



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

|                      |  |
|----------------------|--|
| Organisasjonsnummer: | 959 499 934                              |
| Organisasjonsform:   | Aksjeselskap                             |
| Foretaksnavn:        | FREUDENBERG OIL & GAS TECHNOLOGIES<br>AS |
| Forretningsadresse:  | Tollbugata 49<br>3044 DRAMMEN            |

### Regnskapsår

|                         |                         |
|-------------------------|-------------------------|
| Årsregnskapets periode: | 01.01.2019 - 31.12.2019 |
|-------------------------|-------------------------|

### Konsern

|                           |    |
|---------------------------|----|
| Morselskap i konsern:     | Ja |
| Konsernregnskap lagt ved: | Ja |

### Regnskapsregler

|  |                                    |
|--|------------------------------------|
| Regler for små foretak benyttet:                           | Ja                                 |
| 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: | Lisbeth Haugen |
| Dato for fastsettelse av årsregnskapet:  | 27.02.2020     |

### Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert  
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

*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, 29.04.2021



## Resultatregnskap

| Beløp i: NOK  | Note | 2019                | 2018                |
|---|------|---------------------|---------------------|
| <b>RESULTATREGNSKAP</b>   |      |                     |                     |
| <b>Inntekter</b>  |      |                     |                     |
| Salgsinntekt  | 9    | 26 207 715          | 33 955 311          |
| <b>Sum inntekter</b>  |      | <b>26 207 715</b>   | <b>33 955 311</b>   |
| <b>Kostnader</b>  |      |                     |                     |
| Varekostnad   | 9    |                     | 13 858 702          |
| Lønnskostnad  | 2    | 18 459 847          | 18 889 823          |
| Avskrivning   | 5    | 102 999             | 126 198             |
| Annen driftskostnad   | 2,9  | 6 590 346           | 7 446 942           |
| <b>Sum kostnader</b>  |      | <b>25 153 192</b>   | <b>40 321 665</b>   |
| <b>Driftsresultat</b>   |      | <b>1 054 523</b>    | <b>-6 366 354</b>   |
| <b>Finansinntekter og finanskostnader</b>                       |      |                     |                     |
| Renteinntekt fra foretak i samme konsern                        |      |                     | 12 941              |
| Annen finansinntekt   | 4    | 148 345 402         | 123 694 548         |
| Verdiøkning finansielle instrumenter vurdert til virkelig verdi |      | 65 982              |                     |
| <b>Sum finansinntekter</b>                                      |      | <b>148 411 384</b>  | <b>123 707 489</b>  |
| Rentekostnad til foretak i samme konsern                        | 4    |                     | 60 158              |
| Annen finanskostnad   | 4    | 240 556             | 1 386 620           |
| <b>Sum finanskostnader</b>                                      |      | <b>240 556</b>      | <b>1 446 778</b>    |
| <b>Netto finans</b>   |      | <b>148 170 828</b>  | <b>122 260 711</b>  |
| <b>Ordinært resultat før skattekostnad</b>                      |      | <b>149 225 351</b>  | <b>115 894 357</b>  |
| <b>Ordinært resultat etter skattekostnad</b>                    |      | <b>149 225 351</b>  | <b>115 894 357</b>  |
| <b>Årsresultat</b>  |      | <b>149 225 351</b>  | <b>115 894 357</b>  |
| <b>Overføringer og disponeringer</b>                            |      |                     |                     |
| Overføring til/fra annen egenkapital                            | 10   | -149 225 351        | -115 894 358        |
| <b>Sum overføringer og disponeringer</b>                        |      | <b>-149 225 351</b> | <b>-115 894 358</b> |



## Balanse

| Beløp i: NOK                                    | Note  | 2019               | 2018               |
|---|-------|--------------------|--------------------|
| <b>BALANSE - EIENDELER</b>                      |       |                    |                    |
| <b>Anleggsmidler</b>                            |       |                    |                    |
| <b>Immaterielle eiendeler</b>                   |       |                    |                    |
| <b>Varige driftsmidler</b>                      |       |                    |                    |
| Driftsløsøre, inventar, verktøy, kontormaskiner | 5     | 29 874             | 132 873            |
| <b>Sum varige driftsmidler</b>                  |       | <b>29 874</b>      | <b>132 873</b>     |
| <b>Finansielle anleggsmidler</b>                |       |                    |                    |
| Investering i datterselskap                     | 7     | 194 750 000        | 194 750 000        |
| <b>Sum finansielle anleggsmidler</b>            |       | <b>194 750 000</b> | <b>194 750 000</b> |
| <b>Sum anleggsmidler</b>                        |       | <b>194 779 874</b> | <b>194 882 873</b> |
| <b>Omløpsmidler</b>                             |       |                    |                    |
| <b>Varer</b>                                    |       |                    |                    |
| <b>Fordringer</b>                               |       |                    |                    |
| Kundefordringer                                 | 8     | 207 812            | 896 158            |
| Andre fordringer                                | 8     | 9 068 887          | 9 204 015          |
| <b>Sum fordringer</b>                           |       | <b>9 276 699</b>   | <b>10 100 173</b>  |
| <b>Bankinnskudd, kontanter og lignende</b>      |       |                    |                    |
| Bankinnskudd, kontanter og lignende             | 3     | 673 090            | 673 969            |
| <b>Sum bankinnskudd, kontanter og lignende</b>  |       | <b>673 090</b>     | <b>673 969</b>     |
| <b>Sum omløpsmidler</b>                         |       | <b>9 949 789</b>   | <b>10 774 142</b>  |
| <b>SUM EIENDELER</b>                            |       | <b>204 729 663</b> | <b>205 657 015</b> |
| <b>BALANSE - EGENKAPITAL OG GJELD</b>           |       |                    |                    |
| <b>Egenkapital</b>                              |       |                    |                    |
| <b>Innskutt egenkapital</b>                     |       |                    |                    |
| Aksjekapital                                    | 10,11 | 4 165 000          | 4 165 000          |



