



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 992 821 191
Organisasjonsform: Aksjeselskap
Foretaksnavn: ENHANCED DRILLING HOLDING AS
Forretningsadresse: Smålonane 16
5353 STRAUME

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: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Rune M. Daae
Dato for fastsettelse av årsregnskapet: 29.06.2021

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, 17.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Other operating expenses	10	3 413 000	12 726 000
Sum kostnader		3 413 000	12 726 000
Driftsresultat		-3 413 000	-12 726 000
Finansinntekter og finanskostnader			
Financial income		13 232 000	22 343 000
Sum finansinntekter		13 232 000	22 343 000
Financial expenses		104 482 000	26 539 000
Sum finanskostnader		104 482 000	26 539 000
Netto finans	11	-91 250 000	-4 196 000
Ordinært resultat før skattekostnad		-94 663 000	-16 922 000
Income tax	9	0	0
Ordinært resultat etter skattekostnad		-94 663 000	-16 922 000
Årsresultat		-94 663 000	-16 922 000
Overføringer og disponeringer			
Retained earnings	8	-94 663 000	-16 922 000
Sum overføringer og disponeringer		-94 663 000	-16 922 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3,6	170 049 000	258 549 000
Lån til foretak i samme konsern	4,6	202 862 000	209 726 000
Sum finansielle anleggsmidler		372 911 000	468 275 000
Sum anleggsmidler		372 911 000	468 275 000
Omløpsmidler			
Varer			
Fordringer			
Trade receivables		0	0
Group receivables	4,6	98 000	70 000
Other receivables	2,6	3 000	309 000
Sum fordringer		101 000	379 000
Bankinnskudd, kontanter og lignende			
Bank deposits, cash in hand, etc.	5	45 000	986 000
Sum bankinnskudd, kontanter og lignende		45 000	986 000
Sum omløpsmidler		146 000	1 365 000
SUM EIENDELER		373 057 000	469 640 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	7	15 056 000	15 056 000
Share premium fund		234 334 000	234 334 000
Other paid in capital		254 037 000	254 037 000



Balanse

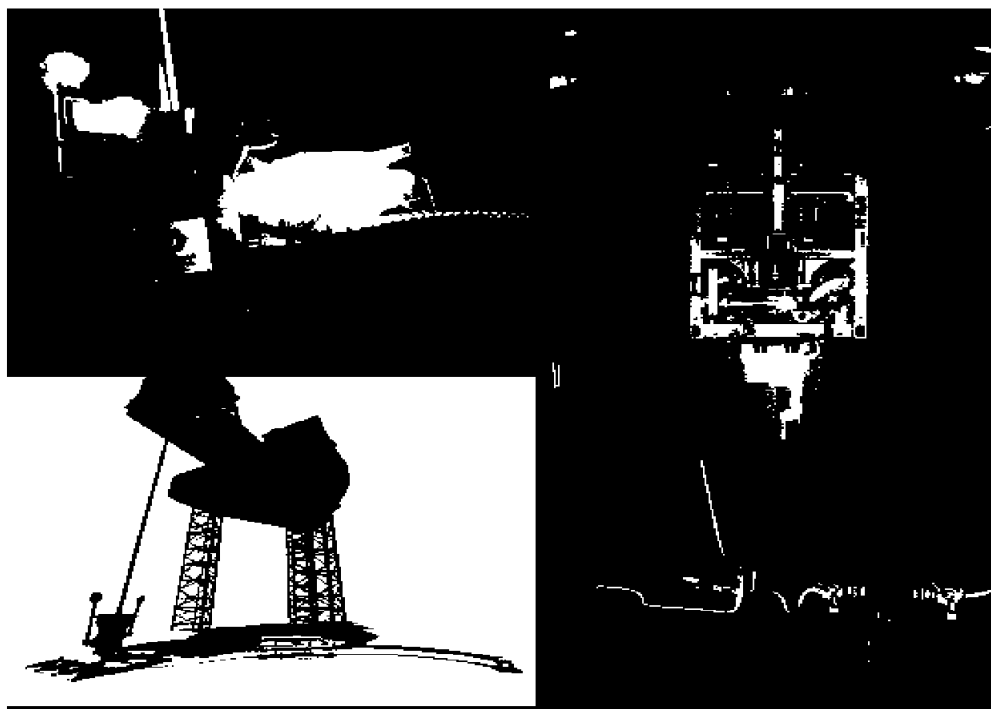
Beløp i: NOK	Note	2020	2019
Sum innskutt egenkapital		503 427 000	503 427 000
Opptjent egenkapital			
Earned equity		-369 135 000	-274 472 000
Sum opptjent egenkapital		-369 135 000	-274 472 000
Sum egenkapital	8	134 292 000	228 955 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Group debt	4	238 766 000	231 189 000
Sum annen langsiktig gjeld		238 766 000	231 189 000
Sum langsiktig gjeld		238 766 000	231 189 000
Kortsiktig gjeld			
Leverandørgjeld	12		263 000
Income tax payable	9	0	0
Kortsiktig konserngjeld	4		9 234 000
Sum kortsiktig gjeld		0	9 497 000
Sum gjeld		238 766 000	240 686 000
SUM EGENKAPITAL OG GJELD		373 058 000	469 641 000



