



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 938 130 027
Organisasjonsform: Aksjeselskap
Foretaksnavn: STRATUM RESERVOIR (NORWAY) AS
Forretningsadresse: Fabrikkveien 37
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: Ragnar Aune Melhus
Dato for fastsettelse av årsregnskapet: 12.01.2022

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, 06.10.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	11	225 175 332	182 271 919
Sum inntekter		225 175 332	182 271 919
Kostnader			
Varekostnad		41 468 001	32 341 397
Lønnskostnad	8,9	82 573 340	65 030 834
Avskrivning på varige driftsmidler og immaterielle eiendeler	2	6 629 585	6 450 747
Annen driftskostnad		58 339 800	36 603 765
Sum kostnader		189 010 726	140 426 743
Driftsresultat		36 164 606	41 845 176
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	13	3 968 192	10 681 074
Renteinntekt fra foretak i samme konsern	13	0	708 303
Annen finansinntekt	13	1 617 677	10 701 831
Sum finansinntekter		5 585 869	22 091 208
Nedskrivning investering i datterselskap	6	6 281 661	0
Annen finanskostnad	13	1 698 604	7 977 365
Sum finanskostnader		7 980 265	7 977 365
Netto finans		-2 394 396	14 113 843
Ordinært resultat før skattekostnad		33 770 210	55 959 019
Skattekostnad på ordinært resultat		8 811 411	10 661 969
Ordinært resultat etter skattekostnad		24 958 799	45 297 050
Årsresultat		24 958 799	45 297 050
Overføringer og disponeringer			
Til annen egenkapital	7	24 958 798	45 297 050
Sum overføringer og disponeringer		24 958 798	45 297 050



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	2	932 034	1 065 286
Utsatt skattefordel	10	1 022 681	753 876
Sum immaterielle eiendeler		1 954 715	1 819 162
Varige driftsmidler			
Maskiner og anlegg	2	23 835 677	18 913 384
Sum varige driftsmidler		23 835 677	18 913 384
Finansielle anleggsmidler			
Investering i datterselskap	6	7 084 383	13 366 044
Lån til foretak i samme konsern	5	15 804 836	12 167 026
Sum finansielle anleggsmidler		22 889 219	25 533 070
Sum anleggsmidler		48 679 611	46 265 616
Omløpsmidler			
Varer			
Varer	4	634 055	350 125
Sum varer		634 055	350 125
Fordringer			
Kundefordringer		23 114 794	20 136 051
Prosjekter i arbeid	12	20 525 132	10 989 969
Kundefordringer konsern	5	5 770 279	2 487 747
Andre fordringer	5	3 522 401	6 384 754
Konsernfordringer	5	6 090 499	5 260 532
Sum fordringer		59 023 105	45 259 053
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	3	32 318 469	13 954 957
Sum bankinnskudd, kontanter og lignende		32 318 469	13 954 957



Balanse

Beløp i: NOK	Note	2020	2019
Sum omløpsmidler		91 975 629	59 564 135
SUM EIENDELER		140 655 240	105 829 751
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7,14	1 609 070	1 609 070
Sum innskutt egenkapital		1 609 070	1 609 070
Opptjent egenkapital			
Annen egenkapital	7	96 564 281	72 430 673
Sum opptjent egenkapital		96 564 281	72 430 673
Sum egenkapital		98 173 351	74 039 743
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		7 514 925	2 548 098
Betalbar skatt	10	9 080 218	10 041 587
Skyldige offentlige avgifter		6 738 473	5 214 983
Leverandørgjeld til konsern	5	5 729 184	2 830 408
Pensjonsmidler		300 000	236 389
Forskudd fra kunder		913 710	920 121
Annen kortsiktig gjeld		12 205 379	9 998 423
Sum kortsiktig gjeld		42 481 889	31 790 009
Sum gjeld		42 481 889	31 790 009
SUM EGENKAPITAL OG GJELD		140 655 240	105 829 752



Vår dato 11.01.2022	Din/Deres dato 10.01.2022	Saksbehandler Lars Waalorp
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 90833418
Org.nr 974761076	Vår referanse 2022/5019613	Postadresse Postboks 9200 Grønland 0134 OSLO

STRATUM RESERVOIR (NORWAY) AS
Fabrikkveien 37
4033 STAVANGER

Att. Aleksander Lee Slang, KPMG

Fritak for konsernregnskapsplikt for Stratum Reservoir (Norway) AS, org.nr. 938 130 027

Vi viser til deres brev av 10. januar 2022 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for Stratum Reservoir (Norway) AS.

Skattekontoret finner med hjemmel i regnskapsloven § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Stratum Reservoir (Norway) AS. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

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

Bakgrunn

Stratum Reservoir (Norway) AS er morselskap i et underkonsern, hvor Energy Reservoir Holding LLC er det ultimate morselskapet og er hjemmehørende i USA. Konsernregnskap utarbeides av Energy Reservoir Holding LLC på engelsk språk etter US GAAP, hvor Stratum Reservoir (Norway) AS med datterselskaper er omfattet.

Skattekontorets vurdering

Det forutsettes at Energy Reservoir Holding LLC utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med US GAAP og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten å være på norsk, kan være på svensk, dansk eller engelsk.

Skattekontoret gir etter en konkret helhetsvurdering tillatelse til at det gjøres unntak for konsernregnskapsplikten.



Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



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4064 Stavanger

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Enterprise 935 174 627 MVA

Til generalforsamlingen i Stratum Reservoir (Norway) AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Stratum Reservoir (Norway) AS' årsregnskap som viser et overskudd på kr 24 958 798. 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.

Andre forhold

Selskapets årsregnskap er avlagt etter utløpet av lovens frist for avleggelse av årsregnskap.

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.

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

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

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

Pemneo Dokumentnøkkel: FMCLF-QFYDE-XM6E5-7YGXI-8DVM5-4B1H1



Revisors beretning - 2020
Stratum Reservoir (Norway) AS

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 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 avvirket.

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 rettvisende 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.

Pemneo Dokumentnøkkel: FMCLF-QFYOE-XM6E5-7YGXI-8DVM5-4B1H1



Revisors beretning - 2020
Stratum Reservoir (Norway) 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 bokføringskikk i Norge.

Stavanger, 12. januar 2022
KPMG AS

Monica Rosnes
Statsautorisert revisor
(elektronisk signert)

Pemseo Dokumentnøkkel: FMCLF-QFYDE-XM6E5-7YGXI-8DVW5-4B1H1



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

Monica Roth Rosnes

Statsautorisert revisor

På vegne av: KPMG AS

Serienummer: 9578-5997-4-231508

IP: 80.232.xxx.xxx

2022-01-12 18:26:51 UTC



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STRATUM RESERVOIR (NORWAY) AS

ÅRSRAPPORT FOR 2020

- Resultatregnskap
- Balanse
- Kontantstrømoppstilling
- Noter



Stratum Reservoir Norway AS

Resultatregnskap

Salgsinntekter og driftskostnader	Note	31.12.2020	31.12.2019
Salgsinntekt	11	225 175 332	182 271 919
Sum salgsinntekter		225 175 332	182 271 919
Varekostnad		41 468 001	32 341 397
Lønnskostnad	8, 9	82 573 340	65 030 834
Avskrivninger	2	6 629 585	6 450 747
Annen driftskostnad		58 339 800	36 603 765
Sum driftskostnader		189 010 726	140 426 743
Driftsresultat		36 164 606	41 845 176
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap, utbytte	13	3 968 192	10 681 074
Renteinntekt fra selskap i samme konsern	13	0	708 303
Annen finansinntekt	13	1 617 677	10 701 831
Annen finanskostnad	13	1 698 604	7 977 365
Nedskrivning investering i datterselskap	6	6 281 661	
Netto finansposter		-2 394 396	14 113 843
Ordinært resultat før skatt		33 770 209	55 959 019
Skattekostnad på ordinært resultat		8 811 411	10 661 969
Årsresultat		24 958 798	45 297 050
Overføringer og disponeringer			
Avsatt til annen egenkapital	7	24 958 798	45 297 050
Sum overføringer		24 958 798	45 297 050



Stratum Reservoir Norway AS

Balanse

Eiendeler	Note	31.12.2020	31.12.2019
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter o.l.	2	932 034	1 065 286
Utsatt skattefordel	10	1 022 681	753 876
Sum immaterielle eiendeler		1 954 715	1 819 162
Varige driftsmidler			
Maskiner og anlegg	2	23 835 677	18 913 384
Sum varige driftsmidler		23 835 677	18 913 384
Finansielle anleggsmidler			
Investeringer i datterselskap	6	7 084 383	13 366 044
Lån til foretak i samme konsern	5	15 804 836	12 167 026
Sum varige driftsmidler		22 889 219	25 533 070
Sum anleggsmidler		48 679 611	46 265 616
Omløpsmidler			
Varer			
Lager av varer og annen beholdning	4	634 055	350 125
Sum lager av varer og annen beholdning		634 055	350 125



Stratum Reservoir Norway AS

Balanse

Eiendeler	Note	31.12.2020	31.12.2019
Fordringer			
Langsiktige fordringer			
Langsiktige fordringer til selskap i samme konsern	5	6 090 499	5 260 532
Sum langsiktige fordringer		6 090 499	5 260 532
Kundefordringer		23 114 794	20 136 051
Prosjekter i arbeid	12	20 525 132	10 989 969
Kundefordringer konsern	5	5 770 279	2 487 747
Andre fordringer	5	3 522 401	6 384 754
Sum fordringer		52 932 605	39 998 339
Bankinnskudd og kontanter			
Bankinnskudd og kontanter	3	32 318 469	13 954 957
Sum bankinnskudd og kontanter		32 318 469	13 954 957
Sum omløpsmidler		91 975 628	59 563 953
Sum eiendeler		140 655 240	105 829 570



