



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	916 928 092
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	HYDRAWELL HOLDING AS
Forretningsadresse:	Norsea Base Bygg 104 4056 TANANGER

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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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:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Stian Vemmestad
Dato for fastsettelse av årsregnskapet:	27.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	
Kostnader			
Annen driftskostnad	2	1 253 394	932 156
Sum kostnader		1 253 394	932 156
Driftsresultat		-1 253 394	-932 156
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap			137 268
Renteinntekt fra foretak i samme konsern		204 510	
Annen renteinntekt		2	160
Annen finansinntekt		564	
Sum finansinntekter		205 076	137 428
Nedskrivning av finansielle eiendeler			50 000 000
Rentekostnad til foretak i samme konsern		137 145	4 000
Annen rentekostnad		95 908	41 755
Sum finanskostnader		233 053	50 045 755
Netto finans		-27 977	-49 908 327
Ordinært resultat før skattekostnad		-1 281 371	-50 840 483
Skattekostnad på ordinært resultat	3	-881 525	
Ordinært resultat etter skattekostnad		-399 846	-50 840 483
Årsresultat		-399 846	-50 840 483
Overføringer og disponeringer			
Overføring til/fra annen egenkapital	4	399 846	-50 840 483
Sum overføringer og disponeringer		399 846	-50 840 483



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		881 525	
Sum immaterielle eiendeler		881 525	
Finansielle anleggsmidler			
Investering i datterselskap	5	368 109 054	368 109 054
Lån til foretak i samme konsern		2 312 883	6 817 018
Sum finansielle anleggsmidler		370 421 937	374 926 072
Sum anleggsmidler		371 303 462	374 926 072
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		38 349	58 248
Sum fordringer		38 349	58 248
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	19 350	30 144
Sum bankinnskudd, kontanter og lignende		19 350	30 144
Sum omløpsmidler		57 699	88 392
SUM EIENDELER		371 361 161	375 014 464
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	4,7	101 697	101 697
Overkurs	4	423 563 823	423 563 823
Sum innskutt egenkapital		423 665 520	423 665 520



Balanse

Beløp i: NOK	Note	2020	2019
Opptjent egenkapital			
Annen egenkapital	4	-53 110 409	-52 710 563
Sum opptjent egenkapital		-53 110 409	-52 710 563
Sum egenkapital		370 555 111	370 954 957
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld			474 000
Sum annen langsiktig gjeld			474 000
Sum langsiktig gjeld		0	474 000
Kortsiktig gjeld			
Leverandørgjeld		163 750	93 750
Kortsiktig konserngjeld			3 000 000
Annen kortsiktig gjeld		642 300	491 757
Sum kortsiktig gjeld		806 050	3 585 507
Sum gjeld		806 050	4 059 507
SUM EGENKAPITAL OG GJELD		371 361 161	375 014 464



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	94 452 172	104 815 478
Sum inntekter		94 452 172	104 815 478
Kostnader			
Varekostnad		9 325 026	28 621 671
Lønnskostnad	3	34 385 476	40 328 828
Avskrivning	5,4	65 213 304	65 156 352
Annen driftskostnad	3,12	20 458 349	26 388 118
Sum kostnader		129 382 155	160 494 969
Driftsresultat		-34 929 983	-55 679 491
Finansinntekter og finanskostnader			
Annen renteinntekt		272 467	682 091
Annen finansinntekt	13	3 445 295	2 959 500
Sum finansinntekter		3 717 762	3 641 591
Annen rentekostnad		4 433 052	5 439 196
Annen finanskostnad	13	3 867 268	1 115 655
Sum finanskostnader		8 300 320	6 554 851
Netto finans		-4 582 558	-2 913 260
Ordinært resultat før skattekostnad		-39 512 541	-58 592 751
Skattekostnad på ordinært resultat	6	-9 567 001	-3 050 474
Ordinært resultat etter skattekostnad		-29 945 540	-55 542 277
Årsresultat		-29 945 540	-55 542 277
Minoritetsinteresser	11		
Overføringer og disponeringer			
Udekket tap	11	-29 945 540	-55 542 277
Sum overføringer og disponeringer		-29 945 540	-55 542 277



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
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Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker o.l.	4	222 933 333	264 733 333
Goodwill	4	97 554 503	115 845 972
Sum immaterielle eiendeler		320 487 836	380 579 305
Varige driftsmidler			
Maskiner og anlegg	5	3 796 206	5 606 770
Driftsløsøre, inventar, verktøy, kontormaskiner	5	3 247 090	1 808 448
Sum varige driftsmidler		7 043 296	7 415 218
Sum anleggsmidler		327 531 132	387 994 523
Omløpsmidler			
Varer			
Varer		10 692 616	10 539 456
Sum varer		10 692 616	10 539 456
Fordringer			
Kundefordringer		15 245 023	22 290 765
Andre fordringer		3 755 456	4 131 091
Sum fordringer		19 000 479	26 421 856
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	8	5 973 617	10 992 673
Sum bankinnskudd, kontanter og lignende		5 973 617	10 992 673
Sum omløpsmidler		35 666 712	47 953 985
SUM EIENDELER		363 197 844	435 948 508

