



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 980 955 338  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: PROSERV NORGE AS  
Forretningsadresse: Moseidveien 21  
4033 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Tore Erntsen  
Dato for fastsettelse av årsregnskapet: 31.08.2021

### 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, 15.09.2022



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	191 833 360	230 688 383
Annen driftsinntekt		0	759 390
<b>Sum inntekter</b>		<b>191 833 360</b>	<b>231 447 773</b>
<b>Kostnader</b>			
Varekostnad		88 138 228	101 024 201
Lønnskostnad	3,12	71 237 479	98 240 516
Avskrivning på varige driftsmidler og immaterielle eiendeler	5,6	5 451 581	7 323 447
Annen driftskostnad	3	37 087 216	44 129 021
<b>Sum kostnader</b>		<b>201 914 504</b>	<b>250 717 185</b>
<b>Driftsresultat</b>		<b>-10 081 144</b>	<b>-19 269 412</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		5 166 878	43 249 801
Annen finansinntekt	13,14	2 525 286	29 286 498
<b>Sum finansinntekter</b>		<b>7 692 164</b>	<b>72 536 299</b>
Nedskrivning av finansielle eiendeler	7	1 705 211	20 506 988
Annen finanskostnad	13,14	1 251 472	7 201 992
<b>Sum finanskostnader</b>		<b>2 956 683</b>	<b>27 708 980</b>
<b>Netto finans</b>		<b>4 735 481</b>	<b>44 827 319</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-5 345 663</b>	<b>25 557 907</b>
Skattekostnad på ordinært resultat	15	-1 065 183	10 032 477
<b>Ordinært resultat etter skattekostnad</b>		<b>-4 280 480</b>	<b>15 525 430</b>
<b>Årsresultat</b>		<b>-4 280 480</b>	<b>15 525 430</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-4 280 480	15 525 431
<b>Sum overføringer og disponeringer</b>		<b>-4 280 480</b>	<b>15 525 431</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	6	965 840	3 863 363
<b>Sum immaterielle eiendeler</b>		<b>965 840</b>	<b>3 863 363</b>
<b>Varige driftsmidler</b>			
Maskiner og anlegg	5	5 277 495	5 479 041
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	5	1 123 465	1 511 648
<b>Sum varige driftsmidler</b>		<b>6 400 960</b>	<b>6 990 689</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	7	70 756 341	72 461 552
Lån til foretak i samme konsern	11	124 480 957	139 520 758
<b>Sum finansielle anleggsmidler</b>		<b>195 237 298</b>	<b>211 982 310</b>
<b>Sum anleggsmidler</b>		<b>202 604 098</b>	<b>222 836 362</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	8	29 588 691	24 824 922
<b>Sum varer</b>		<b>29 588 691</b>	<b>24 824 922</b>
<b>Fordringer</b>			
Kundefordringer	9,11	122 087 809	108 906 830
Andre fordringer		8 416 294	10 787 195
<b>Sum fordringer</b>		<b>130 504 103</b>	<b>119 694 025</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	4	6 772 868	10 943 852
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>6 772 868</b>	<b>10 943 852</b>
<b>Sum omløpsmidler</b>		<b>166 865 662</b>	<b>155 462 799</b>
<b>SUM EIENDELER</b>		<b>369 469 760</b>	<b>378 299 161</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	17	4 169 836	4 169 836
Overkurs		41 553 346	41 553 346
<b>Sum innskutt egenkapital</b>		<b>45 723 182</b>	<b>45 723 182</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		169 153 016	173 433 496
<b>Sum opptjent egenkapital</b>		<b>169 153 016</b>	<b>173 433 496</b>
<b>Sum egenkapital</b>	16	<b>214 876 198</b>	<b>219 156 678</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	15	4 901 811	8 017 092
<b>Sum avsetninger for forpliktelser</b>		<b>4 901 811</b>	<b>8 017 092</b>
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld	11	15 095 907	15 526 452
<b>Sum annen langsiktig gjeld</b>		<b>15 095 907</b>	<b>15 526 452</b>
<b>Sum langsiktig gjeld</b>		<b>19 997 718</b>	<b>23 543 544</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	11	95 030 204	78 592 462
Betalbar skatt	15	24 127 755	29 939 692
Skyldige offentlige avgifter		3 620 523	4 351 382
Annen kortsiktig gjeld	9	11 817 361	22 715 403
<b>Sum kortsiktig gjeld</b>		<b>134 595 843</b>	<b>135 598 939</b>
<b>Sum gjeld</b>		<b>154 593 561</b>	<b>159 142 483</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>369 469 759</b>	<b>378 299 161</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 894822

#### Enheten

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Organisasjonsform: Aksjeselskap  
Foretaksnavn: PROSERV NORGE AS  
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Benyttet ved utarbeidelsen av  
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Bekreftet av representant for selskapet: Tore Erntsen  
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Brønnøysundregistrene, 04.11.2021



Organisasjonsnr: 980 955 338  
PROSERV NORGE AS

## RESULTATREGNSKAP

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<b>RESULTATREGNSKAP</b>			
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PROSERV NORGE AS

## BALANSE

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<b>BALANSE - EGENKAPITAL OG GJELD</b>			



<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
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<b>Gjeld</b>			
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Leverandørgjeld	11	95 030 204	78 592 462
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<b>Sum gjeld</b>		<b>154 593 561</b>	<b>159 142 483</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>369 469 759</b>	<b>378 299 161</b>



Organisasjonsnr: 980 955 338  
PROSERV NORGE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note  
3

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:  
78.00

Note  
17

Konsern, tilknyttet selskap og datterselskap

Tilknyttet selskap/datterselskap

<u>Navn og adresse</u>	<u>Eierandel</u>	<u>Stemmeandel</u>	<u>Egenkapital</u>	<u>Resultat</u>
Circle Offshore Limited	100.00%	100.00%	335504117.00	-2841096.00
Proserv Offshore Holding LLC	100.00%	100.00%	0.00	0.00
PT Proserv	100.00%	100.00%	13009743.00	-3407297.00

Konsernregnskapet inngår i konsolideringen til morselskap: Ja

<u>Navn</u>	<u>Forretningskontor</u>
Proserv Group Parent LLC	Delaware



**Proserv Group Parent LLC**

Report and Financial Statements

31 December 2020



## Directors' and Officers' report

for the year ended 31 December 2020

The directors and officers present their report and the Group financial statements for the year ended 31 December 2020.

### Results and dividends

The post-tax loss for the year was \$9,267k. This is stated after deducting exceptional items of \$1,386k (Note 6). The prior year results presented show a post-tax loss of \$49,901k. This is stated after deducting the loss arising from divestments of \$11,263k (Note 10); exceptional items of \$12,924k (Note 6); and a post-tax loss from discontinued operations of \$7,986k (Note 10).

The directors and officers do not recommend the payment of a dividend.

### Principal activities and review of the business

Proserv Group Parent LLC ("Proserv"), incorporated in Delaware, USA, with its registered address being CT Corporation Trust Company, 1209 Orange St, Wilmington Delaware 19801, is a controls technology and flow control solutions company serving the global energy industry. Proserv headquartered at Proserv House, Prospect Road, Westhill, UK, AB32 6FJ, operates worldwide, employing around 700 people across the USA, Europe and the Middle East, and offers customers a wide range of products and services to improve the reliability, integrity and productivity of critical infrastructure.

The Group is managed through two global-facing divisions, namely Proserv Controls and Gilmore, a Proserv Company. Proserv Controls incorporates the company's subsea controls technology operation, in addition to its topside controls, IWOCs, sampling, measurement, renewables diagnostics and its design and field services teams. Gilmore, a hydraulic control valve developer, specialises in drilling, downhole, production and industrial solutions.

In 2018, Proserv Group LLC, the previous parent company of the Group, underwent a financial restructuring by means of a debt for equity exchange and the injection of new capital. This transaction led to a change in majority shareholder and a new ultimate parent company – Proserv Group Parent LLC. By virtue of their majority shareholding, KKR Credit Advisors (US) LLC and Oaktree Capital Management, L.P. became the controlling parties of the Group.

The financial restructure led to a comprehensive review of the strategic vision of the business and an assessment of the Group's position. 2019 represented a year of significant change as the Group implemented its long-term strategic plan to become a focussed controls technology company. The execution of the plan included the divestment of several non-core businesses that no longer complimented the vision, while acquiring SGC Metering in February 2019.

Following the successful divestment of several non-core loss making businesses in 2019, the Group was poised to consolidate and grow its position in its target global markets in 2020, whilst maximising resource savings; asset optimisation; and operational process efficiencies to increase EBITDA. Whilst this has been successful, the financial results were impacted by project delays as a consequence of COVID-19.

The Group remains an agile, cash generating, positive EBITDA (Note 6) business that is well placed to deal with the added challenges of the impact of COVID-19 and will continue with its intended policy of focusing on growth, efficiencies and areas of core strength in 2021 and beyond.

### Going concern

The COVID-19 pandemic has impacted the cashflows and operations of the Group. The directors and officers are cognisant that the short-term market outlook is challenging, as the industry is impacted by oil price uncertainty and the effects of COVID-19. The Group have taken a number of steps to reorganise operations to continue to serve its customers and have taken action to reduce its cost base and protect the financial resources of the Group.

Despite the challenges faced as a result of COVID-19 and the oil price uncertainty, as at the date of these financial statements, having reviewed the Group's financial position in 2021, the future projections, the principal risks and uncertainties, the directors and officers have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of 12 months from the date of approval of the accounts and therefore support the going concern basis.



## Directors' and Officers' report (continued)

for the year ended 31 December 2020

### Going concern (continued)

The Group closely monitors and manages its funding position and liquidity risk to ensure it has access to sufficient funds to meet cash requirements. Cash forecasts are produced on a regular basis, supported by detailed, bottom up budgets, which are approved by the board. The directors and officers continue to work closely with the Group's shareholders to ensure the financial resources and liquidity of the Group is managed effectively. Whilst the directors and officers do not believe it will be required, one of the Group's shareholders has confirmed that they will provide additional funds of up to \$10 million. It is envisaged that if these additional funds were to be required they would be utilised to meet to any shortfall in working capital requirements. This will only be drawn upon if it is required to allow the Group to continue in operation and to meet its liabilities as they fall due, over the period of 12 months from the date of approval of these accounts.

### Directors' and officers' responsibilities

The directors and officers and those charged with governance, acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the financial statements in accordance with IFRS.
- In preparing those financial statements, the directors and officers are required to:
  - o Select suitable accounting policies and apply them consistently;
  - o Make judgements and estimates that are reasonable and prudent;
  - o State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
  - o Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.
- For such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Disclosure of information to the auditors

So far as each person who was a director or officer at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, officers and the Group's auditor, each director and officer has taken all the steps that he is obliged to take as a director or officer in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Directors / Officers

The directors and officers who served the company during the year are as follows.