Stratum Reservoir Norway AS

Balanse

Egenkapital og gjeld	Note	31.12.2020	31.12.2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital	7, 14	1 609 070	1 609 070
Overkurs	7	0	0
Annen innskutt egenkapital	7	0	0
Sum innskutt egenkapital		1 609 070	1 609 070
Opptjent egenkapital			
Annen egenkapital	7	96 564 281	72 430 673
Sum innskutt egenkapital		96 564 281	72 430 673
Sum egenkapital		98 173 351	74 039 743
Gjeld			
Kortsiktig gjeld			
Leverandørgjeld		7 514 925	2 548 098
Leverandørgjeld til konsern	5	5 729 184	2 830 408
Betalbar skatt	10	9 080 218	10 041 587
Skyldige offentlige avgifter		6 738 473	5 214 983
Pensjonsmidler		300 000	236 389
Forskudd fra kunder		913 710	920 121
Skyldig konsernbidrag	5	0	0
Annen kortsiktig gjeld		12 205 376	9 998 423
Sum kortsiktig gjeld		42 481 886	31 790 008
Sum gjeld		42 481 886	31 790 008
Sum egenkapital og gjeld		140 655 240	105 829 751

Dato: 11.01.2022

Ragnar Alme Melhus
Styreleder

Sverre Ragnar Dreier
Styremedlem

Rune Lund Hansen
Styremedlem



STRATUM RESERVOIR (NORWAY) AS ÅRSRAPPORT FOR 2020

Kontantstrømoppstilling

Valuta: NOK	Note	2020	2019
Kontantstrøm fra operasjonelle aktiviteter			
Restulat før skattekostnad		33 770 209	55 959 018
Periodens betalte skatter	10	-10 866 775	-11 781 855
Ordinære avskrivninger	2	6 629 585	6 450 747
Nedskrivning investering i datterselskap	5	6 281 661	0
Endring i varelager	4	-283 930	-38 205
Endring i pensjonsmidler/-forpliktelser		63 611	-47 839
Endring i kundefordringer		-16 626 405	-11 542 736
Endring i leverandørgjeld		7 865 603	-26 047 151
Endring i andre tidsavgrensingsposter	5	4 379 433	203 139 737
Netto kontantstrøm fra operasjonelle aktiviteter		31 212 992	216 091 716
Kontantstrøm fra investeringsaktiviteter			
Utbetalinger ved kjøp av varige driftsmidler	2	-11 418 626	-3 727 768
Innbetalinger ved salg av aksjer og andeler		0	-4 864 000
Endring i lån til selskap i samme konsern		0	6 286 215
Netto kontantstrøm fra investeringsaktiviteter		-11 418 626	-2 305 553
Netto kontantstrøm fra finansieringsaktiviteter			
Utbetaling ved nedbetaling av langsiktig gjeld		0	0
Utbetalinger ved nedbetaling av kortsiktig gjeld		0	-1 814 997
Utbetaling av utbytte	5	0	-44 728 975
Utbetaling av tilleggsutbytte	7	0	-155 586 221
Utbetaling langsiktig lån til selskap i samme konsern		-3 637 810	0
Innbetaling ved opptak av kortstiktig gjeld		2 206 772	0
Netto kontantstrøm fra finansieringsaktiviteter		-1 431 038	-202 130 193
Netto endringer i likvider i året		18 363 327	11 655 969
Kontanter og bankinnskudd per 01.01		13 954 957	2 298 988
Kontanter og bankinnskudd per 31.12		32 318 469	13 954 957



STRATUM RESERVOIR (NORWAY) AS ÅRSRAPPORT FOR 2020

Noter

Valuta: NOK

NOTE 1 - Regnskapsprinsipper:

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

Salgsinntekter

Inntektsføring ved salg av varer skjer på leveringstidspunktet. Tjenester inntektsføres i takt med utførelsen.

Prosjekter i arbeid

Prosjekter i arbeid periodiseres i tråd med utført arbeid. Fullføringsgraden beregnes på bakgrunn av fremdrift i prosjektet. For prosjekter som antas å gi tap, kostnadsføres hele det beregnede tapet umiddelbart.

Klassifisering av poster i regnskapet

Eiendeler som knytter seg til varekretsløpet samt fordringer som tilbakebetales innen et år, klassifiseres som omløpsmidler. Andre eiendeler er anleggsmidler. Tilsvarende prinsipp er benyttet for gjeldsposter.

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

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.

Bruk av estimater

Utarbeidelse av årsregnskapet i henhold til god regnskapsskikk forutsetter at ledelsen benytter estimater og forutestninger som påvirker resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt opplysninger om usikre forpliktelser på balansedagen. Betingede tap som er sannsynlige og kvantifiserbare, kostnadsføres løpende.

Kundefordringer

Utestående fordringer er oppført i balansen til pålydende etter fradrag for beregnede tap. Andre fordringer er vurdert til pålydende.

Utenlandsk valuta

Transaksjoner i utenlandsk valuta bokføres til gjeldende kurser på transaksjonstidspunktet. Omløpsmidler og kortsiktig gjeld i utenlandsk valuta er omregnet til kurser på balansedagen. Pengeposter i utenlandsk valuta omregnes månedlig til norske kroner.

Varelager

Varelageret er vurdert til laveste verdi av anskaffelseskost etter gjennomsnittpris og virkelig verdi.



STRATUM RESERVOIR (NORWAY) AS

ÅRSRAPPORT FOR 2020

Noter

Valuta: NOK

Varige driftsmidler

Varige driftsmidler er oppført i balansen til kostpris med fradrag for ordinære avskrivninger. Avskrivningene er lineære og fastsettes ut fra en vurdering av de enkelte anleggsmidlers gjenværende økonomiske levetid.

Investering i datterselskap/tilknyttet selskap

Datterselskap/tilknyttet selskap vurderes etter kostmetoden. Investeringer er vurdert til anskaffelseskost for aksjene med mindre nedskrivninger har vært nødvendige. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og om det må anses nødvendig etter god regnskapsskikk.

Utsatt skatt

Utsatt skatt beregnes på bakgrunn av midlertidige forskjeller mellom regnskapsmessige og skattemessige verdier ved utgangen av regnskapsåret. Ved beregningen benyttes nominell skattesats på 22% i 2020.

Positive og negative forskjeller vurderes mot hverandre innenfor samme tidsintervall. Utsatt skattefordel oppstår dersom en har midlertidige forskjeller som gir opphav til skattemessige fradrag i fremtiden. Ved balanseføring av utsatt skattefordel knyttet til underskudd til fremføring, forutsettes det at fremtidige skattemessige overskudd er store nok til å utnytte overskuddet.

Forskning og utvikling

Utgifter til forskning og utvikling balanseføres i den grad det kan identifiseres en fremtidig økonomisk fordel knyttet til utviklingen av en identifiserbar immateriell eiendel. I motsatt fall kostnadsføres slike utgifter løpende. Balanseførte utviklingskostnader vil bli avskrevet over forventet levetid.

Kontantstrømoppstilling

Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortstiktige plasseringer.

Konsern

Det utarbeides ikke konsernregnskap for Stratum Reservoir (Norway) AS med datterselskap. Skattedirektoratet har med hjemmel i Regnskapsloven § 3-7 (4) gitt selskapet tillatelse å unnlate å utarbeide konsernregnskap.

Konsernregnskapet utarbeides av ultimate mor Energy Reservoir Holding LLC, og kan utleveres ved etterspørsel.

**STRATUM RESERVOIR (NORWAY) AS**
ÅRSRAPPORT FOR 2020**Noter**

Valuta: NOK

Note 2 - Varige driftsmidler

	Teknologi- rettigheter	Innredning i leide lokaler	Data, kontorutstyr	Maskiner, verktøy mm.	Sum
Anskaffelseskost 01.01	3 199 800	24 689 725	3 420 230	82 532 128	113 841 883
Tilganger kjøpte driftsmidler		1 563 890	454 618	9 490 333	11 508 841
Avganger solgte driftsmidler					0
Anskaffelseskost 31.12.	3 199 800	26 253 615	3 874 848	92 022 461	125 350 724
Akkumulert avskrivning 01.01	2 134 514	23 442 853	2 830 698	65 613 643	94 021 708
Årets avskrivninger	133 252	726 715	157 606	5 612 012	6 629 585
Årets nedskrivninger					0
Akk. avskr/nedskr 31.12.	2 267 766	24 169 568	2 988 304	71 225 655	100 651 293
Balanseført per 31.12	932 034	2 084 047	886 544	20 796 806	24 767 711

Stratum Reservoir (Norway) AS benytter lineære avskrivninger for alle driftsmidler. Den økonomiske levetiden er beregnet til:

Maskiner og inventar, innredning i leide lokaler	5-10 år
Årlig leie av lokaler	1-8 år
Data, kontorutstyr o.l.	3 år
Teknologi rettigheter	10 år

Årlig leie av ikke balanseførte midler

Årlig leie av lokaler med gjenværende leieperiode 1-8 år er 35 159 577.