ENHANCED DRILLING HOLDING AS

Company number 992 821 191

ANNUAL REPORT 2020





ENHANCED
DRILLING

BOARD OF DIRECTORS REPORT 2020 FOR ENHANCED DRILLING HOLDING AS

Reg: 992 821 191

COMPANY OVERVIEW

The official and audited financial statement for Enhanced Drilling Holding AS reflect the period January through December 2020. Enhanced Drilling Holding AS and its subsidiaries, are leading suppliers of services and technology to the oil and gas offshore industry. The company provides management services to subsidiaries of the group. The company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Smålonane 16, 5353 Straume.

In line with the Accounting Act § 3-7 Enhanced Drilling Holding has not prepared a separate set of consolidated accounts. Subsidiaries are accounted for according to the cost method. Enhanced Drilling Holding and subsidiaries are included in the consolidated accounts of Enhanced Well Technologies AS

Enhanced Drilling Holding AS has no employees. The group's business strategy and board management are exercised at the Holding level, and then implemented in the individual subsidiaries.

RESULTS, CASH FLOW, INVESTMENTS, FINANCE AND LIQUIDITY

Operating loss for Enhanced Drilling was NOK 3,4 million compared to a loss of NOK 12,7 million in 2019. Net losses from continued operations for the financial year 2020 were NOK 94,7 million compared to NOK 16,9 million in 2019.

Cash flow from Enhanced Drilling Holding's operational activities was negative NOK 3,2 million, compared to negative NOK 16,9 million in 2019. Total investments were NOK 0 million, compared to NOK 150 million in 2019 when loan was converted to equity in Enhanced Drilling AS. Cash and cash equivalents for Enhanced Drilling Holding on 31.12.20 was NOK 0 million compared to NOK 1 million at year end 2019

Enhanced Drilling Holding's total interest-bearing debt at year end 2020 was NOK 238,7 million, which represent 64 % of Enhanced Drilling Holding's total assets, compared to 49% at year end 2019. At the end of the year, total assets amounted to NOK 373 million, compared to NOK 469 last year.

The equity to total assets ratio at 31.12.2020 was 36 %, down from 49% at 31.12.2019.

GOING CONCERN

The company is part of the Enhanced Well Technologies Group and the Group's external financing is through the company Enhanced Well Technologies AS. Enhanced Well Technologies AS entered into a 5-year senior facilities agreement with DNB Bank ASA. The Group has a long-term loan Facility of TNOK 262 000, a government-guaranteed Covid-19 liquidity loan of TNOK 15 000, a Revolving Facility (the "RCF") of TNOK 58 000, and a CAPEX Facility of TNOK 50 000. During 2020 (2019) there was made a down payment on the long-term loan of TNOK 40 800 (10 800), balance on long-term loan per 31.12.2020 was 210 400 (251 200). At December 2020 TNOK 6 750 (7 500) was drawn under the Capex facility, and TNOK 53 612 (51 611) was drawn under the RCF, TNOK 46 612 (26 611) in cash drawings and TNOK 7 000 (25 000) in guarantees. Enhanced Well Technologies AS has met the financial covenants during 2020. The senior facilities agreement has been amended and restated in June and December 2020 with increased headroom on covenants and an additional liquidity facility of NOK 15 million. Based on the Group's current trading and forecast, the Board does not expect a breach of covenants.