#### Directors:

C Smith  
D Currie  
D Meikle  
J Minge  
L Krueger

#### Officers:

D Currie  
D Larssen  
J Thomson (appointed 13 March 2020)

David Currie  
Chief Executive Officer  
22 April 2021



## Independent auditor's report to the directors / members of Proserv Group Parent LLC

### Opinion

We have audited the financial statements of Proserv Group Parent LLC for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flow and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' and officers' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors and officers with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors and officers are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



## Independent auditor's report to the directors / members of Proserv Group Parent LLC (continued)

### **Responsibilities of directors and officers**

As explained more fully in the directors' and officers' responsibilities statement set out on page 2, the directors and officers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors and officers determine 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, the directors and officers are 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 the directors and officers either intend to liquidate the company or to cease operations, or have 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 includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework IFRS and the relevant direct and indirect tax compliance regulation in the jurisdictions around the globe that Proserv operate in. In addition, the Group has to comply with laws and regulations relating to its operations, including health and safety, employee, general data protection regulation and anti-bribery and corruption.
- We understood how Proserv is complying with those frameworks by making enquiries of management to understand how the Group maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated unpredictability into our testing of manual journals and into our testing of revenue recognition. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



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## Independent auditor's report to the directors / members of Proserv Group Parent LLC (continued)

### *Use of our report*

This report is made solely to the company's directors and officers, as a body, in accordance with our engagement letter dated 17th December 2020. Our audit work has been undertaken so that we might state to the company's directors and officers those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors and officers as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Ernst & Young LLP  
Aberdeen  
22 April 2021



## Consolidated Income Statement

for the year ended 31 December 2020

		<b>2020</b>	2019
		<b>USD000</b>	USD000
	<i>Note</i>		
<b>Continuing operations</b>			
<b>Revenue</b>	5	<b>126,720</b>	156,155
Cost of Sales		<u>(101,650)</u>	<u>(138,758)</u>
<b>Gross Profit</b>		<b>25,070</b>	17,397
Administrative expenses		<u>(30,699)</u>	<u>(43,106)</u>
<b>Operating loss</b>	6	<b>(5,629)</b>	(25,709)
Finance costs	9	<b>(2,986)</b>	(2,933)
Loss on disposal of businesses and fixed assets	10	-	<u>(11,263)</u>
<b>Loss on ordinary activities before taxation from continuing operations</b>		<b>(8,615)</b>	(39,905)
Tax	11	<b>(652)</b>	<u>(2,010)</u>
<b>Loss for the financial year from continuing operations</b>		<b>(9,267)</b>	<u>(41,915)</u>
<b>Discontinued operations</b>			
Post tax loss for the financial year from discontinued operations	10	-	<u>(7,986)</u>
<b>Loss for the year</b>		<b>(9,267)</b>	<u>(49,901)</u>
<b>Loss attributable to:</b>			
Owners of the parent		<b>(8,204)</b>	(48,775)
Non-controlling interest		<b>(1,063)</b>	(1,126)
		<b>(9,267)</b>	<u>(49,901)</u>



## Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

	<b>2020</b>	2019
	<i>USD000</i>	<i>USD000</i>
<i>Loss for the year</i>	<b>(9,267)</b>	(49,901)
<i>Other comprehensive income</i>		
Exchange differences on foreign operations	<b>(335)</b>	715
<i>Total comprehensive loss for the year, net of tax</i>	<b><u>(9,602)</u></b>	<u>(49,186)</u>

**Consolidated Statement of Financial Position**

at 31 December 2020

		2020	2019
		USD000	USD000
	Note		
<b>Non current assets</b>			
Property, plant and equipment	12	40,097	43,075
Goodwill	13	-	-
Intangible assets	14	61,004	68,265
Long term financial assets		282	723
Deferred tax assets	22	902	488
		<u>102,285</u>	<u>112,551</u>
<b>Current assets</b>			
Inventories and work in progress	16	17,364	15,688
Trade and other receivables	15	40,408	54,683
Cash and cash equivalents	17	10,108	9,977
		<u>67,880</u>	<u>80,348</u>
<b>Total assets</b>		<u>170,165</u>	<u>192,899</u>
<b>Capital and reserves</b>			
Share capital	24	47,429	47,429
Additional paid-in capital	24	325,504	325,504
Reserves		(273,367)	(264,828)
		<u>99,566</u>	<u>108,105</u>
<b>Non-controlling interests</b>		<u>(3,153)</u>	<u>(2,090)</u>
<b>Total shareholders' equity</b>		<u>96,413</u>	<u>106,015</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	18	33,023	44,727
		<u>33,023</u>	<u>44,727</u>
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year	19	26,631	28,066
Financial liabilities - borrowings	21	11,738	11,048
Long term financial liabilities		1,050	1,297
Deferred tax liabilities	22	1,310	1,746
		<u>40,729</u>	<u>42,157</u>
<b>Total liabilities</b>		<u>73,752</u>	<u>86,884</u>
<b>Total equity and liabilities</b>		<u>170,165</u>	<u>192,899</u>

The financial statements were approved by the Board of Directors and Officers and were signed on their behalf by:

Julie Thomson  
Chief Financial Officer  
22 April 2021



## Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

Attributable to the equity holders of the parent

	Share capital USD000	Additional paid-in capital USD000	Retained deficit USD000	Merger reserve USD000	Foreign currency translation reserve USD000	Total USD000	Non- controlling interest USD000	Total equity / (deficit) USD000
<b>At 1 January 2019</b>	<b>47,429</b>	<b>325,504</b>	<b>(639,640)</b>	<b>421,363</b>	<b>1,509</b>	<b>156,165</b>	<b>(964)</b>	<b>155,201</b>
Comprehensive income:								
<i>Loss for the year</i>	-	-	(48,775)	-	-	(48,775)	(1,126)	(49,901)
Exchange difference	-	-	-	-	715	715	-	715
	-	-	(48,775)	-	715	(48,060)	(1,126)	(49,186)
<b>At 31 December 2019</b>	<b>47,429</b>	<b>325,504</b>	<b>(688,415)</b>	<b>421,363</b>	<b>2,224</b>	<b>108,105</b>	<b>(2,090)</b>	<b>106,015</b>
Comprehensive income:								
<i>Loss for the year</i>	-	-	(8,204)	-	-	(8,204)	(1,063)	(9,267)
Exchange difference	-	-	-	-	(335)	(335)	-	(335)
	-	-	(8,204)	-	(335)	(8,539)	(1,063)	(9,602)
<b>At 31 December 2020</b>	<b>47,429</b>	<b>325,504</b>	<b>(696,619)</b>	<b>421,363</b>	<b>1,889</b>	<b>99,566</b>	<b>(3,153)</b>	<b>96,413</b>



## Consolidated Statement of Cash Flows

for the year ended 31 December 2020

	2020	2019
	USD000	USD000
	Note	
<b>Cash generated from operating activities</b>		
Loss before taxation from continued operations	(8,615)	(39,905)
Loss before taxation from discontinued operations	-	(7,851)
Loss before tax	<u>(8,615)</u>	<u>(47,756)</u>
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortisation	6 15,140	28,274
Gain on disposal of fixed assets	6 (263)	(601)
Loss on disposal of businesses and fixed assets	-	11,263
Net finance costs	9 2,986	2,933
(Increase) / Decrease in inventories and work in progress	(1,676)	1,607
Decrease in trade and other receivables	14,226	957
Decrease in trade and other payables	(12,556)	(1,104)
<b>Cash generated / (used in) from operating activities</b>	<u>9,242</u>	<u>(4,427)</u>
Tax paid	(1,128)	(3,396)
Interest paid	(2,403)	(2,696)
<b>Net cash flow from / (used in) operating activities</b>	<u>5,711</u>	<u>(10,519)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(2,917)	(1,977)
Proceeds from sale of property, plant and equipment	95	601
Proceeds on divestments net of cash disposed	491	15,820
Acquisition of subsidiaries net of cash acquired	-	(1,611)
<b>Net cash flow (used in) / from investing activities</b>	<u>(2,331)</u>	<u>12,833</u>
<b>Cash flows from financing activities</b>		
Principal element of lease repayments	20 (2,744)	(2,741)
Other cashflow from financing activities	23 (247)	-
<b>Net cash flow used in financing activities</b>	<u>(2,991)</u>	<u>(2,741)</u>
<b>Net change in cash</b>	<u>389</u>	<u>(427)</u>
Effect of changes in exchange rates	(258)	707
Cash and cash equivalents at 1 January	9,977	9,697
<b>Cash and Cash equivalents at 31 December</b>	17 <u>10,108</u>	<u>9,977</u>



## Notes to the financial statements

at 31 December 2020

### 1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as approved by the European Union and their interpretations adopted by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis with the exception of certain financial instruments and balances required to be measured at fair value.

The Group financial statements are presented in United States Dollars ("USD") and all values are rounded to the nearest thousand (USD'000) except when otherwise indicated. A summary of the key Group accounting policies are set out below.

#### **Going concern**

The COVID-19 pandemic has impacted the cashflows and operations of the Group. The directors and officers are cognisant that the short-term market outlook is challenging, as the industry is impacted by oil price uncertainty and the effects of COVID-19. The Group have taken a number of steps to reorganise operations to continue to serve its customers and have taken action to reduce its cost base and protect the financial resources of the Group.

Despite the challenges faced as a result of COVID-19 and the oil price uncertainty, as at the date of these financial statements, having reviewed the Group's financial position in 2021, the future projections, the principal risks and uncertainties, the directors and officers have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of 12 months from the date of approval of the accounts and therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

The Group closely monitors and manages its funding position and liquidity risk to ensure it has access to sufficient funds to meet cash requirements. Cash forecasts are produced on a regular basis, supported by detailed, bottom-up budgets, which are approved by the board. The directors and officers continue to work closely with the Group's shareholders to ensure the financial resources and liquidity of the Group is managed effectively. Whilst the directors and officers do not believe it will be required, one of the Group's shareholders has confirmed that they will provide additional funds of up to \$10 million. It is envisaged that if these additional funds were to be required they would be utilised to meet to any shortfall in working capital requirements. This will only be drawn upon if it is required to allow the Group to continue in operation and to meet its liabilities as they fall due, over the period of 12 months from the date of approval of these accounts.

When considering the going concern basis it is important to note that in 2018 the Group and all its subsidiaries successfully completed a significant financial restructuring. KKR Credit Advisors (US) LLC and Oaktree Capital Management, L.P. became the two controlling parties of the Group following a debt for equity exchange. External third-party debt obligations (refer to Note 21) were extinguished to a value of \$545 million, leaving only \$10 million in long-term obligations. At the balance sheet date, long-term obligations of the Group totalled \$11.7 million (refer to Note 21) demonstrating the significant positive impact the financial restructuring has had to the balance sheet solvency of the Group.

As at 31 December 2020 the Group was in full compliance with its banking covenant.

The Group activities are mainly denominated in USD and GBP functional currencies, and so a weakening of the GBP would potentially have an adverse impact on the profitability and cash flows of the Group, as presented in USD. As part of the reforecast process, the budget assumption is updated quarterly where significant deviation is expected based on revised market outlook on foreign exchange rates.

#### **Basis of consolidation**

The consolidated financial statements include the results, cash flows, assets and liabilities of Proserv Group Parent LLC, its subsidiaries and the Group's share of its non-wholly owned subsidiary operations (Note 26). The financial statements of subsidiaries are prepared for the same reporting period as the Group using consistent accounting policies.



## Notes to the financial statements

at 31 December 2020

### 1. Basis of preparation (continued)

A subsidiary is an entity controlled, either directly or indirectly, by the Group, where control is the power to direct relevant activities, exposure or rights to variable returns and the ability to use power to affect returns. The results of acquisitions are included in the Group's results from the effective date on which control is transferred to the Group. The results of a subsidiary sold during the period are included in the Group's results up to the effective date on which control is transferred out of the Group. All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not 100% owned by the Group and are presented within equity in the Consolidated Balance Sheet, separately from the Group shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest, any resultant gain or loss is recognised as profit or loss.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect both the income statement and the balance sheet. These judgements reflect management's best estimate of the amount, event or actions and actual results ultimately may differ from those estimates. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

### 2. Significant accounting estimates and assumptions

#### *Impairment of goodwill and intangible assets*

Impairment exists when the carrying value of a cash generating unit exceeds its recoverable amount, which is its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 14.

#### *Revenue recognition – total contract cost*

The estimates of total contract cost can be judgmental and sensitive to changes. The cost estimates can significantly impact revenue recognition for contracts using cost progress, particularly in lump sum construction contracts. The forecasting of total project cost depends on the ability to properly execute the engineering and design phase, availability of skilled resources, manufacturing capacity, productivity and quality factors, performance of subcontractors and sometimes also weather conditions. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that cost estimates may change significantly.

#### *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

#### *Recoverability of receivables*

The Group extends credit to its customers based on an evaluation of the customer's financial condition. Outstanding accounts receivable are assessed routinely, and an allowance is established surrounding uncertainty of collectability.