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Innskutt egenkapital			
Aksjekapital	10,11	101 697	101 697
Overkurs	11	423 563 823	423 563 823
Sum innskutt egenkapital		423 665 520	423 665 520
Opptjent egenkapital			
Udekket tap	11	205 077 186	175 815 441
Sum opptjent egenkapital		-205 077 186	-175 815 441
Minoritetsinteresser	11		
Sum egenkapital		218 588 334	247 850 079
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6	45 969 269	58 193 248
Andre avsetninger for forpliktelser		49 427	41 818
Sum avsetninger for forpliktelser		46 018 696	58 235 066
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	58 918 921	71 076 997
Sum annen langsiktig gjeld		58 918 921	71 076 997
Sum langsiktig gjeld		104 937 617	129 312 063
Kortsiktig gjeld			
Leverandørgjeld		4 378 270	6 797 663
Betalbar skatt	6	975 706	3 347 516
Skyldige offentlige avgifter		1 865 007	2 168 899
Kortsiktig konserngjeld		25 680 276	37 927 471
Annen kortsiktig gjeld		6 772 634	5 544 817
Gjeld til aksjonærer	12		3 000 000
Sum kortsiktig gjeld		39 671 893	58 786 366
Sum gjeld		144 609 510	188 098 429
SUM EGENKAPITAL OG GJELD		363 197 844	435 948 508



Skatteetaten

Vår dato 28.08.2018	Din dato 20.08.2018	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din referanse Mark Sørheim	Telefon 22078139
Org.nr 996250318	Vår referanse 2018/1014044	Postadresse Postboks 9200 Grønland 0134 Oslo

HYDRAWELL HOLDING AS
Postboks 182
4098 TANANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Hydrawell Holding AS, org.nr. 916 928 092

Vi viser til deres brev av 20. august 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Hydrawell Holding AS.

Skattedirektoratet gir på bakgrunn av en konkret vurdering Hydrawell Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

Bakgrunn

Hydrawell Holding AS er et holdingselskap med datterselskap i utlandet. Selskapets hovedaksjonær er et utenlandsk private equity fond, og selskapet eies for øvrig av utenlandske og norske investorer. Konsernet leverer oljeservice tjenester tilknyttet plugging og permanent stenging av oljebrønner. Kundene er internasjonale oljeselskaper og konsernets tjenester tilbys og leveres til kunder i hele verden. Selskapet opererer i en internasjonal bransje hvor kommunikasjonen foregår på engelsk. Selskapets arbeidsspråk er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,



f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

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

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapets hovedaksjonær er et utenlandsk private equity fond. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



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List of Signatures Page 1/1

2020 HWH Financial Statement.pdf

Name	Method	Signed at
Baalerud, Per-Ola	BANKID_MOBILE	2021-05-27 14:19 GMT+02
Kolstad, Børge Richard	BANKID	2021-05-27 13:39 GMT+02
Grant, Shona Macfarlane	BANKID_MOBILE	2021-05-27 11:40 GMT+02
Engelsgjerd, Odd	BANKID_MOBILE	2021-05-27 11:23 GMT+02
Teesdale, Christopher	BANKID	2021-05-27 11:18 GMT+02
Sørheim, Mark	BANKID_MOBILE	2021-05-27 14:54 GMT+02
Jensen, Roy Inge	BANKID_MOBILE	2021-05-27 14:49 GMT+02



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HydraWell Holding AS - Consolidated financial statement

Income Statement

	Note	2020	2019
Revenue			
Sales Revenue	2	94 452 172	104 815 478
Total Revenue		94 452 172	104 815 478
Operating expenses			
Cost of goods sold		9 325 026	28 621 671
Payroll Expenses	3	34 385 476	40 328 828
Depreciation of tangible fixed assets	5	5 121 836	5 064 883
Amortization of intangible fixed assets	4	60 091 468	60 091 469
Other operating expenses	3,12	20 458 349	26 388 118
Total operating expenses		129 382 155	160 494 969
OPERATING RESULT		-34 929 983	-55 679 491
Finance income			
Other interest income		272 467	682 091
Other finance income	13	3 445 295	2 959 500
Total finance income		3 717 762	3 641 591
Finance expense			
Other interest expenses		4 433 052	5 439 196
Other finance expenses	13	3 867 268	1 115 655
Total finance expense		8 300 320	6 554 851
NET FINANCIAL ITEMS		-4 582 558	-2 913 260
ORDINARY RESULT BEFORE TAX		-39 512 541	-58 592 751
Tax on ordinary result	6	-9 567 001	-3 050 474
ORDINARY RESULT		-29 945 540	-55 542 277
Minority interest	11	-	-
NET PROFIT OR LOSS FOR THE YEAR		-29 945 540	-55 542 277



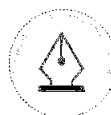
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Balance sheet as of December 31

ASSETS	Note	2020	2019
FIXED ASSETS			
Intangible assets			
Patented technology	4	222 933 333	264 733 333
Goodwill	4	97 554 503	115 845 972
Total intangible assets		320 487 836	380 579 305
Tangible assets			
Machinery and plant	5	3 796 206	5 606 770
Fixtures and fittings, tools, office machinery etc.	5	3 247 090	1 808 448
Total tangible assets		7 043 296	7 415 218
TOTAL FIXED ASSETS		327 531 132	387 994 523
CURRENT ASSETS			
Inventories			
		10 692 616	10 539 456
Receivables			
Trade receivables		15 245 023	22 290 765
Other receivables		3 755 456	4 131 091
Total accounts receivable		19 000 479	26 421 856
Cash and cash equivalents	8	5 973 617	10 992 673
TOTAL CURRENT ASSETS		35 666 712	47 953 985
TOTAL ASSETS		363 197 844	435 948 508