The key assumptions made in the impairment test reflect the Board's current assessment of Enhanced Well Technologies' potential to adapt to and benefit from trends in the oil services industry. Management believes that the expectations reflected in the forward-looking forecasts used as a basis for the impairment reviews, are reasonable. However, as the impairment valuations are based on forward looking information, they will involve estimates, risk and uncertainty.





The Board has considered the factors above in relation to continued operations and concluded that in accordance with the Accounting Act §3-3a, we confirm that the financial statements have been prepared under the assumption of a going concern.

WORKING ENVIRONMENT AND PERSONNEL

A core objective of Enhanced Drilling Holding is to have a safe and healthy working environment. We manage our business in accordance with the ISO45001:2018 standard.

Enhanced Drilling Holding monitors continuously the performance in their subsidiaries, and report status to the Group Executive Management Team and the Board of Directors on a regular basis. The holding company has no employees.

GENDER EQUALITY

As of 31st December 2020, the Board of Enhanced Drilling Holding AS had 3 Board Members, comprising 3 males and none female members. Enhanced Drilling Holding and subsidiaries aspires to be an attractive employer for people with different backgrounds, regardless of their ethnicity, gender, religion or age. In its policy, the company has implemented conditions to ensure equal opportunities in areas such as salary, promotion and recruitment. The competence principle is decisive in all appointment processes. In a department where one gender is heavily under-represented, this is taken into account during the appointment process if other qualifications are otherwise equal.

ENVIRONMENTAL REPORTING

All Enhanced Drilling's activities that affect the environment are managed by means of well-established systems and processes in order to identify and eliminate or reduce any negative impact, and to ensure, as a minimum, compliance with legislation and regulations set out by the authorities.

INTERNAL CONTROL

Effective controls ensure that the company is not exposed to avoidable risk, that proper accounting records have been maintained, that the financial information used within the business is reliable and that the financial statements preparation and financial reporting processes comply with all relevant regulatory reporting requirements.

The internal control system is designed to manage rather than eliminate the risk of assets being unprotected and to guard against their unauthorized use and the failure to achieve business objectives. Internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

FINANCIAL RISK FACTORS

Enhanced Drilling Holding's activities are indirectly exposed to a variety of financial risks through its subsidiaries. Market risks including currency risk, interest rate risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Enhanced Drilling Holding's financial performance. Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in cooperation with Enhanced Drilling Holding's operating units. The board provides risk management policies covering specific areas, such as foreign exchange risk, interest rate risk, liquidity risk and credit risk.

MARKET RISK

Enhanced Drilling Holding operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the AUD, CAD, GBP and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Positions are reviewed monthly. Enhanced Drilling Holding held no FX derivatives at year end 2020.

Enhanced Drilling Holding is only indirectly exposed to changes in the oil price, however current group policy is to not hedge oil price changes.

Enhanced Drilling Holding has no significant interest-bearing risks as most of the intergroup borrowings are being turned around as loan to subsidiaries at similar terms.





**ENHANCED
DRILLING**

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Enhanced Drilling Holding had cash deposits of NOK 0 million at 31st December 2020 compared to NOK 1 million 31st December 2019

ANNUAL RESULT AND ALLOCATIONS

The Board proposes the following allocations of Enhanced Drilling's net loss for the financial year:

Figures in TNOK

Loss for the year	-94.663
Total loss allocated to retained earnings	-94.663

EVENTS AFTER BALANCE SHEET DATE

The Covid-19 and oil price decline effect are longer than first anticipated. Resurgence of Covid-19 cases second half 2020 and into 2021 in many countries have led to downward revisions of activity estimates and postponed recovery. As a result, Enhanced Drilling announced a cost reduction program mid-January including redundancies in Norway and UK to reach a sustainable cost and efficiency level going forward.

