan amendment gains in the pension note together with the related recycling of previously unamortized actuarial losses (corridor). Consequently, from 2020 onwards, substantially all of the company's pension plans are defined contribution plans, under which the company pays fixed contributions based on employee salary. The contributions are recognized as employee benefit expense as incurred. The remaining liability recognized in the balance sheet at year end 2020 relates to an unfunded pension obligation covering former management. Net cost recognized in income is included in "salary and other personnel expenses". Gross costs include current service costs, interest cost and amortization of actuarial gains and losses.

Foreign currency

Monetary items in foreign currency are valued at year end exchange rates. Transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Use of estimates

To prepare the financial statements, management must apply estimates and assumptions that affect the presented amounts for assets, liabilities and contingencies. These estimates are based on information available on balance sheet date. To the extent that new information appears that significantly impacts on these estimates because of the uncertainty linked to the future developments, the final amounts may deviate from the estimates reflected in the statements.



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Cash Flow Statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash and bank deposits or bank overdraft.

Inventories

Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the average cost method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Research and development

Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs is amortized linearly over its useful life. Research costs are expensed as incurred.



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 2 - Sales of goods and services

	2020	
<i>By business area</i>		
Valve	270 172	
Instrumentation	463 000	
Piping	167 000	
	<u>900 172</u>	
 <i>Geographical distribution</i>		
Norway	736 172	
Europe excl. Norway	69 000	
Rest of world	95 000	
	<u>900 172</u>	

Note 3 - Intercompany balances and transactions

	2020	2019
<i>Intercompany assets</i>		
Intercompany receivables	664 007	668 607
Accounts Receivable to group companies	13 046	7 393
Other receivables	40 249	305
Total	<u>717 302</u>	<u>676 304</u>
 <i>Intercompany liabilities</i>		
Long-term liabilities	433 210	348 009
Trade creditors intercompany	58 910	90 318
Short-term liabilities	1 231	937
Total	<u>493 351</u>	<u>439 264</u>
 <i>Intercompany transactions</i>		
Sales	2 244	2 435
Other expenses including management fees	20 649	20 913
Interest income	40 507	1 207
Interest cost	18 670	16 473
Cost of sales	1 407	1 369



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 4 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

Wage costs **2020**

Wages and salaries	102 857
Payroll tax expense	24 331
Pension costs	25 846
Other benefits	6 079
Total	<u>159 113</u>

The average number of employees 239

Management remuneration

	Salary	Pensionexpenses	Other remuneration
Chief Executive Officer	1 698	74	601

The CEO's have been part of a bonus scheme within the MRC Global Group. TNOK 601 was paid out to the CEO.

Specification of auditor's fee: **2020**

Statutory audit fee	961
Other services	74
Total	<u>1 035</u>

VAT is not included in the figures of auditor's fee.



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 5 - Income taxes

Amounts in NOK thousands

<i>Tax base estimation</i>	2020	2019
Ordinary result before tax	-101 954	-79 436
Permanent differences	28 865	73
Reduced interest deduction	0	18 264
Change in temporary difference	43 705	-3 170
Tax base	<u>-29 384</u>	<u>-64 268</u>
<i>Specification of temporary differences</i>	2020	2019
Fixed assets	5 134	11 349
Receivables	-164	-2 863
Gain and loss account	50	63
Provisions	-70 676	-14 310
Net pension obligations	-5 351	11 454
Inventory	-2 362	-33 697
Fixed contracts	4 857	3 172
Other differences	82	107
Total	<u>-68 429</u>	<u>-24 724</u>
Accumulated tax loss carried forward	-398 319	-368 935
Interest deductibility brought forward	-120 158	-120 158
Skattefunn	1 726	3 263
Basis for calculating deferred tax	<u>-585 180</u>	<u>-510 555</u>
Deferred income tax assets	-128 740	-112 322
Deferred income tax asset not recognized	128 740	112 322



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 6 - Equity

Amounts in NOK thousands

	Share capital	Share premium	Retained earnings	Total
Owners equity 01.01.	37 301	574 758	-662 334	-50 275
Loss for the year	0	0	-101 954	-101 954
Capital increase	4 663	674 339	0	679 001
Owners equity 31.12.	41 963	1 249 097	-764 288	526 772

MRC Global Norway AS carried out a capital increase of NOK 679 001 400 in 2019, of which 4 662 594 NOK relates to increase of face value and 674 338 806 NOK relates to share premium. The capital increase was registered in the Registrar of Business Enterprises (Foretaksregisteret) 2nd of April 2020.