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Balance sheet as of December 31

EQUITY AND LIABILITIES	Note	2020	2019
EQUITY			
Paid-in capital			
Share capital	10,11	101 697	101 697
Share premium	11	423 563 823	423 563 823
Total paid-in capital		423 665 520	423 665 520
Retained earnings			
Accumulated losses	11	-205 077 186	-175 815 441
Total retained earnings		-205 077 186	-175 815 441
TOTAL EQUITY		218 588 334	247 850 079
LIABILITIES			
LONG TERM LIABILITIES			
Provisions			
Deferred tax	6	45 969 269	58 193 248
Other provisions		49 427	41 818
Total provisions		46 018 696	58 235 066
Other long term liabilities			
Liabilities to financial institutions	9	58 918 921	71 076 997
Total other long term liabilities		58 918 921	71 076 997
TOTAL LONG TERM LIABILITIES		104 937 617	129 312 063
SHORT TERM LIABILITIES			
Trade payables		4 378 270	6 797 663
Tax payable	6	975 706	3 347 516
Public duties payable		1 865 007	2 168 899
Liabilities to financial institutions		25 680 276	37 927 471
Loan from shareholders	12	-	3 000 000
Other short term liabilities		6 772 634	5 544 817
TOTAL SHORT TERM LIABILITIES		39 671 893	58 786 366
TOTAL LIABILITIES		144 609 510	188 098 429
TOTAL EQUITY AND LIABILITIES		363 197 844	435 948 508

Tananger, 27 May 2021

Per-Ola Baalerud
Chairman of the
Board

Odd Engelsingjerd
Member of the
Board

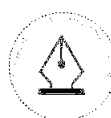
Roy Inge Jensen
Member of the
Board

Børge R. Kolstad
Member of the
Board

Shona Macfarlane Grant
Member of the
Board

Christopher Teesdale
Member of the
Board

Mark Sørheim
General Manager



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Consolidated cash flow statement

Cash flow from operating activities	Note	2020	2019
Profit/(loss) before tax		-39 512 541	-58 592 751
Taxes paid	6	-5 028 759	-5 951 816
Amortization	4	60 091 468	60 091 468
Depreciation	5	5 121 836	5 064 883
Change in inventories		-153 160	-1 305 714
Change in trade receivables		6 992 104	2 307 643
Change in trade payables		-2 419 393	4 003 985
Effect of changes in exchange rates		498 847	547 598
Changes in other current balance sheet items		1 623 218	-2 926 152
Net cash flow from operating activities		27 213 620	3 239 144
Cash flow from investing activities			
Sale of tangible fixed assets	5	86 130	442 119
Purchase of tangible fixed assets	5	-4 651 095	-4 528 196
Net cash flow from investing activities		-4 564 965	-4 086 077
Cash flow from financing activities			
Net draw down and repayment of long term debt		-12 420 516	-5 963 117
Net change in bank overdraft		-15 247 195	13 336 918
Net cash flow from financing activities		-27 667 711	7 373 801
Cash and cash equivalents at 01.01.		10 992 673	4 465 805
Changes in cash and cash equivalents		-5 019 056	6 526 868
Cash and cash equivalents at 31.12.		5 973 617	10 992 673



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Note 1

Accounting principles

General

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

The parent company was established the 15. March 2016, and the group was established the 29. April 2016 through the acquisition of HydraWell Group AS and its subsidiaries. The group sells technology and provides services to the Oil & Gas industry.

Basis for consolidation

The Group's consolidated financial statements comprise HydraWell Holding AS and companies in which HydraWell Holding AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Minority interests are included in the Group's equity. Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

Balance sheet valuation and classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

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

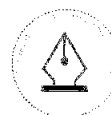
Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flow from the asset is used.

Goodwill

Goodwill on acquisitions is valued at cost. This constitutes the part of the total purchase cost that exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities. After the initial capitalization, goodwill is valued at cost less any accumulated depreciation and impairment losses. Capitalized goodwill is tested for impairment and is reviewed against the recoverable amount for indicators of impairment that is not deemed to be temporary in nature.



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Research and development

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

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Revenues

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred. For equipment used in well, the risk and return are considered transferred when the equipment is put to use by the client. Service income is recognized when the service is rendered. The proportion of sales revenues related to future services is recorded as unearned revenue when sold, and recognized as income when the service is rendered.

Inventories

Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. Write-downs are carried out for foreseeable obsolescence.

Income tax

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

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.



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Note 2 - Sales revenue

Geographical distribution:	2020	2019
Norwegian continental shelf	51 985 825	14 635 701
British continental shelf	19 596 343	57 553 507
Malaysia continental shelf	12 425 243	12 531 724
Other	10 444 761	20 094 546
Total	94 452 172	104 815 478

Note 3 - Wage costs, number of employees, remuneration, loans to employees, auditor's fee etc.

	2020	2019
Wages and salaries	28 767 017	31 430 594
Payroll tax	3 460 018	4 684 309
Pension costs	1 355 451	1 638 012
Other payments	802 990	2 575 914
Total	34 385 476	40 328 829

Number of employees

The average number of employees	33	34
---------------------------------	----	----

The group is required to have pension arrangement for all Norwegian employees ("Jenestepensjonsordning etter lov om obligatorisk jenestepensjon"). The group pension arrangements (defined contribution plans) fulfill the requirements of the law.