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## Notes to the financial statements

at 31 December 2020

### 2. Significant accounting estimates and assumptions (continued)

#### *Useful economic lives of intangible and tangible fixed assets*

Intangible and tangible fixed assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

### 3. Accounting policies

#### *Cost of inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined by utilising standard costing techniques, adjusted, where appropriate, to actual costs incurred based on variance analysis. Net realisable value is the estimated selling price, less relevant completion and selling costs. The Group reviews periodically the provision applied to inventory, which makes an allowance for obsolete and slow-moving items, based upon annual usage.

#### *Functional currency*

The Group's consolidated financial statements are presented in USD, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### *Foreign currencies*

Income statements of entities whose functional currency is not USD are translated into USD at average rates of exchange for the period and assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates are recognised in other comprehensive income.

#### *Revenue recognition*

All customer contracts in scope of IFRS 15 are assessed using the five-step model. Only approved customer contracts with a firm commitment are basis for revenue recognition. Variation orders are included when they have been approved, either verbally, in writing or implied by customary business practice. The deliveries in the contracts are reviewed to identify distinct performance obligations, and this assessment may involve significant judgement. For the vast majority of the identified performance obligations, control has been assessed to be transferred to the customer over time as the performance obligation is satisfied. Revenue is recognized over time using a cost-based progress method, or as time and materials are delivered to the customer. The cost progress method is commonly used on lump sum contracts and reimbursable contracts when scope of work is firm. The time and materials method is more commonly used for reimbursable contract with less firm scope. These methods are used to best reflect the pattern of transfer of control of goods and services to the customer.

Variable considerations, such as incentive payments, are included in revenue when they are highly probable. Expected liquidated damages (LD) are recognized as a reduction of revenue unless it is highly probable LDs will not be incurred. The transaction price of performance obligations is adjusted for significant financing components to reflect the time value of money. Financing components may exist when the expected time period between the transfer of the promised goods and services and the payment is more than twelve months. This assessment is performed at the contract inception. Profit is not recognized until the outcome of the performance obligations can be measured reliably. Contract costs are expensed as incurred. The full loss is recognized immediately when identified on loss-making contracts. The loss is determined based on revenue less direct cost (i.e. labour, subcontractor and material cost) and an allocation of overhead that relate directly to the contract or activities required to fulfil the contract.



## Notes to the financial statements

at 31 December 2020

### 3. Accounting policies (continued)

#### *Finance expense / income*

Interest income and expense is recorded in the income statement in the period to which it relates. Arrangement fees in respect of the Group's borrowing facilities are amortised over the period to which the facility relates using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the debt facility to the net carrying amount of the deferred costs.

#### *Dividends*

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders and thus the right to receive payment is established.

#### *Acquisitions*

Business combinations are accounted for using the acquisition method when there is a change of control. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

#### *Goodwill*

The Group uses the purchase method of accounting to account for acquisitions. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

#### *Intangible assets*

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the Group acquires a business, other intangible assets such as customer contracts are identified and evaluated to determine the carrying value on the acquisition balance sheet.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives, including assets in respect of brand names, are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortised over their estimated useful lives on a straight-line basis with the amortisation method for an intangible asset with a finite useful life being reviewed at least at the end of each reporting period:

Certification	up to 15 years
Customer relationship	up to 15 years
Patents	up to 5 years
Software	4 years



## Notes to the financial statements

at 31 December 2020

### 3. Accounting policies (continued)

#### Research and development

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

#### Tangible fixed assets

Property plant and equipment ("PPE") is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Land and buildings	up to 50 years
Plant, machinery and equipment	up to 20 years
Right of use assets	up to 20 years

At the balance sheet date \$0.9 million (2019: \$0.5 million) classified as construction in progress within the property, plant and equipment note has been capitalised as development expenditure.

#### Impairment

The Group performs impairment reviews annually in respect of PPE, goodwill and other intangible assets and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the Group carries out annual impairment reviews in respect of goodwill as described above. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

For the purposes of impairment testing, assets are allocated to the appropriate cash generating unit ('CGU'). The CGUs follow the separate geographical locations in which the Group operates. The estimated future cash flows are discounted in determining the value in use.

#### Inventories

Inventories, which include materials, work in progress and finished goods and goods for resale, are stated at the lower of cost and net realisable value. The Group determines cost by weighted average cost or first in, first out methods using standard costing to gather material, labour and overhead costs. These costs are adjusted, where appropriate, to correlate closely the standard costs to the actual costs incurred based on variance analysis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. Allowance is made for obsolete and slow-moving items, based upon annual usage.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less.



## Notes to the financial statements

at 31 December 2020

### 3. Accounting policies (continued)

#### *Financial assets*

Financial assets are classified at initial recognition and subsequently measured at amortised cost or fair value through Other Comprehensive Income. The Group's financial assets include cash and cash equivalents, trade and other receivables and loans and other receivables.

Trade and other receivables are recognised initially at fair value. For contract assets and trade and other receivables which do not contain a significant financing component, in accordance with IFRS 9, the Group applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses.

The Group assesses at each reporting date whether any indicators exist that a financial asset or group of financial assets has become credit impaired. Where an asset is considered to be credit impaired a specific allowance is recognised based on the actual cash flows that the Group expects to receive and is determined using historical credit loss experience and forward-looking factors specific to the counterparty and the economic environment.

The Group considers credit risk on a case-by-case basing historical and forward look information including macro-economic factors. The Group consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

At 31 December 2020 aggregated allowances for expected credit losses, related to trade receivables, construction contract assets and accrued revenue, of \$5.7 million (2019: \$5.5 million) were recognised within the Consolidated Balance Sheet.

Loans and other receivables with fixed or determinable payments are measured at cost and are subsequently stated at amortised cost. Any interest is included as finance income in the income statement.

#### *Financial liabilities*

The Group's financial liabilities include trade and other payables and loans and other payables.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

#### *Pensions, retirement benefits and employee service entitlements*

The Group operates a number of pension and retirement benefit schemes disclosed as long-term financial liabilities, \$1.2 million at the balance sheet date (2019: \$1.3 million). These are limited to defined contribution pension schemes, deferred compensation saving plans, and end of service benefit accruals in certain of its subsidiaries.

In Indonesia, the end of service benefit accrual scheme is defined in nature. The exposure was considered immaterial to the Group \$nil in 2020 (2019: 45k), as was settled in the year and therefore no disclosures have been made in respect of this in these financial statements. The Group's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

#### *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Group evaluates the requirement for and measurement of an estimated liability on all products and services still under warranty, based on past experience, including claims already received. To date, there are minimal instances of warranty claims and therefore no material warranty provision is held on the balance sheet.

#### *Share capital*

##### *Ordinary shares*

The Group has one class of ordinary shares that are classified as equity with a par value of \$1. Dividends on ordinary shares are not recognised as a liability or charged to equity until they have been approved by shareholders.

##### *Preference shares*

The Group has issued cumulative non-redeemable preferred stock, which has been classified as equity as the stock is not redeemable (Note 24).



## Notes to the financial statements

at 31 December 2020

### 4. Changes in accounting policies and disclosures

#### Effective new accounting standards

With the exception of the amendment to IFRS 16 *Covid-19 Related Rent Concessions* noted below, no new International Financial Reporting Standards (IFRS) were adopted by the Group for the financial year beginning 1 January 2020. Several amendments to IFRS were applied for the first time in 2020, however besides from IFRS 16, they did not have an impact on the Consolidated Financial Statements of the Group.

#### Amendments to IFRS 16 *Covid-19 Related Rent Concessions*

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions* - amendment to IFRS 16 *Leases*.

The amendments provide relief to the lessees from applying IFRS - 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concessions the same way it would account for the change under IFRS-16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group received rent concessions during the year and have applied the practical expedient (Note 20).



## Notes to the financial statements

at 31 December 2020

### 5. Revenue

Revenue is derived from the Group's principal activity of serving the global energy industry through controls technology and from flow control solutions and is stated net of value added tax.

Analysis of revenue from continuing operations by geographical market comprises:

2020	Project Revenue	Production Revenue	Rental Revenue	Service Revenue	Total Revenue
Geographical Markets	USD000	USD000	USD000	USD000	USD000
Norway	18,400	6,299	2,652	3,617	30,968
USA	8,331	15,042	145	6,614	30,132
UK	15,110	1,676	4,782	7,779	29,347
UAE	3,343	2,474	1,815	5,542	13,174
Saudi Arabia	1,636	198	461	56	2,351
Rest of world	10,484	5,250	1,917	3,097	20,748
<b>Total revenue</b>	<b>57,304</b>	<b>30,939</b>	<b>11,772</b>	<b>26,705</b>	<b>126,720</b>

#### Timing of revenue recognition

Products transferred at a point in time	-	30,939	-	-	30,939
Products and services transferred over time	57,304	-	11,772	26,705	95,781
<b>Total revenue from external customers</b>	<b>57,304</b>	<b>30,939</b>	<b>11,772</b>	<b>26,705</b>	<b>126,720</b>

Analysis of revenue from continuing operations by geographical market comprises:

2019	Project Revenue	Production Revenue	Rental Revenue	Service Revenue	Total Revenue
Geographical Markets	USD000	USD000	USD000	USD000	USD000
Norway	22,766	8,712	3,983	3,963	39,424
USA	4,010	18,792	712	6,396	29,910
UK	20,268	1,970	3,735	5,712	31,685
UAE	5,628	1,859	1,377	4,299	13,163
Saudi Arabia	1,158	574	230	1,540	3,502
Rest of world	15,259	10,416	3,094	9,702	38,471
<b>Total revenue</b>	<b>69,089</b>	<b>42,323</b>	<b>13,131</b>	<b>31,612</b>	<b>156,155</b>

#### Timing of revenue recognition

Products transferred at a point in time	-	42,323	-	-	42,323
Products and services transferred over time	69,089	-	13,131	31,612	113,832
<b>Total revenue from external customers</b>	<b>69,089</b>	<b>42,323</b>	<b>13,131</b>	<b>31,612</b>	<b>156,155</b>



## Notes to the financial statements

at 31 December 2020

### 6. Operating loss

This is stated after charging / (crediting):

		2020	2019
		USD000	USD000
The following items have been included in arriving at (loss) / profit before taxation:			
Depreciation of fixed assets	12	7,803	9,793
Impairment of fixed assets	12	-	4,655
Amortisation of intangible assets	14	7,337	13,826
Net gain on disposal of property, plant and equipment		(263)	(601)
Net foreign exchange (gain) / loss - administration expenses		(736)	(3,767)
Net foreign exchange gain - finance costs		-	(155)
Research and development costs		1,926	1,240
Rent concessions (COVID-19)	20	(342)	-
Included within both cost of sales and administration expenses :			
Employee benefit expense		52,346	72,710
Employer PAYE grant credits		(404)	-

#### Exceptional items

The Group presents certain items as 'exceptional'. These are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order to obtain a proper understanding of the financial information.

The following amounts were reported within the loss on ordinary activities before taxation arising from continuing operations:

		2020	2019
		USD000	USD000
Legal and professional costs		812	6,529
Personnel costs		744	2,047
Impairment of fixed assets		-	4,655
		<u>1,556</u>	<u>13,231</u>
Tax effect on exceptional items		(170)	(307)
		<u>1,386</u>	<u>12,924</u>

Legal and professional fees predominantly relate to one-off costs incurred with respect to restructuring and refinancing activities within the Group.

Personnel costs relate to employee related costs incurred as a result of restructuring, termination or other non-standard events.

Impairment of fixed assets in 2019 relates to the write-down of a Right of use asset to its recoverable amount.

The impairment has arisen as a result of the corporate restructuring exercise (note 10) which reduced the volume of required office accommodation in the UK.



## Notes to the financial statements

at 31 December 2020

### 6. Operating loss (continued)

Reconciliation of loss for the year to earnings before interest, tax, depreciation and amortisation (EBITDA).