Management are closely monitoring the market developments and adjusts its available resources and cost levels to meet the business activity level.

Straume, 22nd June 2021

Kjetil Lunde
Chairman/CEO

Per Christian Stenshorne
Board member

Rune M. Daae
Board member





Enhanced Drilling Holding AS

Figures in TNOK

Income Statement

Revenues and expenses	Note	2020	2019
Other operating revenue		-	-
Total operating revenue		<u>-</u>	<u>-</u>
Other operating expenses	10	3 413	12 726
Total operating expenses		<u>3 413</u>	<u>12 726</u>
Net operating income		<u>(3 413)</u>	<u>(12 726)</u>
Financial income and expenses			
Financial income		13 232	22 343
Financial expenses		104 482	26 539
Net financial items	11	<u>(91 250)</u>	<u>(4 196)</u>
Income before tax		<u>(94 663)</u>	<u>(16 922)</u>
Income tax	9	-	-
Net income		<u>(94 663)</u>	<u>(16 922)</u>
Appropriation of net income			
Retained earnings		(94 663)	(16 922)
Total appropriation	8	<u>(94 663)</u>	<u>(16 922)</u>



Enhanced Drilling Holding AS

Figures in TNOK

Balance as of 31 December

Assets	Note	2020	2019
Non-current assets			
Financial non-current assets			
Investment in subsidiaries	3,6	170 049	258 549
Loan to subsidiaries	4,6	202 862	209 726
Total financial non-current assets		<u>372 912</u>	<u>468 275</u>
Total non-current assets		<u>372 912</u>	<u>468 275</u>
Current assets			
Current receivables			
Trade receivables		-	-
Group receivables	4,6	98	70
Other receivables	2,6	3	309
Total current receivables		<u>101</u>	<u>379</u>
Bank deposits, cash in hand, etc.			
Bank deposits, cash in hand, etc.	5	45	986
Total bank deposits, cash in hand, etc.		<u>45</u>	<u>986</u>
Total current assets		<u>146</u>	<u>1 366</u>
Total assets		<u>373 058</u>	<u>469 641</u>



Enhanced Drilling Holding AS

Figures in TNOK

Balance as of 31 December

Equity and liabilities	Note	2020	2019
Equity			
Paid in equity			
Share capital	7	15 056	15 056
Share premium fund		234 334	234 334
Other paid in capital		254 037	254 037
Total paid in equity		<u>503 427</u>	<u>503 427</u>
Earned equity			
Earned equity		(369 135)	(274 472)
Total earned equity		<u>(369 135)</u>	<u>(274 472)</u>
Total equity	8	<u>134 292</u>	<u>228 955</u>
Liabilities			
Other non-current liabilities			
Group debt	4	238 766	231 189
Total non-current liabilities		<u>238 766</u>	<u>231 189</u>
Current liabilities			
Trade payables	12	-	263
Income tax payable	9	-	-
Group debt	4	-	9 234
Other current liabilities			
Total current liabilities		<u>-</u>	<u>9 497</u>
Total liabilities		<u>238 766</u>	<u>240 686</u>
Total equity and liabilities		<u>373 058</u>	<u>469 641</u>

Straume, 22nd June 2021

Kjetil Lunde
Chairman/CEO

Per Christian Stenshorne
Board member

Rune M Daae
Board member



Enhanced Drilling Holding AS

Figures in TNOK

Cash flow statement

	2020	2019
Cash flow from operating activities		
Ordinary profit/(loss) before taxes	(94 663)	(16 922)
Impairment of financial assets	91 370	-
Change in trade receivables	-	-
Change in trade payables	(263)	(686)
Change in other accruals	306	629
Net cash flow from operational activities	(3 249)	(16 979)
Cash flow from investment activities		
Cash inflows/outflows from group debtors (conversion of loan)		(150 000)
Net cash flow from investment activities	-	(150 000)
Cash flow from finance activities		
Proceeds from borrowings	-	-
Increased equity, conversion of loan		160 000
Net change group receivables/ payables	2 308	7 965
Net cash flow from finance activities	2 308	167 965
Net change in cash and equivalents	(941)	986
Cash and equivalents at start of period	986	-
Cash and equivalents at end of period	45	986