Management remuneration

The board member Odd Engelsgjerd is employed in the subsidiary Hydra Well Intervention AS. Mark Sørheim has been employed as the general manager since 01.07.2017.

	Salary	Pensions cost	Other	Total
Odd Engelsgjerd	296 765	69 964	13 920	380 649
Mark Sørheim	1 969 480	21 741	69 612	2 060 833

Auditor's fee

	2020	2019
Statutory audit fee	380 217	276 053
Other services	441 313	234 073
Tax consulting fee	92 850	245 828

VAT is not included in the fees specified above.

Note 4 - Intangible assets

	Goodwill	Patented technology	Total
Acquisition cost per 01.01	213 778 243	425 883 333	639 661 576
Additions for the year	-	-	-
Acquisition cost per 31.12	213 778 243	425 883 333	639 661 576
Accumulated impairment loss per 31.12	-	7 883 333	7 883 333
Accumulated amortization per 31.12	116 223 740	195 066 667	311 290 407
Net carrying value per 31.12.	97 554 503	222 933 333	320 487 836
Amortization for the year	18 291 469	41 800 000	60 091 469
Useful economic life	10 years	10 years	
Amortization plan	Linear	Linear	

Goodwill and patented technology are amortized over 10 years considering that the company's proprietary technology is protected by long-run patents.

The impairment test for the period 2021 to 2025 is predicated on an average annual revenue growth of 13.4%. EBIT in % of revenue is expected to increase from -25% in 2021 to 19.2% in 2025. The impairment model is most sensitive to changes in the assumptions relating to future growth. Management expects the increase in activity to continue going forward.

The value derived from periods beyond 2025 are calculated using Gordons Growth Model using a nominal growth rate of 2%. The pre-tax required rate of return (WACC) is 10%.

The impairment test showed that there were no need to write-down the carrying value of goodwill and patented technology as of 31.12.2020



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Note 5 - Tangible assets

	Machinery and plant	Fixtures and fittings, tools, office machinery etc.	Total
Acquisition cost per 01.01	25 348 583	9 742 531	35 091 114
Fx translation	46 366	2 947	49 313
Additions for the year	2 579 871	2 096 402	4 676 274
Disposals for the year	-113 130	-	-113 130
Acquisitions per 31.12	27 861 690	11 841 881	39 703 571
Accumulated depreciation per 31.12	24 065 484	8 594 791	32 660 275
Net carrying value per 31.12	3 796 206	3 247 090	7 043 296
Depreciation for the year	4 415 053	706 783	5 121 836
Impairment loss for the year	-	-	-
Useful economic life	3-5 years	3-5 years	
Depreciation method	Linear	Linear	

Note 6 - Income taxes

Income tax expenses	2020	2019
Tax payable	975 706	5 621 957
This years tax effect of change in tax rate	-	-
Change in deferred tax	-12 223 979	-9 972 227
Withholding tax	1 226 946	1 299 796
Prior year adjustments	454 326	-
Total income tax expense	-9 567 001	-3 050 474
Tax expense relating to Norway	-12 030 428	-9 797 067
Tax expense relating to operations outside of Norway	2 463 427	6 746 593
<i>Calculation of tax basis</i>		
Ordinary result before tax	-39 512 541	-58 592 751
Permanent differences	19 255 600	27 504 098
Change in temporary differences	39 229 958	43 809 688
Change in losses carried forward	-13 850 895	10 115 306
Tax basis	5 122 122	22 836 341
Tax payable for the year	975 706	5 621 957
Prepayments and currency	-	-2 274 441
Tax payable in balance sheet	975 706	3 347 516
<i>Temporary differences per 31.12</i>	2020	2019
Fixed assets	214 859 118	256 867 944
Contingent liabilities	2 131	208
Accounts receivables	-	-3 964 205
Long term receivables in a foreign currency	4 403 994	5 223 255
Inventory	-698 534	-350 534
Total	216 566 709	257 796 688
Losses carried forward	-33 960 841	-47 811 737
Net temporary differences per 31.12	184 605 868	209 984 951
Deferred tax liability (asset)	40 549 916	46 103 824
Deferred tax assets not recognized	-5 419 353	-12 089 424
Deferred tax liability (asset)	45 969 269	58 193 248
<i>Explanation as to why the current year's tax expense is not 22% of the profit before tax</i>		
Result before tax	-39 512 541	-58 592 751
22 % tax on ordinary result before tax	-8 692 759	-12 890 405
Permanent differences (22 %)	4 236 232	6 050 902
Prior year adjustments and effect of liquidated companies	458 435	1 777 548
Change in deferred tax assets not recognized	-6 670 071	175 252
Withholding tax	1 226 946	1 299 796
This years tax effect of change in tax rate and different tax rates	-125 784	536 434
Calculated income tax expense	-9 567 001	-3 050 474



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Note 7 - Consolidated entities

Entity / business office	Location	Share ownership	Voting rights
Subsidiaries:			
Hydra Well Intervention AS	Tananger	100 %	100 %
Subsidiaries held through subsidiaries:			
Hydra Systems AS	Tananger	100 %	100 %
HydraWell UK Ltd	Scotland	100 %	100 %
HydraWell Canada Ltd	Canada	100 %	100 %
Hydrawell USA Inc	USA	77 %	77 %

Hydra Well Intervention AS has been merged into HydraWell Group AS in 2020 and Hydrawell Group AS have changed name to Hydra Well Intervention AS.