	2020	2019
	USD000	USD000
Loss for the financial year from continuing operations	(9,267)	(41,915)
Interest costs (Note 9)	2,403	2,973
Tax (Note 11)	652	2,010
Depreciation of fixed assets (Note 12)	7,803	9,793
Amortisation of intangible assets (Note 14)	7,337	13,826
	<u>8,928</u>	<u>(27,139)</u>

### 7. Auditors remuneration

Services provided by the Group's auditors and member firms

	2020	2019
	USD000	USD000
During the year the Group obtained the following services from the Group's auditor at the following costs:		
Audit services for the Group, including the financial statements of subsidiary undertakings	299	350
Restructuring related advisory services	-	10
	<u>299</u>	<u>360</u>

### 8. Staff costs

	2020	2019
	USD000	USD000
Employee benefit expense for the Group during the year:		
Wages and salaries	41,621	57,980
Social security costs	8,317	11,760
Retirement benefit expense	2,004	2,970
Total	<u>51,942</u>	<u>72,710</u>

Costs relating to retirement benefits are primarily for defined contribution schemes.

The average number of people (including executive directors) employed during the year was as follows:

	2020	2019
	<u>732</u>	<u>978</u>



## Notes to the financial statements

at 31 December 2020

### 9. Finance costs (net)

	2020	2019
	USD000	USD000
Interest on bank borrowings	141	680
Interest on lease liabilities presented as finance expense	2,269	2,310
Unrealised foreign exchange gains associated with long term debt	-	(155)
Other finance costs	583	115
Interest income on lease receivables presented as finance income	(7)	(17)
<b>Net Finance costs</b>	<b>2,986</b>	<b>2,933</b>

### 10. Disposals and Discontinued Operations

The Group undertook a corporate restructuring exercise in 2019. As part of this exercise, the Group divested itself of non-core businesses that no longer fitted with its long-term strategic plan to be a focused controls technology company.

The Group recognised a loss on divestments of \$11,263k in relation to the business and asset disposals.

The post tax loss for the financial year from discontinued operations was \$nil (2019: \$7,986k).



## Notes to the financial statements

at 31 December 2020

### 11. Tax

(a) Loss on ordinary activities

The tax charge is made up as follows:

	2020	2019
	USD000	USD000
<b>Current tax:</b>		
Current tax on income for the year	564	4,479
Adjustments in respect of previous years	938	78
	<u>1,502</u>	<u>4,557</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(788)	(3,010)
Adjustments in respect of previous years	30	544
Impact of change in tax rates	(92)	54
	<u>(850)</u>	<u>(2,412)</u>
<b>Total tax (credit) / charge</b>	<u>652</u>	<u>2,145</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from local standard rates of corporation tax. The differences are explained below:

	2020	2019
	USD000	USD000
Loss on ordinary activities before tax - continuing operations	(8,615)	(40,513)
Loss before tax - discontinued operations	-	(7,242)
	<u>(8,615)</u>	<u>(47,755)</u>
Tax at the domestic rate applicable to results in the country concerned	(1,522)	(6,440)
<i>Effects of:</i>		
Income not deductible	555	(3,183)
Difference in tax rates on foreign and state taxes	91	903
Adjustments in respect of prior periods corporation tax	938	78
Prior period adjustments re deferred tax	30	544
Other timing differences	(3)	558
Impact of change in deferred tax rates and movements in unrecognised deferred tax	-	(4)
Unrecognised deferred tax	563	9,689
	<u>652</u>	<u>2,145</u>
Total tax (credit) / charge	<u>652</u>	<u>2,145</u>
Income tax (income) / expense reported in the group income statement	652	2,010
Income tax attributable to discontinued operations	-	135
	<u>652</u>	<u>2,145</u>

The reconciliation of the tax charge has been prepared using an aggregate of reconciliations prepared on a jurisdiction basis as it is not deemed appropriate to apply a single rate of tax to the consolidated results of the Group. The reconciliation rate does not include a deemed percentage for an inclusion of US taxes on overseas subsidiaries transactions due to the availability of US tax losses.



## Notes to the financial statements

at 31 December 2020

### 12. Property, plant and equipment

	Land and buildings	Right of use asset property	Plant, machinery, & equipment	Construction in progress	Total
	USD000	USD000	USD000	USD000	USD000
<b>Cost:</b>					
At 1 January 2020	15,109	34,824	19,631	555	70,119
Additions at cost	486	1,213	292	2,805	4,796
Disposals	(61)	-	(470)	-	(531)
Reclassifications / transfers	46	-	1,685	(1,731)	-
Exchange adjustments	439	-	2,154	7	2,600
<b>At 31 December 2020</b>	<b>16,019</b>	<b>36,037</b>	<b>23,292</b>	<b>1,636</b>	<b>76,984</b>
<b>Accumulated depreciation:</b>					
At 1 January 2020	3,230	8,807	15,007	-	27,044
Charge for the year	753	3,643	3,407	-	7,803
Disposals	-	-	(166)	-	(166)
Exchange adjustments	210	-	1,996	-	2,206
<b>At 31 December 2020</b>	<b>4,193</b>	<b>12,450</b>	<b>20,244</b>	<b>-</b>	<b>36,887</b>
<b>Net carrying amount:</b>					
<b>At 31 December 2020</b>	<b>11,826</b>	<b>23,587</b>	<b>3,048</b>	<b>1,636</b>	<b>40,097</b>
At 31 December 2019	11,879	26,017	4,624	555	43,075

There are no commitments to future capital for property, plant and equipment not provided in the financial statements (2019: \$nil).

Certain of the Group's fixed assets are pledged as a fixed charge in respect of the Group's letter of credit facility (Note 21).



## Notes to the financial statements

at 31 December 2020

### 13. Goodwill

	<i>USD000</i>
<b>Cost:</b>	
At 1 January 2020	476,173
At 31 December 2020	<u>476,173</u>
<b>Impairment:</b>	
At 1 January 2020	476,173
At 31 December 2020	<u>476,173</u>
<b>Net book value:</b>	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</u>

As a result of previous impairment charges recorded, the carrying value of Goodwill at 31 December 2020 was \$nil. As a result of the divestments completed during 2019 (Note 10), certain Goodwill balances have been disposed of and have subsequently been removed from the historical cost and impairment balances.

### 14. Intangible fixed assets

	Certification	Brand	Patents	Customer relationships	Software	Total
	<i>USD000</i>	<i>USD000</i>	<i>USD000</i>	<i>USD000</i>	<i>USD000</i>	<i>USD000</i>
<b>Cost:</b>						
At 1 January 2019	718	38,148	6,340	103,149	4,517	152,872
Additions	-	-	-	568	-	568
Disposals	-	(720)	(241)	(8,032)	-	(8,993)
Exchange adjustments	10	-	-	-	137	147
<b>At 31 December 2019</b>	<u>728</u>	<u>37,428</u>	<u>6,099</u>	<u>95,685</u>	<u>4,654</u>	<u>144,594</u>
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Exchange adjustments	-	-	-	-	-	-
<b>At 31 December 2020</b>	<u>728</u>	<u>37,428</u>	<u>6,099</u>	<u>95,685</u>	<u>4,654</u>	<u>144,594</u>
<b>Accumulated amortisation:</b>						
At 1 January 2019	514	6,075	4,951	51,035	4,517	67,092
Charge for the year	121	-	1,244	12,461	-	13,826
Disposals	-	(720)	(185)	(3,824)	-	(4,729)
Exchange adjustments	3	-	-	-	137	140
<b>At 31 December 2019</b>	<u>638</u>	<u>5,355</u>	<u>6,010</u>	<u>59,672</u>	<u>4,654</u>	<u>76,329</u>
Charge for the year	89	-	89	7,159	-	7,337
Disposals	-	-	-	-	-	-
Exchange adjustments	1	-	-	(77)	-	(76)
<b>At 31 December 2020</b>	<u>728</u>	<u>5,355</u>	<u>6,099</u>	<u>66,754</u>	<u>4,654</u>	<u>83,590</u>
<b>Net book value:</b>						
<b>At 31 December 2020</b>	<u>-</u>	<u>32,073</u>	<u>-</u>	<u>28,931</u>	<u>-</u>	<u>61,004</u>
At 31 December 2019	90	32,073	89	36,013	-	68,265



## Notes to the financial statements

at 31 December 2020

### 14. Intangible fixed assets (continued)

Brand and Customer relationships are allocated to the cash generating units related to the following operating segments:

	USA	UK	Middle East	Scandinavia	Total
	USD000	USD000	USD000	USD000	USD000
Brand	13,005	11,058	5,953	2,057	32,073
Customer relationships	11,774	9,950	5,356	1,851	28,931
	<b>24,779</b>	<b>21,008</b>	<b>11,309</b>	<b>3,908</b>	<b>61,004</b>

The recoverable amounts for USA, UK, Middle East and Scandinavia were \$117.9million, \$117.6 million, \$62.4 million and \$15.0 million respectively.

The main components of the Group's intangible assets have been recognised through acquisition activity.

Certification – Part of the Group's business activities require certain certificates. Management's best estimate of the replacement cost has been used to estimate the certificates fair value.

Brand – The brand relates primarily to the "Proserv" name, which holds a recognised position in the market. The Proserv name is not amortised as it is considered to have an indefinite useful life.

Patents – This asset covers a variety of developed technology or items which necessitate protection. There are several protected titles, technical drawings and technologically advanced equipment which the group wish to protect.

Customer relationships – The Group's entities cooperate closely with its customers, which results in repeated sales to the same customers. The majority of the customer relationship intangible asset has 5 years left to amortise at the year-end date.

Intangible assets are assessed for impairment at least annually. When assessing the recoverable amount of the Group's intangible assets, which is considered to be their value in use, the following assumptions have been made:

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the underlying cash generating units within which the intangible assets have been allocated. For the period beyond five years, a terminal value has been calculated utilising a constant rate of growth of 3%.

The assumptions contained within the underlying cash flow forecasts reflect estimates of historical and future trends within the line of business and the Group's operations. The assumptions reflect both internal and external sources of information. All cash flow forecasts are pre-tax cash flows.

The discount rate applied to the underlying cash flow forecasts has been calculated with reference to the Group's Weighted Average Cost of Capital ("WACC"), based on a debt ratio of 97% (2019: 97%). The post-tax discount rate has been calculated as 16.5% (2019: 14.4%). On an equivalent basis the pre-tax discount rate, which has been utilised, has been calculated as 16.8% (2019: 15.7%).

Following completion of the impairment assessment, the directors and officers are satisfied that no impairment exists at 31 December 2020 as the recoverable amount exceeds the carrying value of the Group's intangible assets.

It should be noted that there is a level of uncertainty relating to the future cash flows which form the basis of the assessment. Actual activity levels and cash generated could differ from the estimates and assumptions made. If other estimates and assumptions were applied, this could affect the conclusions reached within the assessment.



## Notes to the financial statements

at 31 December 2020

### 14. Intangible fixed assets (continued)

In order to satisfy themselves of the conclusion reached, the directors and officers have performed a sensitivity analysis on the key assumptions within the value in use calculation. The analysis included making the following adjustments in isolation:

- Reducing EBITDA by 25% in every year of the cash flow forecast period and terminal value calculation;
- Increasing the pre-tax discount rate applied by 10%; and
- Decreasing the long-term growth rate to 0%.

None of the adjustments made resulted in an impairment as the recoverable amount continued to exceed the carrying value of the Group's intangible assets.

### 15. Trade and other receivables

	2020	2019
	<i>USD000</i>	<i>USD000</i>
Trade receivables	31,227	35,637
Less: expected credit loss allowance	<b>(5,709)</b>	(5,519)
Trade receivables - net	<b>25,518</b>	30,118
Prepayments	679	2,499
Accrued income	2,040	2,618
Sales in excess of progress billings	11,561	16,740
Other receivables	610	2,708
	<b>40,408</b>	54,683

At 31 December 2020 the allowance for credit impairment in respect of unbilled revenue and sales in excess of progress billings was \$nil.