1 Accounting principles

Enhanced Drilling Holding AS and its subsidiaries, are leading suppliers of services and technology to the oil and gas offshore industry. The company's main operations are based at Straume (Bergen). The company provides management services to subsidiaries of the group.

The company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Smålonane 16, 5353 Straume.

The financial statements have been prepared in accordance with the Norwegian accounting act and accounting principles generally accepted in Norway (NGAAP) and IFRS light. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contingent liabilities.

The financial year follows the calendar year. Income statement items are classified by nature.

Changes in accounting policy and disclosures
Effects of changes in accounting policies and correction of material errors in previous annual financial statements are recognised directly in equity. The comparative figures are restated accordingly.

Subsidiary companies

Subsidiary companies are valued in accordance with the cost method in the company accounts. The investment is calculated according to acquisition cost of the shares unless a write-down has been required. Group contributions are entered as revenue in the same year as allocation in the subsidiary company is made. If distribution exceeds ratio of retained earnings for the ownership in the period, the excess part is accounted for as a repayment of invested capital and recognised as a reduction of investment in the balance.

Classification and valuation of balance sheet items

Assets meant for permanent ownership or use is classified as non-current assets. Assets held as a part of the company's service cycle and is expected to be realised or used during the course of the unit's normal production period are classified as current assets. Receivables are classified as current if they are to be settled within one year. Analogous criteria apply for liabilities.

Non-current assets are valued at historical cost. Tangible fixed assets that deteriorate in value are depreciated on a linear basis over estimated financial lifespan. Tangible fixed assets are written down to real value in the event of a permanent decrease in value. Long-term liabilities in NOK, excluding other provisions, are entered in the balance sheet at nominal value at the time they arise. Provisions are discounted if the interest rate element is material.

Current assets are valued at the lowest of acquisition cost and fair value. Current liabilities are entered at nominal value at the time they arise.

Revenue recognition

The company's business consists corporate services to subsidiaries of the group.

Services are recognised in the time of execution. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met.

Estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contingent liabilities. Unrealised losses that are probable and quantifiable, and unconditional commitments and orders are expensed in accordance with generally accepted accounting principles.

Currency

Monetary items in foreign currency are converted according to the exchange rate of the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account and are classified as financial items.

Contingent liabilities and contingent assets

Contingent liabilities are recognised if there is more than 50 % chance that they will have to be settled. Best estimates are used in calculating the settlement value. Provisions for contingencies inherent in the product cycle or with the expected settlement date within one year from the balance sheet date are classified as current liabilities. Other provisions are classified as provisions for liabilities under long-term debt.

Extraordinary income and expenses

Income is classified as extraordinary if they are unusual, irregular and material considered in relation to the company's business.

Tangible fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation and write-downs. The costs of tangible fixed assets comprise the purchase price, including duties/taxes and direct acquisition costs linked to making the asset fit for use.

The write-down requirement for fixed assets is assessed if there are indications of impairment. If indication of impairment is present there are performed an estimate of discounted future cash flows for assets that will continue to be in use in the company, and an estimate of selling price less cost of assets that are for sale. If calculation shows a value less than the carrying value assets will be written off to fair value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating revenue or other operating expenses in the income statement.



1 Accounting principles

Short-term investments

Short-term investments (shares classified as current) are valued at lowest of acquisition cost and fair value at the balance sheet date. Dividends and other disbursements are recognized as other financial income.

Receivables

Debtors and other receivables are entered in the balance sheet at nominal value less provision for bad debt. Provision for bad debt is estimated based on individual assessment of the debtors.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and bank deposit.