Note 8 - Cash and cash equivalents

	2020	2019
Restricted cash related to withholding tax per 31 December 2020	1 076 028	1 230 363

Note 9 - Long term interest bearing debt

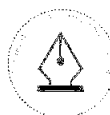
Book value of long term debt per 31. December is specified as follows:

Interest bearing debt	2020	2019
Bank loan Sparebanken Vest	59 115 762	71 536 278
Capitalized borrowing costs	(196 841)	(459 281)
Total interest bearing debt per 31.12	58 918 921	71 076 997

Capitalized borrowing costs consist of initiation cost relating to the loan received from Sparebanken Vest, in addition to related legal cost. These costs has been amortized over the duration of the loan of 5 years. The loan is a series loan that is repaid with quarterly principal payments from 15 December 2016 to 15 March 2021. The remaining balance has been paid in April 2021 when the loan was refinanced.

The new loan agreement entered in April 2021 consist of long term debt of 46 MNOK and a revolving credit facility of 49,75 MNOK. The long term debt is a series loan that will be repaid with quarterly principal payments from 15 July 2021 to 15 July 2024. The loan are subject to financial covenants on a group level related to EBITDA and equity ratio.

Assets used as collateral — book values:	2020	2019
Fixtures and fittings, tools, office machinery etc.	3 247 090	1 808 448
Machinery and plant	3 796 206	5 606 770
Inventory	10 692 616	10 539 456
Trade receivables	15 245 023	22 290 765
Other Receivables	3 755 456	4 131 091
Total assets used as collateral	36 736 391	44 376 530



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Note 10 - Share capital and shareholder information

The share capital in the parent company consists of 101 697 shares with par value NOK 1, resulting in a total share capital of NOK 101 697. There is only one class of shares.

Parent company's shareholders are:

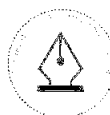
Shareholder name	Number of shares	Ownership share	Voting Share
Norvestor VII L.P	46 114	45,3 %	45,3 %
Norvestor VII OS L.P	11 061	10,9 %	10,9 %
Emo Invest AS	10 030	9,9 %	9,9 %
RFR Invest Holding AS	9 905	9,7 %	9,7 %
Tananger Investering AS	4 952	4,9 %	4,9 %
Fonsmagna Invest AS	4 952	4,9 %	4,9 %
Semet Invest AS	2 476	2,4 %	2,4 %
Pahs Holding AS	2 476	2,4 %	2,4 %
Ages Consulting AS	2 476	2,4 %	2,4 %
MG Southhome AS	1 697	1,7 %	1,7 %
Wellwork Innovation AS	1 190	1,17 %	1,2 %
Ors Invest AS	990	1,0 %	1,0 %
Mamema Invest AS	990	1,0 %	1,0 %
Andre	2 388	2,3 %	2,3 %
Totalt	101 697	100 %	100 %

Some of the members of management/directors have ownership shares and rights through private holding companies:

	Number of shares	Ownership share	Voting share
Odd Engelsgjerd, Board member:	10 030	10 %	10 %

Note 11- Equity

	Share capital	Share premium reserve	Accumulated losses	Total	Minority interest	Total equity
Equity per 01.01.	101 697	423 563 823	-175 815 441	247 850 079	-	247 850 079
Loss for the year			-29 945 540	-29 945 540		-29 945 540
Currency translation			683 795	683 795		683 795
Equity per 31.12.	101 697	423 563 823	-205 077 186	218 588 334	-	218 588 334



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Note 12 - Related parties

The group purchased consulting services worth NOK 2 202 187 from Wellwork Innovation AS in 2020. Wellwork Innovation owns 1,17% of the shares in HydraWell Holding AS.

Note 13 - Finance income and expenses

<i>Other finance income</i>	2020	2019
Currency gain	3 378 174	2 902 406
Other finance income	67 121	57 094
Total	3 445 295	2 959 500

<i>Other finance expense</i>	2020	2019
Currency loss	3 649 348	1 092 108
Other finance expense	217 920	23 547
Total	3 867 268	1 115 655

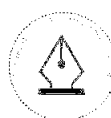
Note 14 - Subsequent event

During 2020 the spread of the corona virus (Covid 19) impacted an increasing number of countries with increasing severity. Hydrowell managed to maintain a reasonably solid order reserve and operating activities through 2020 despite the effects from travel restrictions, and general restrictions on movement of people and goods.

The Board of Directors and the management team of HydraWell have been working hard to assess and understand the impacts of this development on the business, and to identify mitigating factors that will ensure the company is able to withstand the current market conditions. As part of this, management has implemented a plan to reduce costs and postpone investments, and will take further action if necessary to ensure the required liquidity for continued operation.

HydraWell enables an efficient transition to a low carbon future. The company experiences that awareness is growing stronger around how to ensure O&G activities are shut down effectively. Also, the regulatory requirements has been more favourable for HydraWell in 2020. As a result, the activity has increased and is expected to remain high for the foreseeable future.

The Board believes the annual report provides a fair presentation of the Group's assets and debt, financial position and financial performance.