Note 7 - Investment in subsidiaries and associate

Company	Location	Share owners	Net profit 2019	Equity 31.12.19	Book value 31.12
MRC Global (Germany) GmbH	Germany	100 %	177	1 815	15 372

The above table shows the net profit and equity per year end 2019 as the numbers for 2020 were not yet available per the signing date of the MRC Global Norway AS's financial statement. Amounts are in EUR.

Note 8 - Share capital and shareholder information

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	46 625 956	0,9	41 963

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
MRC Stream AS	46 625 946	100 %	100 %

The company is a subsidiary of the ultimate parent company MRC Global, Inc. The consolidated accounts can be obtained on mrcglobal.com.



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 9 - Pensions

Amounts in NOK thousands

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension (lov om obligatorisk tjenestepensjon). The company's pension schemes meets the requirements of that law. Effective from October 2020 the company only has defined contribution schemes. 239 persons are included in the defined contribution scheme. The company also has an unfunded scheme for a former CEO and a former MD. The company also has an early retirement scheme (AFP). This is considered to be a defined benefit pension plan, but is accounted for as a contribution scheme because it has been determined that there are no available reliable assumptions regarding measurement of the scheme. The pension liability is therefore not recognized in the balance sheet.

	2020	2019
Current service cost - defined benefit plans	2 127	2 372
Interest cost	2 029	2 213
Expected return on plan assets	-2 762	-2 947
Net actuarial (gains)/losses recognised during the year	17 477	2 755
Payroll tax of net pension cost	132	129
Contributions - defined benefit plans	794	4 088
Contributions - defined contribution plans	6 050	4 328
Net pension cost	<u>25 846</u>	<u>12 938</u>

	2020	2019
Pension liabilities as of 31.12	-7 405	-89 845
Plan assets	0	72 047
Unrecognized actuarial losses	2 054	29 252
Net pension (liability)/asset in the balance sheet	<u>-5 351</u>	<u>11 454</u>

<i>Principal assumptions:</i>	2020	2019
Discount rate	1,50%	2,30%
Future salary increases	2,00%	2,25%
Expected increases on social security base	2,00%	2,00%
Expected return on plan assets	2,40%	3,80%
Average payroll tax factor	14,10%	14,10%

The actuarial assumptions are based on assumptions of demographical factors normally used within the insurance industry.

Note 10 - Restricted funds

<i>Pledged assets</i>	2020	2019
Inventory	151 968	197 178
Accounts receivable	166 196	240 857



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Cash	37 835	34 554
Total	<u>355 999</u>	<u>472 589</u>

As of 31.12.20 the company had no restricted funds.

Note 11 - Tangible assets

Amounts in NOK thousands

	Land, buildings and other property	Machinery and plant	Fixtures, fittings, tools, office machinery, etc.	Total
Acquisition cost 01.01.	10 418	93 087	18 441	121 945
Additions	0	118	2 324	2 442
Disposals	-6 405	-33 003	-14 183	-53 590
Reclassifications 2020	0	0	5 948	5 948
Acquisition cost 31.12.	4 013	60 202	12 530	76 745
Acc.depreciation 31.12.	-1 105	-48 130	-2 438	-51 673
Net carrying amount at 31.12.	2 908	12 072	10 092	25 073
Depreciation for the year	1 795	6 258	1 237	9 290
Useful economic life Amortization plan	10 Years Linear	10 Years Linear	3-15 Years Lineær	



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 12 - Intangible assets

	Goodwill	R & D	Customer Relation	Total
Acquisition cost at 01.01.	367 517	74 413	38 404	500 752
Additions	0	445	0	445
Reclassifications 2020	0	-5 948	0	-5 948
Acquisition cost 31.12.	367 517	68 910	38 404	495 249
Acc.amortization at 31.12.	-253 321	-48 547	-35 388	-357 674
Net carrying amount at 31.12.	114 196	20 363	3 016	137 575
Amortization for the year	28 678	11 356	4 303	44 337
Useful economic life	8 Years	5-10 Years	10 Years	
Amortization plan	Linear	Linear	Linear	

Goodwill is amortized over 8 years as this is considered to be in accordance with future earnings for the acquired goodwill.