The ageing analysis of the trade receivables balance and the associated credit loss allowance is as follows:

	Less than 30 days due	Between 30- 60 days past due	Between 60- 90 days past due	Over 90 days past due	Total
Trade receivables	21,188	1,769	576	7,694	<b>31,227</b>
Expected credit loss allowance	-	-	(47)	(5,662)	<b>(5,709)</b>
	<b>21,188</b>	<b>1,769</b>	<b>529</b>	<b>2,032</b>	<b>25,518</b>

	2020	2019
	<i>USD000</i>	<i>USD000</i>
Contract assets	11,561	16,740
Contract liabilities	<b>(4,404)</b>	(2,937)
At 31 December	<b>7,157</b>	13,803

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was \$2,937k (2019: \$4,959k).



## Notes to the financial statements

at 31 December 2020

### 16. Inventories

	2020	2019
	USD000	USD000
Materials and consumables	6,971	5,643
Work in progress	4,421	3,027
Finished goods	5,972	7,018
	<b>17,364</b>	<b>15,688</b>

### 17. Cash and short-term deposits

	2020	2019
	USD000	USD000
Cash at bank and in hand	10,108	9,977

The Group's only short-term deposits are the cash at bank balances. There is no interest received on these balances.

### 18. Creditors: amounts falling due within one year

	2020	2019
	USD000	USD000
Trade payables	13,516	12,630
Other taxes payable	2,124	2,404
Corporation tax payable	2,832	1,193
Progress billings in excess of sales	4,404	2,937
Accruals	6,802	21,769
Deferred income	154	75
Short-term lease liabilities	3,191	3,719
	<b>33,023</b>	<b>44,727</b>

### 19. Creditors: amounts falling after more than one year

	2020	2019
	USD000	USD000
Long-term lease liabilities	26,382	28,066
Provisions for other long term liabilities	249	-
	<b>26,631</b>	<b>28,066</b>

Provisions for other long term liabilities includes deferral of other taxes payable amounts under the United States CARES Act.



## Notes to the financial statements

at 31 December 2020

### 20. Leasing

As lessee, the Group leases various offices and warehouses. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of office equipment with low value.

Note 12 sets out the carrying amounts of right of use assets recognised and the movements during the year. The carrying amounts of lease liabilities, movements during the year and the maturity profile of the Group's lease liabilities based on contractual undiscounted payments are set out below. In addition, amounts recognised in the income statement related to leasing are also summarised below. Cash outflows relating to capitalised leases were \$5,033k.

#### Movement of lease liabilities and receivables:

	Lease liabilities	Lease receivable (sub-lease)
	2020	2020
	USD000	USD000
Movement of lease liabilities and receivables		
Balance as of January 1, 2020	31,785	163
Additions	1,213	-
Interest expenses / Sub-lease interest income	2,269	7
Lease payments / Sub-lease payments	(5,033)	(151)
Rent concessions (COVID-19)	(342)	-
Currency translation differences	(319)	(4)
Balance as of December 31, 2020	<u>29,573</u>	<u>15</u>

Lease payments of \$5,033k consist of lease instalments of \$2,744k and interest expense of \$2,309k. Total cash collection from lease receivables of \$151k consist of sublease instalments of \$144k and interest income of \$7k.

#### Amounts recognised in the Income Statement

The following amounts are recognised in the income statement related to leasing:

		2020	2019
	Note	USD000	USD000
Income from operational sub-leases presented as other income		151	151
Depreciation of ROU assets	12	(3,643)	(3,791)
Impairments of ROU assets	12	-	(4,655)
Interest on lease receivables presented as financial income		7	17
Interest on lease liabilities presented as financial expense		(2,269)	(2,310)



## Notes to the financial statements

at 31 December 2020

### 20. Leasing (continued)

Maturity of lease liabilities and lease receivables:

	2020	2019	2020	2019
	USD000	USD000	USD000	USD000
	Lease payments	Lease payments	Sub-lease income	Sub-lease income
Within one year	3,191	3,719	15	144
Between one and two years	2,713	2,932	-	14
Between two and three years	2,835	3,417	-	-
Between three and four years	2,559	2,442	-	-
Between four and five years	2,066	2,208	-	-
After five years	16,209	17,067	-	-
Total	<b>29,573</b>	31,785	<b>15</b>	158

### 21. Loans and borrowings

The maturity of these amounts is as follows:

	2020	2019
	USD000	USD000
<b>Non-current borrowings</b>		
Borrowings	11,738	11,048
Finance lease liabilities	-	-
	<b>11,738</b>	11,048

#### (a) Borrowings

The Group has a debt agreement for a term of 4 years expiring 8 May 2022, with interest rates fixed at 6%.

The company and certain of its subsidiaries are guarantors for the Group's letter of credit facility. Security has been granted by the company and certain of its subsidiaries for that debt in the form of fixed and floating charges over their assets, depending on the jurisdiction.

The Group's letter of credit facility is subject to a financial covenant whereby a rolling 30-day average minimum cash and cash equivalents balance of \$5m must be maintained. Throughout 2020, this financial covenant test was met.

The average interest rate of the Group's borrowings during the year was 6.8%. The maturity profile of the borrowings at the balance sheet date was as follows:

	2020	2019
	USD000	USD000
Total gross borrowings	11,738	11,048
<b>Net borrowings</b>	<b>11,738</b>	11,048
In less than one year	-	-
In more than one year but less than five years	11,738	11,048
In more than five years	-	-
<b>Gross borrowings</b>	<b>11,738</b>	11,048



## Notes to the financial statements

at 31 December 2020

### 21. Loans and borrowings (continued)

The Group has a letter of credit facility of \$16 million (2019: \$20 million), of which, at the balance sheet date, \$9.5 million (2019: \$13.7 million) has been allocated against third party guarantees, leaving \$6.5 million (2019: \$6.3 million) unutilised.

### 22. Deferred tax

Deferred tax is calculated on temporary differences under the liability method using the tax rate applicable to the territory in which the asset or liability has arisen.

The movement on deferred tax account is shown below:

	2020	2019
	USD000	USD000
At 1 January	1,258	3,670
Charge to income statement (Note 11)	(850)	(2,412)
<b>At 31 December</b>	<b>408</b>	<b>1,258</b>

The balance at 31 December is presented in the financial statements as follows:

	2020	2019
	USD000	USD000
Deferred tax assets	(902)	(488)
Deferred tax liabilities	1,310	1,746
	<b>408</b>	<b>1,258</b>

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. Deferred tax comprises:

	2020	2019
	USD000	USD000
Property, plant and equipment	462	554
Tax credits and losses	(902)	(488)
Other short-term timing differences	804	1,064
Capital gains	44	128
	<b>408</b>	<b>1,258</b>

The balance at 31 December split between current and non-current portions is as follows:

	2020	2019
	USD000	USD000
Current	41	126
Non-current	367	1,132
	<b>408</b>	<b>1,258</b>



## Notes to the financial statements

at 31 December 2020

### 22. Deferred tax (continued)

At 31 December 2020, the Group had tax losses of \$494 million available for offset against future taxable income. No deferred tax asset has been recognised in respect of the losses, as it is not possible to estimate with certainty the value of future taxable income available for offset. In addition, the Group has other unrecognised deferred tax assets of approximately \$8.5 million in respect of other temporary differences.

No deferred tax has been recognised in respect of temporary differences.

### 23. Financial instruments

The Group's multi-national operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates and interest rates. The Group has in place a risk management policy that seeks to limit the adverse effects on the financial performance of the Group by using foreign currency financial instruments and other instruments to cap interest rates.

#### **Market risk**

##### *Foreign exchange risk*

The Group has a number of subsidiary companies whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December 2020, if the USD had strengthened by 5% against GBP, post tax loss of the Group would have decreased by \$208k. At 31 December 2020, if the USD had strengthened by 5% against the NOK, MYR and SGD, post tax loss of the Group would have increased by \$1k.

##### *Interest rate risk*

The Group is exposed to interest rate risk on its interest-bearing borrowings. The Group's policy is to protect itself against this risk where practical. This debt is denominated in USD, reflecting the magnitude of underlying cash flows of the business in this currency.

##### *Price risk*

The Group is not exposed to any significant price risk in relation to its financial instruments.

#### **Credit risk**

The Group's credit risk relates primarily to its trade debtors and other receivables. The Group has a number of customers who are primarily either well established international or national companies, or joint ventures thereof. An evaluation is carried out of the credit risk of each new customer, and when appropriate, suitable protections put in place through the use of trade finance instruments. In addition to this, all customers are subject periodic review based on individual current trading circumstances.

On a continual basis, management review an aged debtor analysis and focus on debts which are overdue for payment. In addition, there is always a level of unbilled receivables which arise through certain contractual mechanisms and attention is also focused on getting these amounts billed to customers as quickly as possible.

The assessment of the exposure to the Group associated with the risk of default within financial assets is disclosed in Note 15. This includes a table showing the ageing of trade receivables.

The Group's policy is to deposit cash at institutions with an acceptable credit rating. All cash held on deposit at 31 December 2020 was held with such institutions.

#### **Liquidity risk**

The Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the Group has sufficient available funds for operations. At 31 December 2020, \$11.7 million (2019: \$11.0 million) of the Group's borrowing facilities were due to mature in more than one year.



## Notes to the financial statements

at 31 December 2020

### 23. Financial instruments (continued)

#### Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt (Note 21), cash at bank and in hand (Note 17) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings (Note 24).

#### Fair value of non-derivative financial assets and financial liabilities

The table below summarises the carrying amounts and fair values of the Group's financial assets and liabilities.

	2020	2019	2020	2019
	USD000	USD000	USD000	USD000
<b>Financial assets</b>				
Amortised cost	<b>Book Value</b>	<i>Book Value</i>	<b>Fair Value</b>	<i>Fair Value</i>
Trade receivables - net	25,518	30,118	25,518	30,118
Prepayments and accrued income	2,719	5,117	2,719	5,117
Sales in excess of progress billings	11,561	16,740	11,561	16,740
Other receivables	610	2,708	610	2,708
	<b>40,408</b>	54,683	<b>40,408</b>	54,683
	2020	2019	2020	2019
	USD000	USD000	USD000	USD000
<b>Financial liabilities</b>				
Amortised cost	<b>Book Value</b>	<i>Book Value</i>	<b>Fair Value</b>	<i>Fair Value</i>
Trade payables	13,516	12,630	13,516	12,630
Other taxes payable	2,124	2,404	2,124	2,404
Corporation tax payable	2,832	1,193	2,832	1,193
Progress billings in excess of sales	4,404	2,937	4,404	2,937
Accruals and deferred income	6,956	21,844	6,956	21,844
Short-term lease liabilities	3,191	3,719	3,191	3,719
	<b>33,023</b>	44,727	<b>33,023</b>	44,727

The fair value of short-term borrowings, trade and other payables, trade and other receivables and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments.

The interest rate applied to borrowings will remain constant regardless of the Group's leverage performance.

The fair value of the fixed rate element of the debt facility is considered to be the same as its book value.

As the current interest profile of the Group has not significantly changed since the inception of the debt facilities, there is no material difference between the book value and fair value.



## Notes to the financial statements

at 31 December 2020

### 23. Financial instruments (continued)

#### Changes in liabilities arising from financing activities

	1 January 2020 USD000	Cashflows USD000	New leases USD000	Disposals USD000	Foreign exchange movement USD000	Other USD000	31 December 2020 USD000
Non-current interest-bearing loans & borrowings (note 21)	11,048	-	-	-	-	690	11,738
Other non-current financial liabilities	1,297	(247)	-	-	-	-	1,050
Current lease liabilities (note 20)	3,719	(107)	-	-	(10)	(411)	3,191
current lease liabilities (note 20)	28,066	(5,033)	1,213	-	(306)	2,441	26,381
	<b>44,130</b>	<b>(5,387)</b>	<b>1,213</b>	<b>-</b>	<b>(316)</b>	<b>2,720</b>	<b>42,360</b>

The 'Other' column includes the effect of reclassification of non-current portion of lease liabilities and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.