The company participated in the previous Group's cash pool system. The company's bank accounts included in the cash pool system, and balances on these accounts, represented exclusively an intercompany balance between the cash pool account holder and the individual participant. The cash pool will thus automatically establish credit relationships between participants and cash pool holder. In the financial statements all transaction between the cash pool holder and participants are recognised as intercompany balance. Enhanced Drilling Holding was acquired by Enhanced Well Technologies 15th July 2019. The current group of companies have not entered into a cashpool arrangement hence all bank deposits are presented as bank deposits.

Best estimate

When there is uncertainty associated with financial statement item, best estimate is used. Changes in estimates are recognised in the period in which the estimate is changed. Use of estimates is uncertain and may differ from actual results.

Tax

The cost of tax in the profit and loss account comprises both the period's tax payable, and changes in deferred tax. Deferred tax is calculated at a rate of 22 % (22%) based on the temporary differences between accounting and tax values, as well as any loss to be carried forward at the end of the financial year. Taxable and deductible temporary differenced that reverse or may reverse in the same period is offset. Deferred tax assets are recognized when it is probable that the company will have a sufficient future profit to utilize the tax asset. Tax increasing and tax reducing temporary differences are disclosed net.



2 Other current receivables	Figures in TNOK	
	2020	2019
Other current receivables	3	309
Other current receivables	3	309

3 Investment in subsidiaries						Figures in TNOK	
	Head office	Equity interest / voting share	Share capital TNOK 100%	Equity TNOK 100%	Profit/(loss) TNOK 100%	Book value	
Company 2020							
Enhanced Drilling AS	Straume Norway	100 %	5 273	43 734	(26 041)	170 000	
Enhanced Drilling Assets AS	Straume Norway	100 %	30	(91)	(32)	42	
Enhanced Drilling Australia Pty Ltd	Perth - Australia	100 %	1	(48 999)	3 155	-	
Enhanced Drilling Inc	Houston - USA	100 %	9	(22 705)	(12 485)	7	
Enhanced Drilling Services do Brasil Ltda*	Rio - Brasil	99 %	6 466	(10 236)	(3 621)	-	
Enhanced Drilling UK Ltd	Aberdeen - UK	100 %	-	(2 138)	(3 706)	-	
Total				(40 436)	(42 731)	170 049	

*1% owned by Enhanced Drilling AS.

Company 2019	Head office	Equity interest / voting share	Share capital TNOK 100%	Equity TNOK 100%	Profit/(loss) TNOK 100%	Book value	
						Enhanced Drilling AS	Straume Norway
Enhanced Drilling Assets AS	Straume Norway	1	30	(60)	(8)	42	
Enhanced Drilling Australia Pty Ltd	Perth - Australia	1	1	(48 651)	(2 563)	-	
Enhanced Drilling Inc	Houston - USA	1	9	(11 712)	(1 811)	7	
Enhanced Drilling Services do Brasil Ltda*	Rio - Brasil	1	6 466	(9 433)	(999)	-	
Enhanced Drilling UK Ltd	Aberdeen - UK	1	-	1 416	11 019	-	
Total				257	(46 080)	258 549	

*1% owned by Enhanced Drilling AS.

4 Intra group	2020	2019
Long term-group receivables:		
Enhanced Drilling AS	188 811	195 091
Enhanced Drilling Inc	13 479	13 278
Enhanced Drilling UK Ltd	1 936	-
Enhanced Drilling Pty Ltd	1 508	1 357
Impairment of IC receivables	(2 870)	-
Total long term-loan to subsidiaries	202 862	209 726
Short-term group receivables:		
Enhanced Drilling Assets AS	96	68
Enhanced Drilling Services do Brasil Ltda	2	2
Total short term group receivables	98	70
Long term-group payables:		
Enhanced Well Technologies AS	238 766	231 189
Total long term group payables	238 766	231 189
Short-term group payables:		
Enhanced Drilling AS	-	1 052
Enhanced Drilling UK Ltd	-	8 183
Total short-term group payables	-	9 234



5 Cash

	2020	2019
Cash	-	-
Bank deposits	45	986
Cash and cash equivalents	45	986
Of which is restricted deposits:	-	-

6 Registered mortgage

In the Register of Mortgage, registered liens include mortgages in inventory in its entirety up to TNOK 444 000, pledge in operating equipment in its entirety up to TNOK 444 000, and pledge in receivables that the company has and receives for the entire business activity up to TNOK 444 000.