Immaterielle eiendeler

Stratum Reservoir (Norway) AS inngikk i 2005 en lisensavtale med Sintef Petroleumsforskning, hvor Stratum gis eksklusivt rett til å utvikle utstyr basert på Sintef's teknologi. For rettighetene ble det betalt 3 199 800. Investeringen ble aktivert i august 2005. Sintef har vært forsinket med å stille teknologien til Stratum's rådighet, og denne ble først gjort tilgjengelig for selskapet fra og med 01.03.2012. Det ble foretatt avskrivninger fra og med dette tidspunktet på ervede teknologirettigheter i 2012. Avskrivningstiden er vurdert å være 10 år fra teknologien er tatt i bruk.

Note 3 - Bundne midler

	31.12.2020	31.12.2019
Bundne skattetreksmidler utgjør	2 866 073	2 669 674
Total	2 866 073	2 669 674

Note 4 - Varer

Varelageret kun bestående av innkjøpte varer for videresalg.

	31.12.2020	31.12.2019
Varelager i henhold til balanse	634 055	350 125



STRATUM RESERVOIR (NORWAY) AS ÅRSRAPPORT FOR 2020

Noter

Valuta: NOK

Note 5 - Mellomværende med selskap i samme konsern og tilknyttet selskap

<i>Fordringer</i>	31.12.2020	31.12.2019
Kundefordringer	11 860 778	7 748 279
Lån til foretak i samme konsern*	15 804 836	12 167 026
Sum	27 665 614	19 915 304

<i>Gjeld</i>	31.12.2020	31.12.2019
Leverandørgjeld	3 070 626	2 830 408
Lån fra selskap i samme konsern	2 658 558	1 366 010
Sum	5 729 184	4 196 418

*Selskapet har to lån til foretak i samme konsern. Dette er lån til Stratum Reservoir Laboratórios (Brasil) Ltda og Stratum Reservoir UK. Selskapet er ved aveleggelse av regnskapet 2020 i prosess med å utføre en gjeldskonvertering av lånet med Stratum Reservoir Laboratórios (Brasil) Ltda, ved at det skal gjøres om til kapital ved en kapitalforhøyelse.

Stratum har flere transaksjoner med andre selskap i konsernet. Alle transaksjoner er gjennomført som en del av ordinær drift og på armlengdes avstand.

Salg til mellomværende i samme konsern var 7 146 925 i 2020 mot 11 832 935 i 2019.
Kjøp fra mellomværende i samme konsern var 6 052 470 i 2020 mot 3 491 465 i 2019.

Note 6 - Datterselskap, tilknyttet selskap m.v.

<i>Selskap, kontor, anskaffelsesår</i>	<i>Eierandel</i>	<i>Stemmeandel</i>	<i>Resultat 2020</i>	<i>Egenkapital per</i>	<i>Bokført verdi</i>
				<i>31.12</i>	<i>per 31.12</i>
Emirates Link Stratum Reservoir LLC, Abu Dhabi, 1999/2001	49 %	82 %	-64 332 792	43 228 643	5 147 707
Weatherford Labs Muscat LLC, Oman, 2003	70 %	70 %	541	23 680 534	1 932 233
Stratum Reservoir Mexico, S. de R.L. de C.V., Villahermosa, 2019	99,99 %	99,99 %	5 370 294	11 455 746	4 554
Stratum Reservoir Laboratórios (Brasil) Ltda., Brazil, 2019*	99,99 %	99,99 %	-1 322 686	-1 865 125	0
				7 084 383	

*Selskapet har i 2020 nedskrevet verdi i datterselskap i Brasil.



STRATUM RESERVOIR (NORWAY) AS ÅRSRAPPORT FOR 2020

Noter

Valuta: NOK

Note 7 - Egenkapital

	Aksjekapital	Overkurs	Annen innskutt egenkapital	Annen egenkapital	Sum
Årsresultat	1 609 070	0	0	72 430 673	74 039 743
Annen endring				-825 190	-825 190
Egenkapital 31.12.2020	1 609 070	0	0	96 564 281	98 173 351

Note 8 - Pensjoner

Innskuddbasert pensjonsordning

Innskudd i innskuddbasert pensjonsordning kostnadsføres løpende.

	31.12.2020	31.12.2019
Årets pensjonsordning inkl. arbeidsgiveravgift	1 609 823	1 481 442
Netto pensjonskostnad	1 609 823	1 481 442

Note 9 - Lønnskostnader, antall ansatte, lån til ansatte og godtgjørelse til revisor

	31.12.2020	31.12.2019
Lønnskostnader		
Lønninger	51 137 721	49 347 456
Arbeidsgiveravgift	8 704 534	7 845 870
Pensjonskostnader	1 609 823	1 481 442
Andre ytelser	21 121 261	6 356 066
Sum	82 573 339	65 030 834

Selskapet har i regnskapsåret sysselsatt totalt 86 årsverk.

Ytelser til ledende personer

Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Selskapets pensjonsordninger tilfredsstiller kravene i denne lov.

Selskapet hadde i 2020 lønn og ytelser til daglig leder:

Lønn	1 154 378
Andre ytelser	134 569

Det utbetales ikke separat godtgjørelse til styremedlemmene. Samtlige styremedlemmer er ansatt i Stratum konsernet.

Daglig leder har ingen avtale om etterlønn. Selskapets ledelse deltar i konsernets opsjonsprogram. Programmet er knyttet opp mot aksjene i morselskapet.

Lån og sikkerhetsstillelser til ledende ansatte, tillitsvalgte og aksjeeiere m.v.

Selskapet har ikke gitt lån til egne ansatte.

Godtgjørelse til revisor er fordelt på følgende, eksl. MVA

	31.12.2020	31.12.2019
Lovpålagt revisjon	570 000	500 875
Utarbeidelse regnskap	40 000	
Sum	610 000	500 875

STRATUM RESERVOIR (NORWAY) AS
ÅRSRAPPORT FOR 2020

Noter

Valuta: NOK

Note 10 - Skatt

	31.12.2020	31.12.2019	
Årets skattekostnad fordeles seg på			
Betalbar skatt	9 080 218	10 041 587	
Skatt på avgitt konsernbidrag	0	0	
Endring utsatt skatt	-268 806	620 382	
Årets totale skattekostnad	8 811 412	10 661 969	
Beregning av årets skattegrunnlag	31.12.2020	31.12.2019	
Ordinært resultat for skattekostnad og konsernbidrag	33 770 209	55 959 018	
Permanente forskjeller	6 281 661	-7 495 520	
Skattemessig overskudd på andel i deltakerliknet selskap	0	0	
Avgitt konsernbidrag	0	0	
Endring i midlertidige forskjeller	1 221 847	1 148 470	
Fremførbare rentekostnader	0	-3 968 393	
Begrensning av rentefradrag mellom nærstående	0	0	
Tilakeført inntektsført utbytte	0	0	
Årets skattegrunnlag	41 273 717	45 643 575	
Oversikt over midlertidige forskjeller	31.12.2020	31.12.2019	
Driftsmidler inkl. Goodwill	-4 348 552	-3 190 317	
Varebeholdning	0	0	
Netto pensjonsforpliktelse som er ført i balansen	-300 000	-236 389	
Begrensning rentefradrag nærstående	0	0	
Netto midlertidige forskjeller per 31.12	-4 648 552	-3 426 706	
Utsatt skattefordel/utsatt skatt	22% / 22%	-1 022 681	-753 875
Oversikt over midlertidige forskjeller	31.12.2020	31.12.2019	
Ikke fradragsberettigede representasjonskostnader	0	0	
Tilbakeføring av inntektsført utbytte	0	0	
Skattemessig overskudd på andel i selskap med deltakerfastsetting	0	0	
Basis for deferred tax / deferred tax asset (-)	0	0	
Avstemning fra nominell til faktisk skattesats	31.12.2020	31.12.2019	
Forventet skatt etter nominell skattesats	8 137 380	12 310 984	
Effekt av permanente forskjeller	674 031	-1 649 014	
Effekt av endring skatteprosent ved beregning av utsatt skatt/skattefordel	0	0	
Andre poster	0	0	
Beregnet skattekostnad	8 811 411	10 661 970	



STRATUM RESERVOIR (NORWAY) AS ÅRSRAPPORT FOR 2020

Noter

Valuta: NOK

Note 11 - Salgsinntekter

<i>Per virksomhetsområde</i>	31.12.2020	31.12.2019
Kjerneanalyser	98 090 131	90 302 639
PVT/Fluid	31 572 383	28 029 702
Lager/Logistikk	53 131 896	63 939 578
	42 380 921	0
Sum	225 175 331	182 271 919

<i>Geografisk fordeling</i>	31.12.2020	31.12.2019
Norge	190 373 738	152 222 506
Oman	16 086 385	0
UK	7 809 316	5 093 850
US	5 831 048	0
UAE	2 299 626	3 444 878
Kuwait	829 700	5 870
Frankrike	345 195	681 230
Danmark	37 982	60 147
Polen	36 275	182 291
Nederland	18 952	96 546
Tyskland	0	3 860 218
Pakistan	0	179 709
Øvrige land	1 507 114	16 444 674
Sum	225 175 331	182 271 919

Note 12 - Langsiktige tilvirkningskontrakter

Prosjekter i arbeid periodiseres i tråd med utført arbeid. Fullføringsgraden beregnes på bakgrunn av teknisk fremdrift i prosjektet. For prosjekter som antas å gi tap, kostnadsføres hele det beregnede tapet umiddelbart.