## Notes to the financial statements

at 31 December 2020

### 24. Share capital and additional paid in capital

Authorised, allotted, called up and fully paid of Proserv Group Parent LLC

	Ordinary	Preference	Ordinary Share Warrants	Total
Par value (USD)	1	1	-	
Authorised, allotted, called up & fully paid (no):	25,715,996	7,768,361	2,857,333	36,341,690
<b>At 31 December 2020</b>	<b>25,715,996</b>	<b>7,768,361</b>	<b>2,857,333</b>	<b>36,341,690</b>
Authorised, allotted, called up & fully paid (USD000):	25,716	7,768	13,945	47,429
<b>At 31 December 2020</b>	<b>25,716</b>	<b>7,768</b>	<b>13,945</b>	<b>47,429</b>

Additional paid in capital of Proserv Group Parent LLC

	Ordinary USD000	Preference USD000	Ordinary Share Warrants USD000	Total USD000
At 31 December 2020	278,273	47,231	-	325,504
Arising during the year:	-	-	-	-
<b>At 31 December 2020</b>	<b>278,273</b>	<b>47,231</b>	<b>-</b>	<b>325,504</b>

Preferred stock was issued at \$7.08 per share in 2018. The shares are non-redeemable with dividends accruing at 12% until 08 May 2028. The preference shares carry no voting rights.



## Notes to the financial statements

at 31 December 2020

### 25. Related party transactions

The ultimate controlling parties are KKR Credit Advisors (US) LLC and Oaktree Capital Management LP by virtue of their majority shareholdings in Proserv Group LLC, both are considered related parties to the group.

*Sale or purchase of goods and services:*

	2020	2019
	USD000	USD000
Sale of goods and services	-	-
Purchase of services	<u>63</u>	<u>120</u>

Services provided to or by related parties are on normal commercial terms and conditions.

*Year-end balances arising from purchase of goods and services:*

There are no year end balances arising from the purchase of goods and services (2019 \$nil) from related parties at year end 2020.

*Key management compensation:*

	2020	2019
	USD000	USD000
Key management compensation:		
Salaries and short-term employee benefits	1,701	1,337
Post-employment benefits	<u>21</u>	<u>24</u>
	<u>1,722</u>	<u>1,361</u>

*Loans from related parties:*

There are no loans (2019: \$nil) payable or receivable from related parties at year end 2020.



## Notes to the financial statements

at 31 December 2020

### 26. Principal subsidiary undertakings

		<i>% of ordinary shares or equity interest held by:</i>
<i>Principal subsidiary undertakings</i>	<i>Location of office</i>	<i>Group %</i>
Proserv Group LLC	Houston	100
Proserv Global LLC	Houston	100
Proserv US LLC	Houston	100
Proserv Group Holdings LLC	Houston	100
Proserv Holdings LLC	Houston	100
Proserv International Holdings LLC	Houston	100
Proserv Operations LLC	Houston	100
Proserv Gilmore Valves LLC	Houston	100
Proserv Holdings Limited	Aberdeen	100
Proserv Operations Limited	Aberdeen	100
Proserv UK Limited	Aberdeen	100
Proserv Norge AS	Stavanger	100
Proserv Middle East FZE	Dubai	100
Proserv Albadie	Abu Dhabi	49
Proserv Qatar	Doha	49
Proserv Offshore Malaysia Sdn Bhd	Kuala Lumpur	100
Proserv Far East Pte Ltd	Singapore	100
PT Proserv	Batam	95
Proserv India Oil & Gas Solutions LLP	Chennai	100
Pneu Hydro de Mexico, S. De R.L. De C.V.	Mexico City	100
Proserv Arabia Saudi	Dammam	60

Ownership and voting rights are identical for all companies, except for the following:

For Proserv Qatar the ownership interest is 49%, however Proserv has control over the strategic and operational decisions of this entity and is entitled to 60% of the profit, assets and liabilities, and therefore has been consolidated as a subsidiary with 40% minority interest.

Proserv Albadie and PT Proserv also have equity interests less than 100% however with control over the strategic and operational decisions and with entitlement to 100% of the results, no minority interest is prevalent.

Proserv Operations Ltd holds 60% of the shares in Proserv Arabia Saudi, which has therefore been consolidated as a subsidiary with 40% minority interest.



## PROSERV NORGE AS

### ÅRSBERETNING 2020

#### Virksomhetens art

Proserv Norge AS er lokalisert på Forus i Stavanger og i Trondheim, selskapets virksomhet er i hovedsak salg og utleie av egenprodusert høytrykksutstyr, styringssystemer og prøvetakingsutstyr for olje og gass, samt salg av komponenter som luftdrevne pumper, ventiler, rør og rørdeler for bruk i systemer og installasjoner. Selskapet driver også innen subsea kontroll og subsea service.

#### Fortsatt drift

Det fremlagte resultatregnskap og balanse for Proserv Norge AS er basert på forutsetning om fortsatt drift og styret bekrefter at forutsetningen om fortsatt drift er til stede. Resultat og balanse gir etter styrets vurdering et forsvarlig uttrykk for selskapets resultater for året og finansielle stilling per 31.12.2020.

#### Arbeidsmiljø og personale

Styret anser arbeidsmiljøet i bedriften for å være tilfredsstillende. Intern kontroll system for helse, miljø og sikkerhet er etablert. Det var i 2020 registrert sykefravær på 1,56 % av totale dagsverk. Per 31.12.2020 var det 869 dager siden LTI var registrert i Proserv Norge AS. Selskapet hadde pr 31.12.2020 87 ansatte, deriblant 10 kvinner. Styret har bare mannlige representanter. Selskapet har en innarbeidet målsetting om at det ikke skal forekomme forskjellsbehandling grunnet kjønn, etnisk opprinnelse eller religion.

#### Miljørapportering

Selskapet opprettholder tiltak for å minimalisere forurensning av det ytre miljø.

#### Resultat, balanse og kontantstrøm

Selskapet oppnådde en omsetning på NOK 192 mill, som er NOK 40 mill lavere enn i 2019. Selskapets driftsresultat viser en forbedring fra et driftunderskudd i 2019 på -19,3 mill til et driftsunderskudd på -10,1.

Selskapet har et negativt årsresultat på NOK 4,3 mill, mens det i 2019 var på NOK 15,5 mill.

Urealisert Agio utgjør i 2020 -0,4 mill

Operasjonelle aktiviteter har gitt en negativ kontantstrøm på NOK 18,8 mill. Det er foretatt netto investeringer på NOK 2,0 mill i driftsmidler.

Selskapets frie egenkapital per 31.12.2020 utgjør NOK 214,8 mill.

Etter styrets oppfatning gir årsregnskapet en rettvise oversikt over virksomhet og stilling per 31.12.2020. Den mest sentrale risiko- og usikkerhetsfaktor som selskapet står ovenfor er aktivitetsnivået i oljeindustrien som har vært i en nedadgående trend. 2020 var preget av COVID-19 og en lavere



investeringstilje hos vår kunder på grunn av usikkerhet og lavere oljepris. Selskapet innførte tiltak for å motvirke effektene av dette.

## **Hendelser etter balansedagen**

Selskapet har fremdeles tiltak for å motvirke effektene av det mulige inntektsbortfallet dersom COVID-19 kommer i en ny bølge, men det ser nå mer positivt ut da vaksinerer er godt i gang både lokalt og globalt. Proserv jobber også med overhaling av eksisterende utstyr på norsk sokkel og her har vi nå sett en oppadgående trend og kundene ønsker å opprettholde vanlig drift med en aldrende utstyrsark. Vi har startet flere prosjekter med norske operatører som også vil gi inntekt på service på sikt.

## **Forskning- og utviklingsaktiviteter**

Selskapet driver kontinuerlig aktiviteter knyttet til utvikling av nye produkter og videreutvikling av eksisterende løsninger. Selskapet har et definert teknologi roadmap som definerer fremtidige utviklingsprosjekter. Satsning på fornybar energi er også økende og globalt er det spesielt fokus på SCADA system for offshore/landbasert vind samt overvåking av kabler på grid og eksportkabler.

## **Finansiell risiko**

Selskapet er til en viss grad eksponert for valutasvingninger. Selskapet har en bred kundeportefølje og risikoen for tap på fordringer er ubetydelig. Ledelsen forventer ikke en betydelig endring i lånerenten og følgelig minimal effekt på resultatene for Proserv Norge AS. Selskapet inngår i Proserv konsernets globale finansiering og cash pooling system.

Konsernets kredittrisiko er hovedsakelig knyttet til kundefordringer og andre fordringer. Konsernet har en rekke kunder som hovedsakelig er enten veletablerte internasjonale eller nasjonale selskaper eller joint ventures. En kredittrisiko evaluering utføres av alle nye kunder, og når det er hensiktsmessig, etableres egnede tiltak i hver enkelt sak. I tillegg til dette er alle kunder gjenstand for periodisk evaluering. Videre vurderes utestående fordringer kontinuerlig. Selskapet har tilgang til lånefasiliteter gjennom konsernet.

## **Årsresultat og disponeringer**

Årsregnskapet viser et årsunderskudd etter skatt på NOK 4,3 mill. Underskuddet er overført til annen egenkapital.



## Fremtidig utvikling

Markedet innen olje og gass-industrien er volatil. Næringen har opplevd en forsiktig vekst det siste året med utsikter til fortsatt vekst framover.

Aktivitetsnivået fra 2020 har fortsatt inn i 2021.

Styret er optimistisk med hensyn til utviklingen av markedet for Proserv's produkter og tjenester.

Trondheim, 31. August 2021

Davis Marc Larssen  
Styreleder

David Currie  
Styremedlem

Tore Erntsen  
Styremedlem / Daglig leder



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Enterprise 935 174 627 MVA

Til generalforsamlingen i ProServ Norge AS

## Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

### Konklusjon

Vi har revidert ProServ Norge AS' årsregnskap som viser et underskudd på kr 4 280 480. Årsregnskapet består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2020, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

### Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

### Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for

#### Offices in:

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

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

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

Pennco Dokumentnøkkel: 7EZPE-Y02OU-63051-FYWPX-E4DEJ-67XTU



å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifierer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.



Revisors beretning - 2020  
ProServ Norge AS

## Uttalelse om andre lovmessige krav

### Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

### Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Stavanger, 31. august 2021  
KPMG AS

Mads Hermansen  
Statsautorisert revisor  
(elektronisk signert)

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De signerende parter sin identitet er registrert, og er listet nedenfor.