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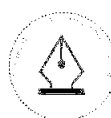
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HydraWell Holding AS - Financial statements

Income statement

REVENUE AND OPERATING EXPENSES	Note	2020	2019
Operating expenses			
Other operating expenses	2	1 253 394	932 156
Total operating expenses		1 253 394	932 156
OPERATING RESULT		-1 253 394	-932 156
FINANCIAL ITEMS			
Finance income			
Income from investments in subsidiaries		204 510	137 268
Other interest income		566	160
Total finance income		205 076	137 428
Financial expenses			
Impairment of financial assets		-	50 000 000
Interest expenses from group companies		137 145	4 000
Other financial expenses		95 908	41 755
Total financial expenses		233 053	50 045 755
NET FINANCIAL ITEMS		-27 977	-49 908 327
ORDINARY RESULT BEFORE TAX		-1 281 371	-50 840 483
Tax on ordinary result	3	-881 525	0
ORDINARY RESULT		-399 846	-50 840 483
NET PROFIT OR LOSS FOR THE YEAR		-399 846	-50 840 483
Allocated as follows			
Transferred to other equity	4	-399 846	-50 840 483
Total allocations		-399 846	-50 840 483



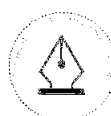
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Balance sheet as of December 31

ASSETS	Note	2020	2019
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax assets		881 525	-
Total intangible assets		881 525	-
Financial assets			
Investments in subsidiaries	5	368 109 054	368 109 054
Loan to entity in the same group		2 312 883	6 817 018
Total financial assets		370 421 937	374 926 072
TOTAL NON-CURRENT ASSETS		371 303 462	374 926 072
CURRENT ASSETS			
Receivables			
Other receivables from companies in the same group		0	58 248
Other receivables		38 349	0
Total receivables		38 349	58 248
Cash and cash equivalents	6	19 350	30 144
TOTAL CURRENT ASSETS		57 699	88 392
TOTAL ASSETS		371 361 161	375 014 464



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Balance sheet as of December 31

EQUITY AND LIABILITIES		2020	2019
EQUITY			
Paid-in capital			
Share capital	4, 7	101 697	101 697
Share premium	4	423 563 823	423 563 823
Total paid-in capital		423 665 520	423 665 520
Retained earnings			
Other equity	4	-53 110 409	-52 710 563
Total retained earnings		-53 110 409	-52 710 563
TOTAL EQUITY		370 555 111	370 954 957
LIABILITIES			
LONG TERM LIABILITIES			
Other long term debt		-	474 000
TOTAL LONG TERM LIABILITIES		-	474 000
SHORT TERM LIABILITIES			
Trade payables		163 750	93 750
Other short term liabilities		642 300	491 757
Loan from shareholders		0	3 000 000
TOTAL SHORT TERM LIABILITIES		806 050	3 585 507
TOTAL LIABILITIES		806 050	4 059 507
TOTAL EQUITY AND LIABILITIES		371 361 161	375 014 464

Tananger, 27 May 2021

Per-Ola Baalerud
Chairman of the Board

Odd Engelsgjerd
Member of the Board

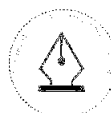
Børge R. Kolstad
Member of the
Board

Roy Inge Jensen
Member of the
Board

Shona Macfarlane Grant
Member of the Board

Christopher Teesdale
Member of the Board

Mark Sørheim
General Manager



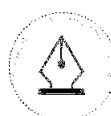
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Cash flow statement

Cash flow from operating activities	Note	2020	2019
Profit/(loss) before tax		-1 281 371	-50 840 483
Change in receivables		19 899	-25 673
Impairment financial assets		-	50 000 000
Change in trade payables		70 000	68 750
Changes in other current balance sheet items		150 543	41 757
Net cash flow from operating activities		-1 040 929	-755 649
Cash flow from investing activities			
Payments relating to business acquisitions		-	-
Receipt of dividends		-	-
Net cash flow from investing activities		-	-
Cash flow from financing activities			
Proceeds from share subscriptions	4	-	-
Loan to entity in same concern		4 504 135	-3 387 268
Loan from shareholders		-3 000 000	3 000 000
Change in long-term liabilities		-474 000	474 000
Net cash flow from financing activities		1 030 135	86 732
Net change in cash and cash equivalents		-10 794	-668 917
Cash and cash equivalents at 01.01.		30 144	669 061
Cash and cash equivalents at 31.12.		19 350	699 061



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Note 1

Accounting principles

General

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The company is the parent company of the group and prepares consolidated annual accounts.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Balance sheet valuation and classification

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Subsidiaries and investment in associate

Subsidiaries and investments in associates are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts.

Income tax

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

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments.



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Note 2 - Wage costs, number of employees, remuneration, loans to employees, auditor's fee etc.

The company does not have any employees and are therefore the law of mandatory pension arrangements is not applicable.

The general manager receives a salary from the subsidiary Hydra Well Intervention AS.