Prosjekter som er under arbeid ført i balansen under kunderfordringer per 31.12.2020

Opptjent ikke fakturert inntekt 20 525 132

Prosjekter som er under arbeid ført i balansen under annen kortsiktig gjeld per 31.12.2020

Fakturert, ikke utført 913 710



STRATUM RESERVOIR (NORWAY) AS
ÅRSRAPPORT FOR 2020

Noter

Valuta: NOK

Note 13 - Finansinntekter og finanskostnader

Finansinntekter per 31.12 består av følgende

Mottatt utbytte	3 968 192
Renteinntekt	0
Valutagevinst	1 617 677
Sum	5 585 869

Finanskostnader per 31.12 består av følgende

Andre finanskostnader	1 698 604
Sum	1 698 604

Note 14 - Aksjekapital og aksjonærinformasjon

<i>Aksjekapitalen består av</i>	Antall	Pålydende	Balansført
Ordinære aksjer	160 907	10 kr	1 609 070

Oversikt over aksjonærer i selskapet per 31.12

	Ordinære aksjer	Eicrandel	Stemmeandel
Stratum Reservoir (UK) Holdings Ltd.	160 907	100 %	100 %



Årsberetning 2020

Stratum Reservoir (Norway) AS
Adresse: Fabrikkeveien 37, 4033 STAVANGER
Org.nr: 938 130 027 MVA

Virksomhetens art

Stratum Reservoir (Norway) AS fremskaffer data og informasjon som bidrar til at selskapets kunder produserer olje og gass på en økonomisk optimal måte. Informasjonen består av data fremskaffet av analyse av reservoarbergarter samt analyse for å bestemme olje og gassegenskaper. Selskapets kunder er norske og internasjonale oljeselskap.

Selskapet har forretningsadresse i Stavanger. Hovedlaboratoriet for kjerne- og fluidanalyser ligger i Stavanger (Forus). Lager for borekjerne og lager for olje- og gassprøver ligger i henholdsvis Sandnes og Sola kommune. Stratum Reservoir (Norway) AS har i tillegg avdelingskontor i Trondheim, hvor en har velutstyrte, moderne laboratorier for testing av bergarters strømningsegenskaper og fysiske egenskaper. Selskapet har langsiktige kontrakter for lagring av kjerneprøver, olje- og gassprøver.

Stratum Reservoir (Norway) AS har datterselskap med laboratorier i Abu Dhabi (de Forente Arabiske Emirater), Muscat (Oman), Rio de Janeiro (Brasil) og Villahermosa (Mexico).

Utvikling i resultat og stilling

Omsetningen er i 2020 225,2 millioner kroner, en økning på 24% fra 2019. Årsresultatet ble 25 millioner kroner, en nedgang på 45% fra 2019. Totalkapitalen var ved utgangen av året 166,8 millioner kroner, sammenlignet med 105,8 millioner kroner året før. Egenkapitalen pr. 31.12.2020 var 59 % sammenlignet med 70 % i 2019.

Stratum Reservoir (Norway) AS ble lite påvirket av Covid-19 pandemien i 2020. Driften gikk som planlagt gjennom hele året. Vi har hatt noen permitteringer i starten av perioden samt ansatte i karantene. Det ble ikke registrert tilfeller av Covid-19 smitte blant våre ansatte i 2020, men har hatt 5 tilfeller i starten av 2021. Alle disse er blitt smittet i privat sammenheng og har ikke smittet andre ansatte.

Styret mener at det fremlagte årsregnskapet gir et rettviseende bilde over utviklingen og resultatet av foretakets virksomhet og stilling.

Fortsatt drift

I samsvar med regnskapsloven § 3-3 bekreftes det at forutsetningene for fortsatt drift er tilstede. Styret bekrefter at årsregnskapet er avlagt under forutsetning om fortsatt drift. Etter styrets oppfatning, gir det fremlagte resultatregnskapet og balansen med noter fyllestgjørende informasjon om driften og stillingen ved årsskiftet. Styret presiserer at det normalt er betydelig usikkerhet knyttet til vurdering av fremtidige forhold. Det har ikke inntruffet vesentlige forhold av betydning etter årsskiftet.

Arbeidsmiljø og HMS

Sykefraværet i selskapet var på 5,8% i 2020, mot 5,5% i 2019. Det har i løpet av året ikke forekommet eller blitt rapportert alvorlige arbeidsuhell eller ulykker med store personskader eller materielle skader som resultat.

Selskapet har en årlig HMS handlingsplan som følges opp gjennom internkontroll utført av verneombud, avdelingsledere og HMS-avdelingen i fellesskap. Selskapets arbeidsmiljøutvalg har avholdt regelmessige møter gjennom året. HMS relaterte saker blir også tatt opp i ledelsen.



Likestilling

Selskapet har som mål å være en arbeidsplass der det råder full likestilling mellom kvinner og menn i forhold til karrieremuligheter og lønn.

Gjennomsnittlig antall ansatte i løpet av året var 90 hvorav 25 kvinner. I tillegg hadde vi i gjennomsnitt 39 innleide hvorav 17 kvinner

Selskapet er ikke kjent med problemstillinger hvor ansatte har opplevd seg urettmessig behandlet, karrieremessig eller lønnsmessig, på grunnlag av kjønn.

Diskriminering

Diskrimineringslovens formål er å fremme likestilling, sikre like muligheter og rettigheter og å hindre diskriminering på grunn av etnisitet, nasjonal opprinnelse, avstamning, hudfarge, språk, religion og livssyn. Konsernet arbeider aktivt, målrettet og planmessig for å fremme lovens formål innenfor vår virksomhet. Aktivitetene omfatter blant annet rekruttering, lønns- og arbeidsvilkår, forfremmelse, utviklingsmuligheter og beskyttelse mot trakassering.

Ytre miljø

Selskapet bruker kjemikalier, oljer og løsemidler i sitt daglige virke, og håndterer og deponerer dette på en forsvarlig måte. Stratum Reservoir (Norway) AS har utviklet prosedyrer som håndterer helsefarlige kjemikalier brukt ved offshore operasjoner. Selskapet har patent på denne prosedyren. Selskapet forurenser ikke det ytre miljø og arbeider aktivt med Helse, Miljø og Sikkerhet – HMS. Selskapet er sertifisert av Det Norske Veritas i henhold til ISO 9001:2015. Kvalitetssikring er integrert i systemet. Selskapet er i tillegg godkjent ihht IOGP 510.

Valutarisiko

Utvikling i valutakurser innebærer både direkte og indirekte en økonomisk risiko for selskapet gjennom aktivitet i flere land. Selskapet har også betydelige mellomværende i valuta pr 31.12.20. Det er ikke inngått større sikringsinnsparinger som termin-, forward- eller opsjonshandler i 2020.

Kredittrisiko

Selskapet er også eksponert for tap på kundefordringer. Risikoen for vesentlige tap vurderes imidlertid som lav ettersom størstedelen av kundeporteføljen består av operatørselskap og andre tyngre aktører innen oljeindustrien med god betalingsevne. Risikoen avdempes også med en tett oppfølging av utestående krav.

Kontantstrøm

Netto kontantstrøm fra operasjonelle aktiviteter har gått ned med 184,8M i 2020. I løpet av 2020 har likviditetsbeholdningen økt med 18,3 millioner kroner.

Resultatdisponering

Årsresultat og disponeringer

Styret foreslår følgende disponering av årets resultat i selskapet:

Overføringer annen EK	NOK 24 958 798
Totalt	NOK 24 958 798



Stavanger, 11.01.22
Styret for Stratum Reservoir (Norway) AS

Ragnar Aune Melhus
Daglig Leder/Styreformann

Rune Lund Hansen
Styremedlem og ansatt repr.

Sverre Ragnar Dreier
Styremedlem



Energy Reservoir Holdings, LLC and Subsidiaries

**Consolidated Financial Statements
Year Ended December 31, 2020, Period from May 1,
2019 to December 31, 2019 (Successor) and Period
from January 1, 2019 to April 30, 2019 (Predecessor)**



Energy Reservoir Holdings, LLC and Subsidiaries

Index

December 31, 2020 and 2019

	Page(s)
Reports of Independent Auditors	1-2
Consolidated Financial Statements	
Balance Sheets	3
Statements of Comprehensive Income (Loss).....	4
Statements of Owners' Equity.....	5
Statements of Cash Flows	6
Notes to Financial Statements	7-21



Report of Independent Auditors

To the Board of Directors of Energy Reservoir Holdings, LLC

We have audited the accompanying consolidated financial statements of Energy Reservoir Holdings, LLC and its subsidiaries (Successor), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive loss, of owners' equity, and of cash flows for the year ended December 31, 2020 and the period from May 1, 2019 to December 31, 2019.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Energy Reservoir Holdings, LLC and its subsidiaries (Successor) as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the year ended December 31, 2020 and the period from May 1, 2019 to December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

May 18, 2021

PricewaterhouseCoopers LLP, 1000 Louisiana St., Suite 5800, Houston, TX 77002
T: (713) 356 4000, www.pwc.com/us