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

## Mads Aleksander Hermansen

Partner

På vegne av: KPMG AS

Serienummer: 9578-5997-4-280077

IP: 80.232.xxx.xxx

2021-08-31 10:52:59Z



## Mads Aleksander Hermansen

Statsautorisert revisor

På vegne av: KPMG AS

Serienummer: 9578-5997-4-280077

IP: 80.232.xxx.xxx

2021-08-31 10:52:59Z



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# Årsregnskap 2020 Proserv Norge AS

Resultatregnskap  
Balanse  
Kontantstrøm  
Noter til regnskapet

Org.nr.: 980 955 338



### Resultatregnskap

Proserv Norge AS

<b>Driftsinntekter og driftskostnader</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Salgsinntekt	2	191 833 360	230 688 383
Annen driftsinntekt		0	759 390
<b>Sum driftsinntekter</b>		<b>191 833 360</b>	<b>231 447 773</b>
Varekostnad		88 138 228	101 024 201
Lønnskostnad	3, 12	71 237 479	98 240 516
Avskrivning av driftsmidler og immaterielle eiendeler	5, 6	5 451 581	7 323 447
Annen driftskostnad	3	37 087 216	44 129 021
<b>Sum driftskostnader</b>		<b>201 914 503</b>	<b>250 717 184</b>
<b>Driftsresultat</b>		<b>-10 081 143</b>	<b>-19 269 411</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		5 166 878	43 249 801
Annen finansinntekt	13, 14	2 525 286	29 286 498
Nedskrivning av finansielle eiendeler	7	1 705 211	20 506 988
Annen finanskostnad	13, 14	1 251 472	7 201 992
<b>Resultat av finansposter</b>		<b>4 735 480</b>	<b>44 827 319</b>
Ordinært resultat før skattekostnad		-5 345 663	25 557 908
Skattekostnad på ordinært resultat	15	-1 065 183	10 032 477
<b>Ordinært resultat</b>		<b>-4 280 480</b>	<b>15 525 431</b>
<b>Årsresultat</b>		<b>-4 280 480</b>	<b>15 525 431</b>
<b>Overføringer</b>			
Avsatt til annen egenkapital	16	-4 280 480	15 525 431
<b>Sum overføringer</b>		<b>-4 280 480</b>	<b>15 525 431</b>



### Balanse

Proserv Norge AS

Eiendeler	Note	2020	2019
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter o.l.	6	965 840	3 863 363
<b>Sum immaterielle eiendeler</b>		<b>965 840</b>	<b>3 863 363</b>
<b>Varige driftsmidler</b>			
Maskiner og anlegg	5	5 277 495	5 479 041
Driftsløsøre, inventar o.a. utstyr	5	1 123 465	1 511 648
<b>Sum varige driftsmidler</b>		<b>6 400 959</b>	<b>6 990 689</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i datterselskap	7	70 756 341	72 461 552
Lån til foretak i samme konsern	11	124 480 957	139 520 758
<b>Sum finansielle anleggsmidler</b>		<b>195 237 298</b>	<b>211 982 311</b>
<b>Sum anleggsmidler</b>		<b>202 604 098</b>	<b>222 836 363</b>
<b>Omløpsmidler</b>			
Varer	8	29 588 691	24 824 922
<b>Fordringer</b>			
Kundefordringer	9, 11	122 087 809	108 906 830
Andre kortsiktige fordringer		8 416 294	10 787 195
<b>Sum fordringer</b>		<b>130 504 103</b>	<b>119 694 025</b>
<b>Investeringer</b>			
Bankinnskudd, kontanter o.l.	4	6 772 868	10 943 852
<b>Sum omløpsmidler</b>		<b>166 865 663</b>	<b>155 462 799</b>
<b>Sum eiendeler</b>	<b>10</b>	<b>369 469 760</b>	<b>378 299 162</b>




## Balanse

Proserv Norge AS

Egenkapital og gjeld	Note	2020	2019
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	17	4 169 836	4 169 836
Overkurs		41 553 346	41 553 346
<b>Sum innskutt egenkapital</b>		<b>45 723 183</b>	<b>45 723 183</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		169 153 016	173 433 496
<b>Sum opptjent egenkapital</b>		<b>169 153 016</b>	<b>173 433 496</b>
<b>Sum egenkapital</b>	<b>16</b>	<b>214 876 199</b>	<b>219 156 679</b>
<b>Gjeld</b>			
<b>Avsetning for forpliktelser</b>			
Utsatt skatt	15	4 901 811	8 017 092
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld		15 095 907	15 526 452
<b>Sum annen langsiktig gjeld</b>	<b>11</b>	<b>15 095 907</b>	<b>15 526 452</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	11	95 030 204	78 592 462
Betalbar skatt	15	24 127 755	29 939 692
Skyldig offentlige avgifter		3 620 523	4 351 382
Annen kortsiktig gjeld	9	11 817 361	22 715 403
<b>Sum kortsiktig gjeld</b>		<b>134 595 843</b>	<b>135 598 939</b>
<b>Sum gjeld</b>		<b>154 593 561</b>	<b>159 142 483</b>
<b>Sum egenkapital og gjeld</b>		<b>369 469 760</b>	<b>378 299 162</b>

31.08.2021

Styret i Proserv Norge AS

  
Davis Marc Larssen  
styreleder

  
David John Raphael Currie  
styremedlem

  
Tore Erntsen  
styremedlem/daglig leder



## Indirekte kontantstrøm

Proserv Norge AS

	Note	2020	2019
<b>Kontantstrømmer fra operasjonelle aktiviteter</b>			
Resultat før skattekostnad		-5 345 663	25 557 908
Periodens betalte skatt		7 862 035	16 927 390
Tap/gevinst ved salg av anleggsmidler		0	-759 390
Ordinære avskrivninger	5, 6	5 451 581	7 323 447
Endring i varelager		-4 763 769	-2 293 858
Endring i kundefordringer		-12 047 112	27 408 700
Endring i leverandørgjeld		11 900 812	14 284 903
Effekt av valutakursendringer		2 483 092	29 003 694
Nedskrivning aksjer i datterselskap	7	1 705 211	20 617 304
Endring i andre tidsavgrensingsposter		-10 406 242	-3 359 293
<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>		<b>-18 884 125</b>	<b>100 856 024</b>
<b>Kontantstrømmer fra investeringsaktiviteter</b>			
Innbetalinger ved salg av varige driftsmidler		60 028	9 522 666
Utbetalinger ved kjøp av varige driftsmidler		2 024 357	650 415
<b>Netto kontantstrøm fra investeringsaktiviteter</b>		<b>-1 964 329</b>	<b>8 872 251</b>
<b>Kontantstrømmer fra finansieringsaktiviteter</b>			
Utbetaling av lån til konsernselskap		0	-113 438 045
Innbetaling av lån fra konsernselskap		16 677 473	0
<b>Netto kontantstrøm fra finansieringsaktiviteter</b>		<b>16 677 473</b>	<b>-113 438 045</b>
Netto endring i kontanter og kontantekvivalenter		-4 170 981	-3 709 770
Beh. av kont. og kontantekvivalenter ved per. begynnel		10 943 852	14 653 625
<b>Beh. av kont. og kontantekvivalenter ved per. slutt</b>		<b>6 772 868</b>	<b>10 943 852</b>



## Note 1 - Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk.

### Salgsinntekter

Inntekter fra salg av varer resultatføres når levering har funnet sted og det vesentligste av risiko og avkastning er overført.

Inntekter fra salg av tjenester og langsiktige tilvirkningsprosjekter resultatføres i takt med prosjektets fullføringsgrad, når utfallet av transaksjonen kan estimeres på en pålitelig måte. Fremdriften males som påløpte kostnader i forhold til totalt estimerte kostnader. Når transaksjonens utfall ikke kan estimeres pålitelig, vil kun inntekter tilsvarende påløpte prosjektkostnader inntektsføres. I den perioden det blir identifisert at et prosjekt vil gi et negativt resultat, vil det estimerte tapet på kontrakten bli resultatført i sin helhet.

### Datterselskap

Datterselskap vurderes etter kostmetoden i selskapsregnskapet. Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede. Utbytte og andre utdelinger er inntektsført samme år som det er avsatt i datterselskapet. Overstiger utbyttet andel av tilbakeholdt resultat etter kjøpet, representerer den overskytende del tilbakebetaling av investert kapital, og utdelingene er fratrukket investeringens verdi i balansen.

### Klassifisering og vurdering av balanseposter

Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter balansedagen, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Anleggsmidler vurderes til anskaffelseskost, men nedskrives til virkelig verdi ved verdifall som ikke forventes å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

### Fordringer

Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.

### Varebeholdninger

Lager av innkjøpte varer er verdsatt til laveste av anskaffelseskost og virkelig verdi. Anskaffelseskost vurderes etter FIFO-prinsippet. Egentilvirkede ferdigvarer og varer under tilvirkning er vurdert til full tilvirkningskost. Det foretas nedskrivning for påregnelig ukurans.

### Valuta

Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta omregnes til norske kroner ved å benytte balansedagens kurs. Ikke-pengeposter som males til historisk kurs uttrykt i utenlandsk valuta, omregnes til norske kroner ved å benytte valutakursen på transaksjonstidspunktet. Ikke-pengeposter som males til virkelig verdi uttrykt i utenlandsk valuta, omregnes til valutakursen fastsatt på balansetidspunktet. Valutakursendringer resultatføres løpende i regnskapsperioden.



## **Garantier**

Forpliktelser knyttet til garantiarbeid for avsluttede prosjekter/salg vurderes til estimert kostnad for ytelsene. Estimater beregnes med utgangspunkt i erfaringstall for garantier. Beløpet balanseføres som utsatt inntekt og inntektsføres i takt med garantiytelsene i ansvarsperioden.

## **Varige driftsmidler**

Varige driftsmidler balanseføres og avskrives over driftsmidlets forventede økonomiske levetid. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Dersom gjenvinnbart beløp av driftsmiddelet er lavere enn balanseført verdi foretas nedskrivning til gjenvinnbart beløp. Gjenvinnbart beløp er det høyeste av netto salgsverdi og verdi i bruk. Verdi i bruk er nåverdien av de fremtidige kontantstrømmene som eiendelen vil generere.

## **Immaterielle eiendeler**

Goodwill er differansen mellom anskaffelseskost ved kjøp av en virksomhet og virkelig verdi av identifiserbare eiendeler og gjeld i virksomheten.

## **Innskuddsbaserte pensjonsordninger**

Forpliktelser til å yte innskudd til innskuddsbaserte pensjonsordninger innregnes som kostnader i regnskapet når de påløper.

## **Skatter**

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller, som reverserer eller kan reversere i samme periode, er utlignet og nettoført. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttiggjort.

## **Kontantstrømoppstilling**

Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden.

Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

## **Bruk av estimater**

Ledelsen har brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapsskikk.



## Note 2 Salgsinntekter

	2020	2019
<b>Pr. Virksomhetsområde</b>		
Direkte salg	62 928 447	77 549 291
Utleie	27 258 671	44 012 345
Prosjekter	75 466 575	66 375 786
Andre inntekter	26 179 667	42 750 962
<b>Sum</b>	<b>191 833 360</b>	<b>230 688 383</b>
<b>Geografisk fordeling</b>		
Skandinavia	169 136 164	177 741 557
UK	7 340 858	21 031 159
Midtøsten	840 846	840 846
Asia	4 596 473	6 327 061
Europa	4 465 823	10 540 041
Afrika	1 241 191	1 179 587
Amerika	4 137 206	13 010 636
Australia	74 800	17 496
<b>Sum</b>	<b>191 833 360</b>	<b>230 688 383</b>

## Note 3 Lønnskostnader og ytelser, godtgjørelser til daglig leder, styret og revisor

Lønnskostnader	2020	2019
Lønninger	56 971 851	79 193 309
Arbeidsgiveravgift	9 898 697	13 648 334
Pensjonskostnader	3 613 114	4 979 913
Andre ytelser	753 816	418 959
<b>Sum</b>	<b>71 237 479</b>	<b>98 240 516</b>

Gjennomsnittlig antall årsverk 78 104

### Ytelser til ledende personer

	Lønn	Andre godtgjørelser
Daglig leder	2 193 154	9 333

Det er ikke utbetalt styrehonorar i 2020.

Verken styreleder eller daglig leder har noen bonusavtaler, og de har heller ingen avtaler om godtgjørelse ved opphør av arbeidsforholdet/vervet.

Det er ikke gitt lån/sikkerhetsstillelse til daglig leder, styrets leder eller andre nærstående parter.

### Revisor

	2020	2019
Lovpålagt revisjon	240 000	240 000
Andre tjenester	203 300	310 000
<b>Sum</b>	<b>443 300</b>	<b>550 000</b>

Merverdiavgift er ikke inkludert i revisjonshonoraret.



## Note 4 Bankinnskudd

Av bankinnskudd per 31.12.2020 er kroner 2 655 257 bundne skattetrekksmidler.