Auditor's fee	2020	2019
Statutory audit fee	189 696	157 799
Other services	182 550	66 000
Total	372 246	223 799

VAT is not included in the fees specified above

Management remuneration

Remuneration to the board of directors has in 2020 been NOK 867 300

Note 3 - Income taxes

Income tax expenses	2020	2019
Tax payable	-	-
Change in deferred tax	-881 525	-
Total income tax expense	-881 525	-

Calculation of tax basis

	2020	2019
Ordinary result before tax	-1 281 371	-50 840 483
Permanent differences	-	50 000 000
Tax basis	-1 281 371	-840 483

Temporary differences

Losses carried forward	-4 006 934	-2 725 563
Net temporary differences per 31.12	-4 006 934	-2 725 563
Deferred tax assets not recognized	-	-2 725 563
Total	-4 006 934	0

Deferred tax liability (asset)

-881 525 -

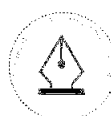
Note 4 - Equity

	Share capital	Share premium reserve	Other equity	Total equity
Equity per 01.01.2020	101 697	423 563 823	-52 710 563	370 954 957
Profit for the year	-	-	-399 846	-399 846
Equity per 31.12.2020	101 697	423 563 823	-53 110 409	370 555 111

Note 5 - Subsidiaries

Company / Location	Location	Share ownership	Voting rights	Profit 2020	Equity 31.12.2020	Book value 31.12.2020
Subsidiary:						
Hydra Well Intervention AS	Tananger	100 %	100 %	-29 720 481	203 108 451	368 109 054
Total				-29 720 481	203 108 451	368 109 054

Company / Location	Location	Share ownership	Voting rights	Profit 2020	Equity 31.12.2020
Subsidiaries held through subsidiaries:					
Hydra Systems AS	Tananger	100 %	100 %	5 809 744	561 048
HydraWell UK Ltd	Scotland	100 %	100 %	1 694 495	14 402 809
HydraWell Canada Ltd	Canada	100 %	100 %	-106 451	-3 643 050
Hydrawell USA Inc	USA	77 %	77 %	-724 692	-24 834 775



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Note 6 - Cash and cash equivalents

The company's has no restricted cash.

Note 7 - Share capital and shareholder information

The share capital in the parent company consists of 101 697 shares with par value NOK 1, resulting in a total share capital of NOK 101 697. There is only one class of shares.

The company's shareholders are:

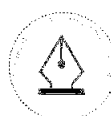
Shareholder name	Number of shares	Ownership share	Voting Share
Norvestor VII L.P	43 435	42,71 %	42,71 %
Norvestor VII OS L.P	13 740	13,51 %	13,51 %
Emc Invest AS	10 030	9,86 %	9,86 %
RR Invest Holding AS	9 905	9,74 %	9,74 %
Tananger Investering AS	4 952	4,87 %	4,87 %
Fonsmagna Invest AS	4 952	4,87 %	4,87 %
Sernet Invest AS	2 476	2,43 %	2,43 %
Pahs Holding AS	2 476	2,43 %	2,43 %
Ages Consulting AS	2 476	2,43 %	2,43 %
MG Southhome AS	1 697	1,67 %	1,67 %
Wellwork Innovation AS	1 190	1,17 %	1,17 %
Ors Invest AS	990	0,97 %	0,97 %
Mamema Invest AS	990	0,97 %	0,97 %
Andre	2 388	2,35 %	2,35 %
Total	101 697	100 %	100 %

Some of the members of management/directors have ownership shares and rights through private holding companies:

	Number of shares	Ownership share	Voting share
Odd Engelsgerd, Board member:	10 030	10 %	10 %

Note 8 - Covid-19

The global Covid-19 pandemic has resulted in challenging market conditions and a more uncertain market outlook. The Board of Directors and the management team of HydraWell have been working hard to assess and understand the impact of the pandemic for the HydraWell business. As a result, the company has in 2020 identified and implemented mitigating factors such as cost reductions and increased focus on digitalisation. The Board and management will continue to monitor the situation closely.



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Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of HydraWell Holding AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HydraWell Holding AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2020 and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report - HydraWell Holding AS

A member firm of Ernst & Young Global Limited

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Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Stavanger, 28 May 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jan Kvalvik
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: 24WVP-SQBUIH-84156-3BOFY-SZFEW-773TD



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Jan Kvalvik

Oppdragsansvarlig partner

Serienummer: 9578-5994-4-497669

IP: 79.160.xxx.xxx

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List of Signatures Page 1/1

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Grant, Shona Macfarlane	BANKID_MOBILE	2021-05-27 11:44 GMT+02
Engelsgjerd, Odd	BANKID_MOBILE	2021-05-27 11:17 GMT+02
Teesdale, Christopher	BANKID	2021-05-27 11:16 GMT+02
Baalerud, Per-Ola	BANKID_MOBILE	2021-05-27 11:09 GMT+02
Sørheim, Mark	BANKID_MOBILE	2021-05-27 14:57 GMT+02
Jensen, Roy Inge	BANKID_MOBILE	2021-05-27 14:45 GMT+02



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HydraWell Holding AS Annual Report 2020

Board of Directors' Report

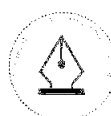
Group Annual Accounts 2020

- Statement of comprehensive income
- Statement of financial position (balance)
- Notes

Company Annual Accounts 2020

- The company income statement
- The company balance sheet
- Notes

Auditor's Report



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Board of Directors' Report HydraWell Holding AS

Scope of Business

HydraWell invented the PWC® technology and offers solutions that eliminates oil & gas leaks, reduces CO2 emissions and avoids hazardous waste disposal. The company has installed more than 400 plugs within Permanent Plug and Abandonment (PP&A), Slot Recovery, Zonal Isolation, Annular Integrity Testing and Well Remediation, many in challenging well conditions and configurations. The technology was first applied on the Norwegian continental shelf and has since become the favoured plugging method for several supermajors, majors, NOCs and independent oil companies worldwide.