Report of Independent Auditors

To the Board of Directors of Energy Reservoir Holdings, LLC

We have audited the accompanying consolidated financial statements of Stratum Reservoir and its subsidiaries (Predecessor), which comprise the consolidated statements of comprehensive income, of owners' equity, and of cash flows for the period from January 1, 2019 to April 30, 2019.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of the operations and the cash flows of Stratum Reservoir and its subsidiaries (Predecessor) for the period from January 1, 2019 to April 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the consolidated financial statements, the Predecessor Company has entered into significant transactions with Weatherford International plc and its subsidiaries, which are related parties. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

May 18, 2021

PricewaterhouseCoopers LLP, 1000 Louisiana St., Suite 5800, Houston, TX 77002
T: (713) 356 4000, www.pwc.com/us



Energy Reservoir Holdings, LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2020 and 2019

<i>(amounts in thousands)</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 7,635	\$ 6,617
Restricted cash	10,404	11,399
Accounts receivable, net	20,686	33,972
Inventories	763	630
Prepaid expenses and other current assets	1,724	971
Total current assets	41,212	53,589
Property, plant, and equipment, net	41,908	57,105
Intangible assets, net	55,038	62,123
Goodwill	-	63,704
Deferred tax assets	-	117
Other assets	217	619
Total assets	<u>\$ 138,375</u>	<u>\$ 237,257</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion long term debt	\$ 3,000	\$ -
Accounts payable	3,608	6,343
Accrued and other current liabilities	9,505	9,280
Deferred revenue	1,726	1,453
Escrowed funds due to former owner	10,022	11,025
Due under Transition Services Agreement	2,096	10,999
Total current liabilities	29,957	39,100
Long-term debt	4,500	6,000
Deferred tax liabilities	3,929	4,313
Total liabilities	<u>38,386</u>	<u>49,413</u>
Commitments and contingencies (Note 11)		
Owners' Equity		
Class A-1 units, par value \$1 per unit, unlimited amount issuable, 206,000 units issued and outstanding at December 31, 2020 and 2019	206,000	206,000
Class A-2 units, par value \$1 per unit, unlimited amount issuable, 550 and 300 units issued and outstanding at December 31, 2020 and 2019	550	300
Accumulated other comprehensive income (loss)	(1,593)	56
Accumulated deficit	(106,618)	(19,252)
Owners' equity attributable to Energy Reservoir	98,339	187,104
Noncontrolling interest	1,650	740
Total owners' equity	<u>99,989</u>	<u>187,844</u>
Total liabilities and owners' equity	<u>\$ 138,375</u>	<u>\$ 237,257</u>

The accompanying notes are an integral part of these consolidated financial statements.



Energy Reservoir Holdings, LLC and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)

	Successor		Predecessor
	Year Ended December 31, 2020	Period From May 1, 2019 to December 31, 2019	Period From January 1, 2019 to April 30, 2019
<i>(amounts in thousands)</i>			
Revenues	\$ 73,790	\$ 62,909	\$ 29,437
Cost of goods sold	54,012	45,695	19,660
Selling, general, and administrative expense	16,887	9,742	5,367
Goodwill impairment	63,953	-	-
Loss on sale of land and building	779	-	-
Depreciation and amortization expense	21,581	14,317	2,838
Operating income (loss)	(83,422)	(6,845)	1,572
Other (income) expense			
Interest income	-	(54)	(8)
Interest expense	670	405	3
Transaction costs	1,963	10,762	-
Other, net	(146)	70	(233)
Income (loss) before income taxes	(85,909)	(18,028)	1,810
Income tax expense	1,267	1,138	287
Net income (loss)	(87,176)	(19,166)	1,523
Net income attributable to noncontrolling interest	190	86	-
Net income (loss) attributable to Energy Reservoir	(87,366)	(19,252)	1,523
Other comprehensive income (loss)	(929)	56	-
Total comprehensive income (loss)	(88,295)	(19,196)	1,523
Comprehensive income (loss) attributable to noncontrolling interest	(418)	150	-
Comprehensive income (loss) attributable to Energy Reservoir	(87,877)	(19,346)	1,523

The accompanying notes are an integral part of these consolidated financial statements.



Energy Reservoir Holdings, LLC and Subsidiaries
Consolidated Statements of Owners' Equity

	Units		Accumulated Income (Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Owners' Equity
	Outstanding Number	Par Value				
<i>(amounts in thousands, except per share amounts)</i>						
Predecessor						
Balances at January 1, 2019	-	\$ -	\$ 79,387	-	\$ -	\$ 79,387
Dividend	-	-	(9,695)	-	-	(9,695)
Net income	-	-	1,523	-	-	1,523
Foreign currency translation	-	-	-	-	-	-
Balances at April 30, 2019	-	\$ -	\$ 71,215	-	\$ -	\$ 71,215
Successor						
Balances at May 1, 2019	-	\$ -	\$ -	-	\$ -	\$ -
Issuance of A-1 units	206,000	206,000	-	-	-	206,000
Issuance of A-2 units	300	300	-	-	-	300
Non controlling interest contribution	-	-	-	-	654	654
Net income (loss)	-	-	(19,252)	-	86	(19,166)
Foreign currency translation	-	-	-	56	-	56
Balances at December 31, 2019	206,300	206,300	(19,252)	56	740	187,844
Issuance of A-2 units	250	250	-	-	-	250
Net income (loss)	-	-	(87,366)	-	190	(87,176)
Foreign currency translation	-	-	-	(1,649)	720	(929)
Balances at December 31, 2020	206,550	\$ 206,550	\$ (106,618)	\$ (1,593)	\$ 1,650	\$ 99,989

The accompanying notes are an integral part of these consolidated financial statements.



Energy Reservoir Holdings, LLC and Subsidiaries
Consolidated Statements of Cash Flows

	Successor		Predecessor
	Year Ended December 31, 2020	Period From May 1, 2019 to December 31, 2019	Period From January 1, 2019 to April 30, 2019
<i>(amounts in thousands)</i>			
Cash flows from operating activities			
Net income (loss)	\$ (87,176)	\$ (19,166)	\$ 1,523
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities			
Depreciation and amortization expense	21,581	14,317	2,838
Goodwill impairment	63,953	-	-
Loss on sale of fixed assets	779	-	-
Amortization of debt issuance costs	-	66	-
Bad debt provision	(835)	1,505	-
Foreign currency (gain) loss	176	(451)	(54)
Deferred taxes	(267)	(456)	-
Changes in assets and liabilities			
Accounts receivable	14,121	(17,061)	(7,624)
Inventories	(133)	(103)	62
Prepaid expenses and other assets	(351)	(200)	2,571
Accounts payable	(2,735)	3,039	140
Accrued and other current liabilities	(8,405)	12,801	5,281
Net cash provided by (used in) operating activities	708	(5,709)	4,737
Cash flows from investing activities			
Purchase of fixed assets	(4,124)	(810)	(2,479)
Proceeds from sale of fixed assets	3,797	-	-
Acquisition, net of cash acquired	(1,003)	(187,834)	-
Net cash used in investing activities	(1,330)	(188,644)	(2,479)
Cash flows from financing activities			
Debt issuance costs	-	(401)	-
Cash dividend paid	-	-	(9,695)
Noncontrolling interest contribution	-	654	-
Borrowings under credit facility	5,500	8,000	-
Payments for term loan	(3,000)	-	-
Payments for revolving line of credit	(1,000)	(2,000)	-
Proceeds from stock issuance	250	206,300	-
Net cash provided by (used in) financing activities	1,750	212,553	(9,695)
Effects of exchange rate on cash	(1,105)	(184)	-
Net increase (decrease) in cash	23	18,016	(7,437)
Cash, cash equivalents, and restricted cash			
Beginning of period	18,016	-	11,285
End of period	\$ 18,039	\$ 18,016	\$ 3,848
Supplemental disclosure of cash flow information			
Cash paid during the period for			
Income taxes	\$ 1,279	\$ 1,202	\$ -
Interest paid	595	329	-
Noncash investing activities			
Accrued capital expenditures	-	1,693	-
Purchase price in escrow	10,022	11,025	-
Purchase adjustment to goodwill & intangible assets	389	-	-

The accompanying notes are an integral part of these consolidated financial statements.



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

1. Organization

Energy Reservoir Holdings, LLC and its subsidiaries (collectively referred to as the “Company” or the “Successor Company”) operate customer-focused laboratories to enable the discovery and sustainable development of energy resources through applied geosciences. The Company supports energy resource investment and divestiture strategies worldwide through the analysis and interpretation of rocks and fluids, with specialization in reservoir characterization, laboratory services and instrumentation designed to deliver scientific insights in upstream, midstream and mining operations.

The Company is a Delaware limited liability company and is headquartered in Houston, Texas. The Company operates on a world-wide basis with facilities located in 18 countries, including those within North and South America, Europe, the Middle East, and Asia Pacific.

On May 1, 2019, Energy Reservoir Holdings, LLC acquired the collective entities and operations of the laboratory services business of Weatherford International plc (“Weatherford”) (Note 3). Energy Reservoir Holdings, LLC was formed as a holding company for the sole purpose of acquiring the laboratory services business of Weatherford (herein referred to as Stratum Reservoir Intermediate, LLC or the Predecessor Company) and maintained negligible operations prior to consummation of the acquisition transaction.

Successor and Predecessor

The consolidated financial statements of the Successor Company include the balance sheets as of December 31, 2020 and 2019, and the related statements of comprehensive loss, owners’ equity, and cash flows for the year ended December 31, 2020 and period from May 1, 2019 to December 31, 2019.