	2020	2019
Carrying amount of pledged assets		
Investment in subsidiaries	170 049	258 549
Receivables	202 963	210 105
Bank deposits, cash in hand, etc.	45	986
	373 058	469 641

7 Share capital and shareholder information

16th July 2019 the share capital was increased from TNOK 10 037 to TNOK 15 056 by increasing its nominal value from NOK 2 to NOK 3 per share. It is still distributed in 5 018 695 shares. All issued shares are fully paid. The company has one share class, and all shares have equal voting and dividend rights.

Shareholders 2020	Number of shares	Equity interest
Enhanced Well Technologies AS	5 018 695	100 %

Shareholders 2019	Number of shares	Equity interest
Enhanced Well Technologies AS	5 018 695	100,0 %

8 Changes in equity

In NOK 1 000

	Share capital	Share premium fund	Other paid in capital	Total paid in equity	Earned equity	Sum
Opening balance 01.01.2019	10 037	79 352	254 037	343 427	(257 550)	85 877
Conversion of loan	5 019	154 981		160 000		160 000
Loss for the year					(16 922)	(16 922)
Closing balance 31.12.2019	15 056	234 334	254 037	503 427	-274 472	228 955
Opening balance 01.01.2020	15 056	234 334	254 037	503 427	(274 472)	228 955
Loss for the year	-	-	-	-	(94 663)	(94 663)
Closing balance 31.12.2020	15 056	234 334	254 037	503 427	(369 135)	134 292



9 Taxes

Figures in TNOK

	2020	2019
Tax payable Norway	-	-
Amendments, deferred tax Norway	-	-
Income tax expense	-	-
Reconciliation of tax payable		
Tax payable	-	-
Tax payable of group contribution	-	-
Tax payable in balance sheet	-	-
Reconciliation of tax payable		
Income before tax	(94 663)	(16 922)
Expected 22 % tax cost	(20 826)	(3 723)
Variance, actual and expected tax cost	20 826	3 723
Tax effect from non-deductible costs	19 470	2 114
Tax effect from non-taxable income	-	(1)
Tax effect for which no deferred income tax asset was recognised	1 356	1 610
Variance compared to expected tax cost	20 826	3 723
Calculation of tax payable:	2020	2019
Income before tax	(94 663)	(16 922)
Permanent differences	88 500	8 536
Interest cut off on intra group loans	-	5 214
Amendments, deferred tax	2 155	978
Basis for tax calculation	(4 008)	(2 194)

Deferred tax

Below is a specification of interim variations between account-related and tax-related values, as well as calculation of deferred tax/ tax advantage at the end of the financial year.

	2020	2019	Change
Basis for deferred tax			
Non-current assets	(4 938)	(2 584)	2 353
Profit and loss account	(794)	(992)	(198)
Interest cut off on intra group loans carried forward	(15 338)	(15 338)	-
Bank loan fee	-	-	-
Loss carried forward	(81 109)	(77 101)	4 008
Amount linked to long-term balance sheet items	(102 178)	(96 015)	6 163
Total basis for deferred tax assets	(102 178)	(96 015)	6 163
Deferred tax assets - 22% (22 %)	(22 479)	(21 123)	(1 356)

Deferred tax assets are not recognised in the balance sheet because it is less likely that the company can make use of the advantage it represents. There is no time limit attached to the application of the loss carried forward. Interest cut off on intra group loans may be carried forward for deduction in the ten following tax years.



10 Wages, fees, number of employees etc.

In NOK 1 000

Accumulated expenses for wages, pension premiums and other remuneration to CEO are paid by the subsidiary Enhanced Drilling AS. The company has no employees and is therefore not obligated to have pension scheme. The Chairman and members of the board have not received remuneration.