The HydraWell group was established April 29th, 2016, and the headquarter is in Sola, Norway. The group includes the parent company HydraWell Holding AS and the subsidiary Hydra Well Intervention AS. In addition, the following entities are included as subsidiaries or sub-subsidiaries: Hydra Systems AS, HydraWell UK Ltd, HydraWell Canada Ltd and HydraWell USA Inc.

Statement of Income

HydraWell Holding financial statements for 2020 has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Operating Revenue

Actual turnover in the group was NOK 94.5 million in 2020 compared to NOK 104.8 million in 2019. The group has signed new contracts both locally and internationally that will support growth in revenue in the years to come.

Operating Result (EBITDA)

The group's earnings before interest, tax, depreciation, and amortization (EBITDA) was NOK 30.3 million in 2020 compared to NOK 9.5 million in 2019.

Depreciations

Depreciations of tangible fixed assets was NOK 5.1 million and amortization of intangible assets was NOK 60.1 million in 2020 which was similar to the depreciations made in the year before.

Net financial items and profit and after tax

Net financial items amounted to NOK -4.6 million compared to NOK -2.9 million in 2019. Profit before tax was NOK -39.5 million compared to NOK -58.6 million in 2019. Tax was NOK -9.6 million resulting in a net profit of NOK -29.9 million.

Cash flow and financial positions

Total cash flow from operations for the group was NOK 27.2 million. The difference between profit before tax and cash flow from operations is due to taxes, depreciations, and amortizations, change in inventories and changes in working capital. The cash flow from investment activities was NOK -4.6 million, which was related to purchase of tangible fixed assets related to tools for use in the operations. Cash flow from financing activities was NOK -27.7 million including changes in bank overdraft facility and repayment of long-term debt.

As at 31. December 2020, the group had bank deposits totalling NOK 6.0 million and bank overdraft liabilities of NOK 25.7 million.

Interest-bearing liabilities to financial institutions was NOK 58.9 million by 31.12.2020. Costs related to acquiring the long-term debt are capitalized and amortized over the loan period (5 years). The loan was refinanced in April 2021 on similar terms as the original loan.

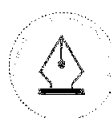
The group's current assets amounted to 9.8% of total assets per 31. December 2020. Total assets at the end of the year were NOK 363.2 million and the equity ratio was 60.2%.

The group has R&D activities and has had costs related to this in 2020.

The parent company HydraWell Holding AS had no revenue and an ordinary result of NOK -1.3 million in 2020. The parent company has no employees.

Going Concern

Based on the company's liquidity position and forecasted cash flows from operations, the Board confirms that the conditions for continued operation as a going concern are present for the company and the annual financial statement for 2020 has been prepared under this presumption. The company's bank loan has been refinanced in 2021.



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The Board believes the annual report provides a fair presentation of the Group's assets and debt, financial position, and financial performance.

Risk Factors

The group has exposure to market risk, credit risk, and liquidity risk. With regards to market risk, the group has exposure to currency and interest rate risk. Currency risk includes risk from contractual purchase or sale denominated in foreign currencies, in addition to foreign investments and future cash flow from these investments. The currency risk is reduced by having parts of the cost base in foreign currencies as well.

The loss on receivables has historically been low, and risk of losses on receivables is considered limited. The group considers its liquidity as acceptable.

Work Environment, Equality and Discrimination

Sick leave in the group was approximately 1.9% in 2020. During the course of the year, it has not occurred or been reported serious workplace accidents, which resulted in significant damage or injuries. The working environment is good, and improvements are being continuously evaluated and implemented.

The Board of HydraWell Holding AS consists of five male members and one female member. At the end of 2020, the group consisted of a total of 31 employees, including 4 women and 27 men. The goal is to be a workplace where there is full gender equality. The Board and management are aware of the societal expectations on measures to promote gender equality.

The Anti-Discrimination Act is to promote equality, ensure equal opportunities and rights and prevent discrimination based on ethnicity, national origin, ancestry, colour, language, religion and belief. The Group works actively, purposefully and systematically to promote the purpose within our business. The activities include recruitment, pay and working conditions, promotion, development and protection against harassment.

The group aims to be a workplace where there is no discrimination on grounds of disability. The group works actively and purposefully to design and facilitate the physical conditions so that the different functions can be used by as many people as possible. For employees or applicants with disabilities, individual arrangements are made with regards to workplace and work tasks.

The operations do not affect the external environment beyond the normal for the company business.

Outlook

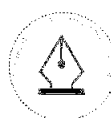
HydraWell's global market is expected to be growing in line with increased focus on ESG and sustainability. Also, the company is experiencing increased market acceptance of the patented PWC® technology in new regions. As the market leader within Plug and Abandonment in the North Sea, the group has a strong base for further expansion into new regions such as the Far and Middle East, North America and other. Based on the current demand from our customers, a focused organization, and unique products the group expects future growth, increased profitability and positive cash flow going forward.

Net Profit and Allocations

The Board proposes the following allocation of the loss for HydraWell Holding AS:

Transferred to other equity	NOK – 399 846
Total allocation	NOK – 399 846

No dividend is proposed in respect of the 2020 financial year.



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Tananger, 27 May 2021

Per-Ola Baalerud
Chairman

Odd Engelsingjerd
Board member

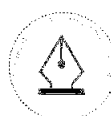
Roy Inge Jensen
Board member

Børge Richard Kolstad
Board member

Christopher Teesdale
Board member

Shona Macfarlane Grant
Board member

CEO, Mark Sørheim



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