The consolidated financial statements of the Predecessor Company include the statements of comprehensive income, owners’ equity, and cash flows for the period from January 1, 2019 to April 30, 2019. These financial statements have been derived from the Weatherford accounting records and are presented on a carved-out basis. Weatherford performed various management services for the Predecessor Company, including treasury functions, risk management, corporate secretary services, human resources and systems management support, income tax preparation and legal support services. Certain of these costs have been allocated by Weatherford to the Predecessor Company and reflected within the Company’s consolidated statement of comprehensive income. The operating results of the Predecessor Company may differ from those that would have been achieved in the absence of the Predecessor Company’s relationship with Weatherford.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are prepared in US dollars in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Reclassifications

The Company reclassified certain amounts in the 2019 consolidated balance sheet and in the Successor Company and Predecessor Company consolidated statements of comprehensive income (loss) to conform with the current year presentation. These reclassifications did not have any impact on the total and subtotal balances presented within the consolidated balance sheets,



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

consolidated statements of comprehensive income (loss), consolidated statements of owners' equity or consolidated statements of cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("US") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with US GAAP and include the accounts of the Company and the subsidiaries for which it has a controlling financial interest. All intercompany accounts and transactions have been eliminated.

Noncontrolling interest constitutes the equity attributable to minority owners of consolidated subsidiaries of the Company which are not wholly owned. This interest is recorded as a portion of equity separate from that of the Company, with the amount of consolidated net income attributable to noncontrolling interests clearly presented in the consolidated statements of comprehensive income.

Cash and Cash Equivalents

The Company considers cash on hand, cash in banks and all highly liquid investment instruments with original maturities of three months or less to be cash and cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	2020	2019
Cash and cash equivalents	\$ 7,635	\$ 6,617
Restricted cash	10,404	11,399
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 18,039	\$ 18,016

Restricted Cash

The restricted cash balance at December 31, 2020 and 2019 consists primarily of cash escrowed for the payment of deferred closing fees related to the acquisition of the Company from Weatherford.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's estimate of the amount of probable credit losses in the Company's existing accounts receivable; however, changes in circumstances relating to accounts receivable may result in a requirement for additional allowances in the future. The Company reviews its allowance for doubtful accounts on a customer account basis. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. The allowance for doubtful accounts as of December 31, 2020 and 2019 was \$0.7 million and \$1.5 million, respectively.



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

Inventories

Inventories consist of supplies and other raw materials which are stated at the lower of cost (average costing method) or net realizable value.

Property, Plant, and Equipment, Net

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets with no estimated residual value. Leasehold improvements are amortized over the shorter of their economic useful life or the life of the lease.

The estimated useful lives of the assets are as follows:

	Number of Years
Office equipment, furniture and fixtures	3 to 7
Machinery and equipment	4 to 8
Transportation equipment	1 to 7
Buildings and improvements	38 to 40
Leasehold improvements	life of lease

Maintenance and repairs are charged to expense when incurred. Renewals and betterments that extend the life or improve existing properties are capitalized. Upon disposition or retirement of property, plant, and equipment, the cost and related accumulated depreciation are removed and any resulting gain or loss is credited or charged to operations.

Intangible Assets

The Company amortizes identifiable intangible assets, consisting of customer relationships and intellectual property, because these assets have finite lives. Amortization is calculated using the straight-line method over the estimated useful lives of the intangible assets, which are 10 years for both intellectual property and customer relationships.

Goodwill

Goodwill represents the excess of cost over the fair value of net assets of businesses acquired. Accounting for business combinations requires the Company to make use of estimates and judgments to allocate the purchase price paid for acquisitions to the fair value of the tangible and identifiable intangible assets. Goodwill is tested at the reporting unit level annually for impairment and is reviewed for impairment more frequently if events and circumstances indicate that the asset might be impaired.

When evaluating goodwill for impairment, management first performs an assessment of qualitative factors to determine if the fair value of the reporting unit is "more likely than not" greater than its carrying amount. This qualitative assessment is referred to as a "step zero" approach. If, based on the review of the qualitative factors, management determines it is not more likely than not that the fair value of a reporting unit is less than the carrying value, goodwill is determined not to be impaired. If it is not more likely than not that the fair value is greater than its carrying value, management will perform a one-step impairment test.

The Company performs a one-step impairment test in accordance with Accounting Standards Update No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment*. Under the one-step impairment test, the fair value of the reporting unit is



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an impairment loss should be recognized in the amount by which the reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The fair value of the reporting unit is determined using both an income and market-based approach, which are based upon projections of future operations and similar market transactions as of the valuation date, respectively. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, operating margins, discount rates, weighted average costs of capital and future market conditions, among others.

The Company completes its annual impairment evaluation for goodwill and other intangibles using an assessment date of December 31. Due to continuing downturns in the Company's principal markets and the impacts of COVID-19, it was determined that it was more likely than not that goodwill was impaired at December 31, 2020. Accordingly, the Company performed a one-step impairment test. As a result of this test, the Company fully impaired its goodwill balance of \$63.8 million which was recorded as a component of loss from operations for the year ended December 31, 2020. Neither the Successor Company or the Predecessor Company recorded an impairment of goodwill for the periods from May 1, 2019 to December 31, 2019 or from January 1, 2019 to April 30, 2019, respectively.

Impairment of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted future net cash flows of assets grouped at the lowest level for which there are identifiable cash flows that are independent of the cash flows of other groups of assets. If the undiscounted future net cash flows are less than the carrying amount of the asset, the asset is deemed impaired. The amount of the impairment is measured as the difference between carrying value and the fair value of the asset.

Neither the Successor Company nor the Predecessor Company recorded an impairment of its long-lived assets for the year ended December 31, 2020, period from May 1, 2019 to December 31, 2019 or the period from January 1, 2019 to April 30, 2019, respectively.

Debt Issuance Costs

The Company amortizes debt issuance costs to interest expense over the scheduled maturity period of the debt. Unamortized debt issuance costs are included as a component of other assets in the consolidated balance sheets.

Revenue Recognition

The Company accounts for revenue in accordance with Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, whereby revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. The principles in the standard should be applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied.



Energy Reservoir Holdings, LLC and Subsidiaries Notes to Consolidated Financial Statements

(amounts in thousands)

The following table presents the detail of revenue from customer contracts as recorded in the consolidated statements of comprehensive income:

	Successor		Predecessor
	Year Ended December 31, 2020	Period From May 1, 2019 to December 31, 2019	Period From January 1, 2019 to April 30, 2019
Lab service revenues	\$ 70,949	\$ 57,730	\$ 27,393
Product sales revenue	2,841	5,179	2,044
Revenue from contracts with customers	\$ 73,790	\$ 62,909	\$ 29,437

Lab Service Revenues

For lab service revenues, the Company will contract with the customer to provide certain geoscientific analyses and services nominated by the customer for a particular or fluid core sample. Each designated analysis nominated by the customer constitutes a unique performance obligation within the contract, and contracts may contain multiple performance obligations dependent on the specific analyses nominated by the customer. Revenue from lab services is recognized at a point-in-time upon satisfaction of a particular performance obligation, which typically occurs upon completion of a designated service and transmission of the data results to the customer or satisfaction of customer contract requirements. The transaction price for lab services (i.e., the amount that the Company has the right to under the terms of the contract with the customer) is the standalone price of each analysis completed and charged to the customer. The transaction price is typically settled within 30-45 days of the satisfaction of the performance obligation. With respect to taxes assessed by governmental authorities that are imposed upon service transactions and collected by the Company from its customer, the Company's policy is to exclude such amounts from revenues.

Product Sales Revenue

For product sales revenues, the Company will contract with the customer to provide certain supplies and materials nominated by the customer. Under such contracts, the Company typically has one defined performance obligation related to provision of the contracted good or product to the customer. Revenue from the sale of goods is recognized upon satisfaction of the performance obligation, which occurs point-in-time upon transfer of control of the product. The transaction price (i.e., the amount that the Company has the right to under the terms of the sales contract with the customer) is the standalone sales price of each individual good and is typically settled within 30-45 days of the satisfaction of the performance obligation. The Company treats shipping and handling activities as a fulfillment activity, and the costs are recognized in cost of sales. With respect to taxes assessed by governmental authorities that are imposed upon sales transactions and collected by the Company from its customers, the Company's policy is to exclude such amounts from revenues.

The amount of revenue recognized may not equal customer cash payments because performance obligations are satisfied at differing times than cash receipt. The differences between revenue recognition and cash payments received are reflected in accounts receivable, other assets or deferred revenue, as appropriate. Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized and includes deferred revenue as well as amounts that will be invoiced and recognized as revenue in future periods. Contracted but not yet recognized revenue was approximately \$1.7 million and \$2.6 million as of December 31,



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

2020 and 2019, respectively. The Company expects to recognize all of the amount as revenue over the next 12 months.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance, if necessary, is provided against deferred tax assets if it is considered more likely than not that the deferred tax assets will not be realized.

The Company accounts for uncertainty in income taxes recognized in the financial statements in accordance with Accounting Standards Codification ("ASC") 740, *Income Taxes*, by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This guidance prescribes a two-step process of (1) determining whether it is more likely than not (defined as a likelihood of greater than 50 percent) that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes and (2) measuring the amount of benefit to recognize in the financial statements determined as the largest amount of benefit that is more likely than not to be realized upon ultimate settlement. The Company's policy is to classify penalties and interest related to unrecognized tax benefits as part of its provision for income taxes.