Specification of auditor's fee excl. VAT	2020	2019
Fees for audit of annual accounts	100	54
Fees for other attestation services	-	-
Fees for tax-related services	-	-
Fees for other services	-	-
Total	100	54

11 Financial income and expenses

In NOK 1 000

	2020	2019
Other interest income	0	4
Interest income from group companies	9 149	19 094
Agio	4 082	3 245
Total financial income	13 232	22 343
Other interest expense	-	-
Interest cost from group companies	11 273	19 186
Disagio	4 709	2 227
Other financial expenses	-	5 126
Impairment investment in subsidiaries	88 500	-
Total financial expenses	104 482	26 539
Net financial items	(91 250)	(4 196)

12 Financial market risk

In NOK 1 000

The company has financial instruments linked to ordinary activities such as trade receivables, trade payables and similar. The company does not currently use financial instruments for managing financial risk. The company's accounts receivables are mainly towards companies in the same Group. The company's credit risk exposure is therefore considered to be low.

Trade payables:	2020			2019		
	Currency	NOK	percent	Currency	NOK	percent
NOK		-	0 %	263	263	100 %
GBP			0 %			0 %
USD			0 %			0 %
Total		-	0 %	263	263	100 %

13 After balance sheet date

In NOK 1 000

In 2020, subsidiaries of the company, were affected by the Covid-19 pandemic. Their main priorities have been to secure the safety and welfare of the employees, maintain stable and reliable operations and to manage the cost base. Enhanced Drilling companies have complied with the public health guidelines issued by different national and local authorities. Travel restrictions have impacted our activity as projects have been postponed or cancelled. Vaccination programs are now being rolled out, and we expect the market to strengthen and further recover during 2021, however the Covid-19 and oil price decline effect is longer than first anticipated. Resurgence of Covid-19 cases second half 2020 and into 2021 in many countries have led to downward revisions of activity estimates and postponed recovery. As a result, a cost reduction program including redundancies to reach a sustainable cost and efficiency level going forward, was introduced mid January 2021.



Skatteetaten

Vår dato
16.03 2020

Din/Deres dato
24.01 2020

Saksbehandler
Lars Waalorp

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
32212244

Org nr
974761076

Vår referanse
2019/5633232

Postadresse
Postboks 9200 Grønland
0134 OSLO

ENHANCED DRILLING HOLDING AS
Postboks 351
5343 STRAUME

Att. Kjetil Lunde

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Enhanced Drilling Holding AS, org.nr. 992 821 191

Vi viser til deres brev av 24. januar 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Enhanced Drilling Holding AS.

Enhanced Drilling Holding AS er tidligere innvilget dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på engelsk. I 2019 er det imidlertid skjedd endringer i eierforholdet i konsernet, og selskapet søker derfor om en fornyet tillatelse med grunnlag i det nye eierforholdet.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Enhanced Drilling Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Enhanced Drilling Holding AS er eid av et norsk aksjeselskap som gjennom et annet selskap er eid av norske og utenlandske finansielle og industrielle investorer. Selskapet inngår i et konsern som driver virksomhet innen olje- og gassindustrien. Konsernet har datterselskaper i Australia, Brasil, Canada, Norge, Storbritannia og USA hvor den operative virksomheten utøves. Selskapets og konsernets arbeidsspråk er engelsk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets 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 skattekontoret lagt særlig vekt på at selskapet har kun én eier og at det inngår i et internasjonalt konsern. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Enhanced Drilling Holding AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Enhanced Drilling Holding 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



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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 - Enhanced Drilling Holding AS

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: FBNME-U3084-J3JKC-U4PZX-YYNL1-BPUVO



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Bergen, 24 June 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Eirik Moe
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: FBNME-U3084-J3JKC-U4PZX-YYNL-T-BPUVO

Independent auditor's report - Enhanced Drilling Holding AS

A member firm of Ernst & Young Global Limited



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Eirik Moe

Statsautorisert revisor

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