## Note 5 Anleggsnote

	Maskiner og anlegg	Driftsløsøre, inventar o.l	Anlegg under oppføring	Total
Anskaffelseskost 01.01.2020	53 768 948	20 809 982	60 028	74 638 958
Tilgang kjøpte driftsmidler	2 024 357	0	0	2 024 357
Avgang solgte driftsmidler	0	0	-60 028	-60 028
<b>Anskaffelseskost 31.12.2020</b>	<b>55 793 305</b>	<b>20 809 982</b>	<b>0</b>	<b>76 603 287</b>
Akkumulerte avskrivninger 1.1.2020	-48 349 935	-19 298 334	0	-67 648 269
Årets avskrivninger	-2 165 875	-388 183	0	-2 554 058
<b>Bokført verdi per 31.12.2020</b>	<b>5 277 495</b>	<b>1 123 465</b>	<b>0</b>	<b>6 400 960</b>
Årets avskrivninger	-2 165 875	-388 183		-2 554 058
Økonomisk levetid	3-12 år	3-12 år		
Avskrivningsplan	Linær	Linær		

## Note 6 Immatrielle eiendeler

	Goodwill	Kunderelasjoner	Sertifikater, IP	Total
Anskaffelseskost 01.01.2020	95 998 979	36 014 236	8 411 604	140 424 819
<b>Anskaffelseskost 31.12.2020</b>	<b>95 998 979</b>	<b>36 014 236</b>	<b>8 411 604</b>	<b>140 424 819</b>
Akkumulerte avskrivninger 31.12.2019	-95 998 979	-32 854 352	-7 708 126	-136 561 457
Årets avskrivninger	0	-2 400 949	-496 574	-2 897 523
Akk. avskrivninger	-95 998 979	-35 255 301	-8 204 699	-139 458 979
<b>Bokført verdi per 31.12.2020</b>	<b>0</b>	<b>758 935</b>	<b>206 905</b>	<b>965 840</b>
Årets avskrivninger	0	-2 400 949	-496 574	-2 897 523
Årets nedskrivninger	0	0	0	0
Avskrivningsplan	10-20år Linær	10-15 år Linær	10-15 år Linær	

## Note 7 Aksjer i datterselskap

Selskap	Kontor	Eierandel	Resultat 2020	Egenkapital 31.12.2020	Bokført verdi pr 31.12
Circle Offshore Limited	Aberdeen	100%	-2 841 096	335 504 117	57 746 598
Proserv Offshore Holding LLC	Houston	100%	0	0	0
PT Proserv	Batam	95%	-3 407 297	13 009 743	13 009 743
<b>Sum</b>			<b>-6 248 393</b>	<b>348 513 859</b>	<b>70 756 341</b>

Tall er hentet fra intern rapportering da selskapene ikke har plikt til utarbeidelse av offentlig regnskap. Investeringen i PT Proserv er nedskrevet med kr 1 705 211 i 2020.



## Note 8 Varer

	2020	2019
Varer under tilvirkning	233 866	3 287 631
Lager av ferdigvarer/handelsvarer	29 457 701	24 258 966
Ukurante varer	-102 876	-2 721 675
<b>Sum</b>	<b>29 588 691</b>	<b>24 824 922</b>

## Note 9 Fordringer og gjeld

<i>Balanser relatert til prosjekt</i>	2020	2019
Opptjent, ikke fakturert	4 731 225	5 667 810
Uopptjent inntekt	-1 599 061	-4 507 881
<b>Sum</b>	<b>3 132 163</b>	<b>1 159 929</b>

Det er ikke fordringer som forfaller senere enn ett år etter regnskapsårets slutt, eller gjeld som forfaller senere enn 5 år etter regnskapsårets slutt, bortsett fra fordringer og gjeld mot konsernselskaper omtalt i note 11.

## Note 10 Pantstillelser og garantier

Proserv-konsernet har en trekkfasilitet i forbindelse med utstedelse av obligasjoner, garantier og kredittlinjer. Proserv Norge AS har pantsatt alle eiendeler som sikkerhet for konsernets låneordning.



## Note 11 Mellomværende med selskap i samme konsern og tilknyttet selskap

Det er foretatt forskjellige transaksjoner med andre konsernselskap. De fleste transaksjoner er foretatt som en del av den ordinære virksomheten og til armlengdes priser. De mest vesentlige transaksjonene som er foretatt er som følger:

	2020	2019
<b>Salg av varer og tjenester</b>		
Proserv Albadie	908 696	1 023 000
Proserv Saudi Arabia	558 006	434 000
Proserv Middle East (FZE)	360 277	1 193 000
Proserv Operations Inc (NSA Regional)	3 449 951	7 267 000
Proserv UK Ltd (Aberdeen)	2 894 612	4 441 000
Proserv UK Ltd (Yarmouth)	3 041 872	14 697 000
Proserv Qatar Llc	674 907	341 000
PT Proserv	0	313 000
Proserv Operations Inc (Marine Tech LA)	0	586 000
<b>Sum</b>	<b>11 888 321</b>	<b>30 295 000</b>
<b>Kjøp av varer og tjenester</b>		
Proserv Group holding Inc	0	2 420 000
Proserv Middle East (FZE)	156 032	212 000
Proserv Operations Inc (Gilmore)	1 837 744	1 336 000
Proserv Operations Inca (marine Yech LA)	92 673	215 000
Proserv Operations Ltd	337 673	105 000
Proserv UK Ltd (Aberdeen)	2 440 768	669 000
Proserv UK Ltd (Yarmouth)	5 880 541	1 067 000
Proserv Operations Inc (NSA Regional)	95 645	45 000
Proserv Group LLC	237 485	227 000
Proserv India Oil & Gas Solutions LLP	340 496	155 000
Proserv Albadie	701 485	31 000
<b>Sum</b>	<b>12 120 542</b>	<b>6 482 000</b>
<b>Fordringer</b>		
Lån til foretak i samme konsern	124 480 957	139 520 758
Kundefordringer på selskap i samme konsern	92 679 581	70 327 636
<b>Sum</b>	<b>217 160 538</b>	<b>209 848 394</b>
<b>Gjeld</b>		
Lån fra foretak i samme konsern	15 095 907	15 526 452
Leverandørgjeld innen konsern	78 877 558	57 474 816
<b>Sum</b>	<b>93 973 465</b>	<b>73 001 269</b>

## Note 12 Innskuddspensjon

Selskapet er pliktig til å ha tjenestepensjon etter lov om obligatorisk tjenestepensjon. Selskapets pensjonsordning tilfredsstiller kravene i denne lov. alle pensjonsordninger er innskuddsbaserte, og det er totalt kostnadsført kr 3 613 114 i 2020. Per 31.12.2020 var det 86 medlemmer i ordningen.



## Note 13 Poster som er slått sammen i regnskapet

<b>Finansinntekter</b>	<b>2020</b>	<b>2019</b>
Annen renteinntekt	1 890	31 556
Annen finansinntekt	40 303	134 977
Netto valutagevinst	2 483 092	29 119 965
<b>Sum finansinntekter</b>	<b>2 525 286</b>	<b>29 286 498</b>

<b>Finanskostnader</b>	<b>2020</b>	<b>2019</b>
Intercompany rentekostnad	670 732	3 096 552
Annen finanskostnad	261 717	3 681 367
Annen rentekostnad	319 024	424 074
<b>Sum finanskostnader</b>	<b>1 251 472</b>	<b>7 201 992</b>

## Note 14 Finansiell markedsrisiko

Selskapets aktiviteter er utsatt for finansiell risiko, herunder kredittrisiko, likviditetsrisiko, valutarisiko og renterisiko. Kjøp og salg har i løpet av 2019 og 2020 i hovedsak foregått i NOK, USD og GBP. Selskapet har betydelige lån til foretak i samme konsern. Lånene er i hovedsak utstedt i USD, og det påløper derfor en betydelig valutarisiko.

Selskapets viktigste finansielle eiendeler er bankinnskudd og kontanter, kundefordringer, andre fordringer og investeringer. Konsernets kredittrisiko er primært knyttet til kundefordringer. Selskapet har etablerte prosedyrer som krever kredittsjekk av kunder før salgstransaksjoner gjennomføres. Kundefordringer presenteres netto etter avsetning for potensielle tap. Avsetning for tap foretas når man identifiserer en tapsbringende hendelse hos en kunde (basert på tidligere erfaring).

Kredittrisikoen på likvide midler er begrenset fordi motparten er banker med høy kredittverdighet. Selskapet har ingen vesentlig konsentrasjon av kredittrisiko (eksponering er spredt på mange kunder).

Selskapets likviditetsrisiko håndteres i hovedsak av konsernet. Konsernet har etablert en finansieringsordning som inkluderer både kortsiktig og langsiktig finansiering.



## Note 15 Skatt

<b>Årets skattekostnad</b>	<b>2020</b>	<b>2019</b>
Resultatført skatt på ordinært resultat:		
Betalbar skatt	2 050 098	29 939 692
Endring i utsatt skatt	-3 115 281	-19 907 215
<b>Skattekostnad ordinært resultat</b>	<b>-1 065 183</b>	<b>10 032 477</b>
Skattepliktig inntekt:		
Ordinært resultat før skatt	-5 345 663	25 557 908
Permanente forskjeller	433 591	20 044 262
Endring i midlertidige forskjeller	14 160 381	90 487 340
<b>Skattepliktig inntekt</b>	<b>9 248 309</b>	<b>136 089 510</b>
Betalbar skatt i balansen:		
Betalbar skatt på årets resultat	2 034 628	29 939 692
Betalbar skatt fra tidligere år	22 093 127	0
<b>Sum betalbar skatt i balansen</b>	<b>24 127 755</b>	<b>29 939 692</b>
Beregning av effektiv skattesats		
Resultat før skatt	-5 345 663	25 557 908
Beregnet skatt av resultat før skatt	-1 176 046	5 622 740
Skatteeffekt av permanente forskjeller	95 390	4 409 738
<b>Sum</b>	<b>-1 080 656</b>	<b>10 032 477</b>
Effektiv skattesats	20,2 %	39,3 %

Skatteeffekten av midlertidige forskjeller som har gått opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller

	<b>2020</b>	<b>2019</b>	<b>Endring</b>
Varige driftsmidler	-11 729 150	-11 234 074	495 076
Langs. fordr. og gjeld i ut. valuta	1 696 987	5 085 600	3 388 613
Tilvirkningskontrakter	12 908 808	20 958 366	8 049 558
Varebeholdning	-58 756	-2 721 675	-2 662 919
Fordringer	-97 140	-97 140	0
Gevinst – og tapskonto	19 560 211	24 450 264	4 890 053
<b>Sum</b>	<b>22 280 961</b>	<b>36 441 342</b>	<b>14 160 381</b>
<b>Grunnlag for utsatt skatt</b>	<b>22 280 961</b>	<b>36 441 342</b>	<b>14 160 381</b>
<b>Utsatt skatt (22 %)</b>	<b>4 901 811</b>	<b>8 017 095</b>	<b>3 115 284</b>

## Note 16 Egenkapital

	<b>Aksjekapital</b>	<b>Overkurs</b>	<b>Annen egenkapital</b>	<b>Sum egenkapital</b>
<b>Pr 01.01.2020</b>	<b>4 169 836</b>	<b>41 553 346</b>	<b>173 433 496</b>	<b>219 156 679</b>
Årets resultat			-4 280 480	-4 280 480
<b>Pr 31.12.2020</b>	<b>4 169 836</b>	<b>41 553 346</b>	<b>169 153 016</b>	<b>214 876 199</b>



## Note 17 Aksjonærer

Aksjekapitalen i Proserv Norge AS pr. 31.12 består av:

	<b>Antall</b>	<b>Pålydende</b>	<b>Bokført</b>
Ordinære aksjer	2 500	1 667,93	4 169 836

Samtlige aksjer er eid av Proserv Operations Ltd. Alle aksjene har lik stemmerett.

Proserv Norge AS med datterselskaper er underkonsern i Proserv Group Parent LLC konsernet. I henhold til regnskaploven § 3-7 har Proserv Norge AS ikke utarbeidet konsernregnskap. Konsernregnskap for Proserv Group kan fås ved henvendelse og hentes fra Proserv Group Parent LLC sine nettsider.