Incentive-Based Compensation

The Company accounts for incentive-based compensation activities in accordance with ASC 718, *Compensation – Stock Compensation*. ASC 718 requires that all incentive-based instruments probable of vesting be measured at the fair value of the award, with such cost being recognized as compensation expense in the consolidated statements of comprehensive income over the requisite service period of the award.

The determination of the fair value of incentive-based awards is estimated using the Black-Scholes option-pricing model and requires the use of highly subjective assumptions relating to potential minimum and maximum range of values at which holders of equity units may receive value, the term that the awards would be outstanding based on estimates used by similar public entities and the Company's own expectations, and a risk-free interest rate. The Company estimates volatility using volatilities of publicly held companies similar to the Company. The Company assumes an estimated dividend yield of zero in its calculations, since it has not historically paid dividends on its equity units and does not anticipate paying dividends in the future.

Foreign Currency Translation

The items included in the financial statements are initially recognized in the functional currency, which is defined for each group company based on its primary economic environment. The presentation currency of the consolidated financial statements is the U.S. dollar.

The effects of exchange rate changes related to the translation of functional currencies to the reporting currency of U.S. dollars are reflected in accumulated other comprehensive income. The effects of exchange rate changes related to transactions in other than the functional currency are included in other income as incurred. Net foreign currency gain (loss) recorded in other income



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

was (\$0.176) million and \$0.451 million for the Successor Company for the year ended December 31, 2020 and the period from May 1, 2019 to December 31, 2019, respectively, and \$0.054 million for the Predecessor Company for the period from January 1, 2019 to April 30, 2019.

Fair Value Measurements

The carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, approximates their respective fair values because of the relatively short maturity of these instruments. The carrying amounts of long-term debt approximate their respective fair value due to the comparability of interest rates for the same or similar issues that are available.

The authoritative guidance related to fair value defines a hierarchy of inputs to valuation techniques based upon whether those inputs reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

- Level 1 Inputs utilize quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs utilize data points other than quoted prices included in Level 1 that are observable such as quoted prices, interest rates and yield curves.
- Level 3 Inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability.

The Company does not have any financial instruments classified within Level 2 or Level 3 of the fair value hierarchy.

Risk and Uncertainties

In the ordinary course of its operations, the Company may be subject to risks and uncertainties that could impact its operating environment and financial results.

The Company's business could be negatively affected by an outbreak of an infectious disease, such as the recent COVID-19 pandemic, due to the consequences of the actions taken by companies and governments to contain and control the virus. Such consequences could have an adverse impact on the Company's ability to secure and perform under revenue contracts, modify demand for our services, impact staff resources, and disrupt the worldwide economy. The Company is unable to predict the ultimate impact of the COVID-19 pandemic at this time.

As a provider to the oil and gas industry, the Company's revenue, profitability, and future growth are substantially dependent upon the prevailing and future prices for oil and natural gas, which are dependent upon numerous factors beyond its control such as economic, political and regulatory developments and competition from other energy sources. The energy markets have historically been very volatile and there can be no assurance that oil and natural gas prices will not be subject to wide fluctuations in the future.

A substantial or extended decline in oil and natural gas prices could have a material adverse effect on the Company's financial position, results of operations, and cash flows. Other risks and uncertainties that could affect the Company in the current price environment include, but are not limited to, counterparty credit risk for our receivables, access to credit markets and ability to meet financial ratios and covenants in its financing agreements.



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

Concentration of Credit Risk

Most of the Company's revenues are from customers in the petroleum industry. For the period from January 1, 2019 to April 30, 2019 (Predecessor), 10 customers accounted for 50.1% of the Company's consolidated revenues. For the year ended December 31, 2020 and the period from May 1, 2019 to December 31, 2019 (Successor), 13 and 10 customers accounted for 64.2% and 44.9% of the Company's consolidated revenues, respectively. As of December 31, 2020 and 2019, accounts receivable from 11 and 10 customers comprised 58.4% and 27.6% of the Company's consolidated receivable balance, respectively.

The Successor Company generated 36.1% and 45.7% of its revenue from domestic operations for the year ended December 31, 2020 and the period from May 1, 2019 to December 31, 2019, respectively. The Predecessor Company generated 46.3% of its revenue from domestic operations for the period from January 1, 2019 to April 30, 2019. Net assets in foreign countries were approximately \$59.0 million and \$93.6 million at December 31, 2020 and 2019, respectively.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize in the balance sheets a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for all leases with terms longer than 12 months. Leases with a term of 12 months or less will be accounted for in a manner similar to existing guidance for operating leases. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. In April 2020, the FASB amended the effective date of this ASU until annual periods beginning after December 15, 2022 for nonpublic entities. Early adoption is permitted. The Company has not yet determined the potential impact of this ASU on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses, which will require entities to use a forward-looking expected loss approach instead of the incurred loss approach in effect today when estimating the allowance for credit losses. This ASU is effective for annual and interim reporting periods in 2020 for U.S. Securities and Exchange Commission filers and 2021 for all other public entities. In 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, to amend the effective date of ASU 2016-13 for annual reporting periods for nonpublic entities, which is now effective for annual and interim reporting periods in 2022 for nonpublic entities. This ASU must be adopted simultaneously with ASU 2016-13. The Company has not yet determined the potential impact of this ASU on its consolidated financial statements and related disclosures.

3. Acquisition of Stratum Reservoir Intermediate, LLC (Predecessor)

On May 1, 2019, the Company commenced operations of the laboratory businesses formerly owned by Weatherford International plc (Predecessor) as Stratum Reservoir Intermediate, LLC, which is wholly owned by Energy Reservoir Holdings, LLC (Successor). The Predecessor was acquired for a total purchase price of \$202.7 million in cash consideration, of which \$10.0 million remains deferred in escrow as of December 31, 2020. The purpose of the acquisition was to establish a new ownership group as the controlling shareholder of Stratum Reservoir Intermediate, LLC and its subsidiaries.

As required by ASC 805, *Business Combinations*, the acquired assets and assumed liabilities have been accounted for at fair value. The enterprise fair value of the Predecessor Company was



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

determined using the assumed purchase price for the 100% ownership stake acquired by the new owner. Accordingly, the assumed enterprise value of \$206 million was allocated to the acquired assets and assumed liabilities as required by ASC 805.

The fair value of the acquired identifiable assets and liabilities, including intangible assets, is set forth below:

Cash and cash equivalents	\$	3,848
Accounts receivable		18,416
Inventories		527
Prepaid expenses and other current assets		1,055
Property, plant, and equipment		64,482
Intangible assets		66,560
Goodwill		63,704
Total assets acquired		218,592
Accounts payable and accrued expenses		3,304
Other accrued liabilities		7,238
Deferred tax liabilities		5,343
Total liabilities assumed		15,885
Net purchase price	\$	202,707

The goodwill arising from the acquisition consists primarily of the assumed workforce and acquired synergies. The intangible assets arising from the acquisition consist of the following:

Customer relationships	\$	63,905
Patents and intellectual property		2,655
	\$	66,560

Transaction costs of \$2.0 million and \$10.8 million were expensed and included in the consolidated statements of comprehensive loss for the year ended December 31, 2020 and period from May 1, 2019 to December 31, 2019 (Successor), respectively. There were no transaction costs incurred by the Predecessor for the period January 1, 2019 to April 30, 2019.

Subsequent to the acquisition, Weatherford has continued to perform certain management and back-office functionality for the Successor Company under a Transition Services Agreement ("TSA"). Total expenses incurred under the TSA for the year ended December 31, 2020 and period from May 1, 2019 to December 31, 2019 were \$1.8 million and \$21.6 million, of which \$17.8 million was recorded as a component of cost of goods sold in the period from May 1, 2019 to December 31, 2019, while \$1.8 million and \$3.8 million were recorded as selling, general and administrative expenses within the statements of comprehensive loss for the year ended December 31, 2020 and the period from May 1, 2019 to December 31, 2019, respectively.



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

4. Property, Plant, and Equipment

Property, plant, and equipment consisted of the following at December 31, 2020 and 2019:

	2020	2019
Land	\$ 143	\$ 1,003
Buildings and improvements	276	3,672
Leasehold improvements	23,601	23,486
Office equipment, furniture and fixtures	5,716	1,653
Machinery and equipment	35,463	34,359
Transportation equipment	172	183
Construction in progress	1,371	2,629
	<u>66,742</u>	<u>66,985</u>
Accumulated depreciation	<u>(24,834)</u>	<u>(9,880)</u>
	<u>\$ 41,908</u>	<u>\$ 57,105</u>

Depreciation expense for the period from January 1, 2019 to April 30, 2019 (Predecessor), the period from May 1, 2019 to December 31, 2019 and year ended December 31, 2020 (Successor) was \$2.5 million, \$9.9 million and \$15.0 million, respectively.

5. Intangible Assets

Intangible assets consisted of the following at December 31, 2020 and 2019:

	2020	2019
Customer relationships	\$ 63,145	\$ 63,905
Intellectual property	2,655	2,655
	<u>65,800</u>	<u>66,560</u>
Accumulated amortization	<u>(10,762)</u>	<u>(4,437)</u>
	<u>\$ 55,038</u>	<u>\$ 62,123</u>

Total amortization expense for the period from January 1, 2019 to April 30, 2019 (Predecessor) and for the period from May 1, 2019 to December 31, 2019 and year ended December 31, 2020 (Successor) was \$0.3 million, \$4.4 million and \$6.6 million, respectively.