Note 13 - Inventories

	2020	2019
Work in progress	8 605	10 537
Purchased goods	145 724	220 338
Provision for obsolescence	-2 362	-33 697
Total	151 968	197 178

Note 14 - Finance income and expenses

<i>Other financial income</i>	2020
Forreign currency gain	2 322
<i>Other financial expenses</i>	
Foreign currency loss	13 244
Other financial expenses	397
	13 641



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 15 - Liabilities to financial institutions

In September 2017, MRC Global Inc. entered into a \$800 million multi-currency global asset-based revolving credit facility. The facility is comprised of \$675 million in revolver commitments in the United States, \$65 million in Canada, \$18 million in Norway, \$15 million in Australia, \$13 million in the Netherlands, \$7 million in the United Kingdom and \$7 million in Belgium. The agreement also contains an accordion feature that allows MRC Global Norway AS to increase the principal amount of the facility by up to \$200 million, subject to securing additional lender commitments. MRC Global Inc. and each of its current and future wholly owned material US subsidiaries guarantee the obligations of the borrower subsidiaries under the facility. In addition, each of the non-US borrower subsidiaries (including Norway) guarantees the obligation of the other non-US borrower subsidiaries.

Outstanding obligations under the facility are secured by first priority security interest in accounts receivable, inventory and related assets. MRC Global Norway AS' ability to borrow is limited by a borrowing base in that jurisdiction equal to 85% of eligible receivables, plus the lesser of 70% of eligible inventory and 85% of appraised net orderly liquidation value of the inventory. Each of the non-US borrower subsidiaries has a standalone borrowing base that determines their ability to borrow under its respective tranche, provided that the non-US subsidiaries may utilize excess availability under the US tranche to borrow amounts in excess of their respective borrowing bases, which reduces the US availability dollar for dollar.

Note 16 - Other short term liabilities

	2020
Holiday pay	15 885
Deferred revenue	11 914
Accruals third party	1 516
Other liabilities	49 837
	<hr/>
	79 153

In 2020 the Company made a restructuring cost of 67 MNOK related to housing costs. As of 31.12, 13 MNOK of this provision is classified as short term liability.

Note 17 - Going concern

After some years of downturn in the Oil & Gas business the NCS market has improved in recent years with improved investment. The company continues to implement extensive efficiency improvements and savings measures where appropriate to improve profitability. The ultimate parent company, MRC Global Inc, holds a multi-currency global asset-based revolving credit facility. The company can draw on this facility or cash held in the International business at any time upon request. Based on this the board of directors, in accordance with the requirements of the Norwegian Accounting Act §3-3, confirms that the condition for a going concern is satisfied and that the financial statements have been prepared on this basis.



MRC Global Norway AS

Notes to the accounts for 2020

Amounts in NOK thousands

Note 18 - Subsequent events

The energy industry, and our business in turn, is cyclical in nature. In 2019, our customers demonstrated an increased focus on returns on invested capital, which drove a more disciplined approach to spending. In the first half of 2020, global demand for oil declined sharply as a result of the coronavirus disease ("COVID-19") pandemic. With COVID-19 restrictions in place throughout the first half of 2020, transportation, energy use & manufacturing all declined globally. As a result, the need for oil consumption dropped dramatically. More recently with the lifting of lockdown restrictions and announcement of government initiatives to support the oil industry we have seen a resurgence in the price for Brent Crude oil. However, with the continued uncertainty relating to the Covid-19 pandemic there continues to be the possibility of further intervening actions to be implemented by health authorities. This creates uncertainty for both commodity prices and the demand for and supply of oil and gas globally which in turn creates uncertainty with respect to the assumptions used to value our assets.

Throughout the COVID-19 pandemic crisis, we have continued to operate our business. Our video and audio conferencing and enterprise resource planning and other operational systems have enabled our office employees to work from home, performing their job functions. We required our employees to work from home as a result of governmental isolation orders and, in many cases, in advance of those orders for the health and safety of our employees. We have limited employee travel and our warehouses and regional distribution centres have remained open. We have also taken measures to safeguard the health and welfare of our employees, including (among other things) social distancing measures while at work, certain screening, providing personal protection equipment such as face masks and hand sanitizer as well as providing "deep" cleaning services at Company facilities.