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

Future amortization expense of intangible assets is estimated as follows:

Year Ending December 31,	
2021	\$ 6,580
2022	6,580
2023	6,580
2024	6,580
2025	6,580
Thereafter	22,138
	<u>\$ 55,038</u>

6. Goodwill

The changes in the carrying amount of goodwill for the year ended December 31, 2020 and period from May 1, 2019 to December 31, 2019 are as follows:

Balances at May 1, 2019	\$ -
Goodwill acquired	63,704
Balances at December 31, 2019	63,704
Adjustments to goodwill following initial purchase accounting	249
Goodwill impairment	(63,953)
Balances at December 31, 2020	<u>\$ -</u>

7. Accrued Liabilities

The Company's accrued liabilities consisted of the following at December 31, 2020 and 2019:

	2020	2019
Salaries, wages and employee benefits	\$ 4,476	\$ 2,597
Income tax payable	1,612	513
Taxes other than income	2,472	3,775
Other accrued expenses	945	2,395
	<u>\$ 9,505</u>	<u>\$ 9,280</u>



Energy Reservoir Holdings, LLC and Subsidiaries Notes to Consolidated Financial Statements

(amounts in thousands)

8. Long-Term Debt

Long-term debt as of December 31, 2020 and 2019 was as follows:

	2020	2019
Term Loan	\$ 3,000	\$ -
Revolving Loan Facility Borrowings	4,500	6,000
	<u>7,500</u>	<u>6,000</u>
Less: Current Portion	(3,000)	-
	<u>\$ 4,500</u>	<u>\$ 6,000</u>

In connection with the acquisition of the Predecessor, the Company entered into a credit agreement (the "Credit Agreement") consisting of a \$30 million revolving loan facility (the "Revolving Loan Facility"). In October 2020, the Credit Agreement was amended to reduce the borrowing capacity of the Revolving Loan Facility to \$10 million and to convert \$6 million of the outstanding balance on the Revolving Loan Facility to a term loan commitment ("the Term Loan Commitment").

Amounts borrowed under the Revolving Loan Facility and the Term Loan Commitment bear interest at a rate determined according to the type of borrowing as defined in the Credit Agreement and are due and payable quarterly. The interest rate on the currently outstanding borrowings was 5.25% and 5.1875% as of December 31, 2020 and 2019, respectively. The maturity date of the Revolving Loan Facility is April 30, 2023, with any remaining outstanding borrowings on the Revolving Loan Facility due upon maturity. Available borrowing capacity under the Revolving Loan Facility, net of outstanding letters of credit, was \$4.0 million as of December 31, 2020.

Payments on the Term Loan borrowings are due in quarterly increments of \$0.5 million beginning on March 31, 2021 and increase to quarterly payments of \$1.0 million beginning September 30, 2021, with all outstanding principal scheduled to be repaid on December 31, 2021.

Substantially all the Company's real, personal and mixed property serve as collateral for the Credit Agreement. Per the terms of its Credit Agreement, the Company is subject to certain financial covenants, including a leverage ratio and a fixed charge coverage ratio. The Company is also subject to certain restrictive covenants that limit restricted payments, transactions with affiliates, incurrence of debt, asset sales, sale and lease back transactions and liens on properties. As of December 31, 2020 and 2019, the Company was in compliance with its debt covenants.

In the event of a continued downturn within the oil and gas markets, the Company may not remain in compliance with its financial covenants in fiscal year 2021. In the event a violation is reported, and an amendment or waiver could not be secured with the financial institution, the Company would seek to cure the violation by paying down its outstanding debt as necessary to regain compliance under the credit agreement. Management of the Company believes it has sufficient sources of cash available to remedy such covenant violation should it arise.



Energy Reservoir Holdings, LLC and Subsidiaries
Notes to Consolidated Financial Statements

(amounts in thousands)

9. Related Party Transactions

Prior to its acquisition by the Successor Company, the Predecessor Company was a consolidated subsidiary of Weatherford. The Predecessor Company received allocations from its parent company related to expenses benefitting the business, and such amounts are not necessarily representative of amounts that would have been reflected if the business had operated as a separate, stand-alone entity. Reflected in the consolidated statement of comprehensive income of the Predecessor Company for the period from January 1, 2019 to April 30, 2019 are allocated overhead expenses and other charges totaling \$2.0 million.

The Successor Company engaged in transactions with related parties, including the Successor Company's ownership. Related party transactions reflected within the consolidated statement of comprehensive loss for the period from May 1, 2019 to December 31, 2019 consist of reimbursement of transaction costs to the Successor owners in the amount of \$1.4 million. There were no related party transactions in the year ended December 31, 2020.

10. Income Taxes

Income tax expense for the period from January 1, 2019 to April 30, 2019 (Predecessor) and the period from May 1, 2019 to December 31, 2019 and year ended December 31, 2020 (Successor) is summarized as follows:

	Successor		Predecessor
	Year Ended December 31, 2020	Period From May 1, 2019 to December 31, 2019	Period From January 1, 2019 to April 30, 2019
Current			
Federal	\$ -	\$ -	\$ -
State	-	24	-
Foreign	1,534	1,570	287
	1,534	1,594	287
Deferred			
Federal, state, and foreign	(267)	(456)	-
Income tax expense	\$ 1,267	\$ 1,138	\$ 287

Our earnings are not subject to U.S. federal and state income tax as we are a limited liability company treated as a partnership and any associated taxes are due at the partner level. For the year ended December 31, 2020 and the period from May 1, 2019 to December 31, 2019, the effective tax rates differ from the statutory federal tax rate due primarily to the deferred tax asset valuation allowance and US income taxed to the Company's owners rather than to the Company. For the Predecessor period, the effective tax rate differs from the statutory federal tax rate due to US income taxed to the Predecessor's owner and to the foreign tax rate differential.



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2020 and 2019 is as follows:

	2020	2019
Deferred tax assets		
State net operating loss carryforwards	\$ -	\$ 53
Foreign net operating loss carryforwards	904	640
Goodwill impairment	1,196	-
Accrued liabilities	-	531
Other	-	37
Deferred tax assets	2,100	1,261
Less: Valuation allowance	(2,100)	(1,144)
	-	117
Deferred tax liabilities		
Intangible assets and property and equipment	(3,243)	(3,627)
Other liabilities	(686)	(686)
Deferred tax liabilities	(3,929)	(4,313)
Deferred tax liability, net	\$ (3,929)	\$ (4,196)

US tax law includes provisions for Global Intangible Low-Taxed Income ("GILTI"), under which taxes on foreign income are imposed in excess of a deemed return on tangible assets of foreign corporations. In general, this income is effectively taxed at a 10.5% tax rate. Under US GAAP, the Company is allowed to make an accounting policy election of either (i) treating taxes due on future US inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost method"), or (ii) factoring such amounts into a Company's measurement of its deferred taxes (the "deferred method"). The Company has elected to account for GILTI using the period cost method. There was no expense related to GILTI for the year ended December 31, 2020 or the period from May 1, 2010 through December 31, 2019.

11. Commitments and Contingencies

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters is unlikely to have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

The Company is obligated under operating leases, principally for the use of offices. Minimum rental expenses are recognized over the term of the lease. When a lease contains a fixed escalation of the minimum rent or rent holidays, the related rent expense is recognized on a straight-line basis over the lease term and the difference between the recognized rental expense and the amounts payable under the lease are recognized as deferred lease credits. Total rent expense was approximately \$6.0 million and \$4.1 million for the year ended December 31, 2020 and the period from May 1, 2019 to December 31, 2019, respectively (Successor), and \$1.5 million for the period from January 1, 2019 to April 30, 2019 (Predecessor).



Energy Reservoir Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

(amounts in thousands)

The Company's future minimum lease commitments are as follows:

Year Ended December 31,	
2021	\$ 5,616
2022	5,005
2023	3,514
2024	2,783
2025	2,612
Thereafter	<u>12,934</u>
	<u>\$ 32,464</u>

12. Incentive-Based Compensation Plan

The Successor Company's organizing documents authorize the Board of Directors to issue up to 1,000,000 Class B and 1,000,000 Class C units (together the "Incentive Units") as incentive awards in the form of profits interests to service providers and employees of the Company. In the event of vesting, holders of the Incentive Units would be entitled to participate in profits of the Company after designated returns were distributed to the Class A unit holders as stipulated per the LLC agreement.

Both Class B units and Class C units consist of time vesting units, which vest ratably over a three-year period contingent upon continued service to the Company, and change of control units, which vest immediately prior to a change in control of the Company. The Company had issued a total of 150,000 and 440,000 of each class of units to employees of the Company for the year ended December 31, 2020 and period from May 1, 2019 to December 31, 2019, of which 100,000 units were forfeited in 2020. Vested Class B units and Class C units each amounted to 90,000 as of December 31, 2020. There were no vested amounts at December 31, 2019.

The Class B units and Class C units had a fair market value of \$0 as of their respective issuance dates, and the Company has not recognized any compensation expense associated with such awards within the consolidated statements of comprehensive income for the year ended December 31, 2020 and period from May 1, 2019 to December 31, 2019.

13. Subsequent Events

On May 3, 2021 the Company issued 1.5 million Class A-3 ownership units, with a par value of \$1.00 per unit. Total cash proceeds of \$1.5 million are to be used for general working capital purposes.

The Company has evaluated subsequent events for potential recognition or disclosure in the financial statements through May 18, 2021, the date the financial statements were available to be issued.