## Balanse

| <b>Beløp i: NOK</b>                 | <b>Note</b> | <b>2019</b>        | <b>2018</b>        |
|-------------------------------------|-------------|--------------------|--------------------|
| Overkurs                            | 10          | 73 663 802         | 73 663 802         |
| <b>Sum innskutt egenkapital</b>     |             | <b>77 828 802</b>  | <b>77 828 802</b>  |
| <b>Opptjent egenkapital</b>         |             |                    |                    |
| Annen egenkapital                   | 10          | 122 842 575        | 121 823 206        |
| <b>Sum opptjent egenkapital</b>     |             | <b>122 842 575</b> | <b>121 823 206</b> |
| <b>Sum egenkapital</b>              |             | <b>200 671 377</b> | <b>199 652 008</b> |
| Andre avsetninger for forpliktelser | 13          |                    |                    |
| <b>Sum langsiktig gjeld</b>         |             | <b>0</b>           | <b>0</b>           |
| <b>Kortsiktig gjeld</b>             |             |                    |                    |
| Leverandørgjeld                     | 8           | 407 999            | 1 291 975          |
| Skyldige offentlige avgifter        | 3           | 1 276 151          | 1 399 121          |
| Annen kortsiktig gjeld              |             | 2 374 136          | 3 313 911          |
| <b>Sum kortsiktig gjeld</b>         |             | <b>4 058 286</b>   | <b>6 005 007</b>   |
| <b>Sum gjeld</b>                    |             | <b>4 058 286</b>   | <b>6 005 007</b>   |
| <b>SUM EGENKAPITAL OG GJELD</b>     |             | <b>204 729 663</b> | <b>205 657 015</b> |



**Freudenberg Oil & Gas Technologies AS**

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## **Annual report 2019**

**Board of directors' report**

**Annual accounts**

- **Income statement**
- **Balance sheet**
- **Notes**

**Auditors' report**



Annual Report Freudenberg Oil & Gas Technologies AS

## **BOARD OF DIRECTORS REPORT 2019** **Freudenberg Oil & Gas Technologies AS**

### **BUSINESS ACTIVITIES and PLACE OF BUSINESS**

The company's business is mainly focus on development and customer support activities. Service for compact flanges (SPO) and connectors for the oil & gas, chemical, petrochemical industries and other industries worldwide. The highly qualified employees deliver engineering services within specific areas for the oil & gas industry.

The Company has its place of business in Drammen, Norway.

### **GOING CONCERN**

With reference to the Account Act §3-3 the Board is of the opinion, that the Company's financial situation and plan support the going concern assumption when preparing the financial statements for 2019.

The Board considers the financial situation of the Company to be satisfactory and the financial statement gives a true and correct picture of the financial status as of 31.12.2019 including the results and the cash flow for the period.

### **RESEARCH & DEVELOPMENT**

The Company has some activities related to testing and development of technology in relation to its products.

### **FINANCIAL / OPERATIONAL**

Despite another challenging year in the Norwegian Oil & Gas market, focus on operational excellence. Total revenues for the Company were MNOK 26,2 compared to 34 in 2018. Operating result was MNOK 1,05 compared with MNOK -6,4 in 2018. The decline in turnover must be set in connection with the restructuring of operations. Production and sales are moved to our sister company in Wales. The Gross Margin is transferred to FOGT Drammen. Profit before tax from continuing operations was MNOK 149,2 in 2019.

The total cash as of 31.12.2019 was MNOK 0,67 The company is included in the group's cash pool. This is classified as other receivables. The Company has no longer term debt.

The Company's total assets at the end of the year were MNOK 204.7 compared to MNOK 205.7 as of 31.12.2018, with an equity percentage of 97% in 2019 compared to 97% in 2018.



## FINANCIAL RISKS

### *Market risk*

The Company is exposed to fluctuations in exchange rates, particularly GBP, as 99% of the Company's revenues are in GBP. Currency exposure is managed at company level. EURO is included in the cash pool in Freudenberg Oil & Gas GmbH.

The Company's main activities are primarily related to changes in the oil price which impacts investments and need for maintenance in the oil & gas industry. In addition to oil price the activities of the Company are impacted by political stability, economic growth, and other macroeconomic conditions.

### *Brexit and Gross Margins transfer:*

Our products must be purchased from our sister company in UK.

Brexit may have an impact on revenue, since revenue calculation is based on internal sales in UK and export from the UK.

### *Credit risk*

The Company has the main risk in intercompany customers. All intercompany financial activity is taken care of in a intercompany netting system.

### *Liquidity risk*

The Company's liquidity is satisfactory. Focus on improved working capital management will continue in 2020. The Company is included in the Freudenberg Oil & Gas GmbH cash pool, which has secure access to liquidity.

### *Possibility for claim*

Venator material UK Limited ("Venator") has asserted a warranty claim against FOGT in connection with supply of SPO flanges and related services. In the context of that claim, Venator asserts that FOGT is liable for the breach of contract and/or breach of duty of care and seeks damages in the sum of £ 116.291,52 (NOK 1.348.237) (being the value if the goods and services in question) and consequential losses of £ 960.000 (NOK 11.129.856). FOGT Management denies the validity of the claim in its entirety. Additionally, FOGT's Contract with Venator limits liability to the purchase order value. As of the date of the Financial Statement, the matter is in the pre-action phase and it is currently not known whether or not this matter will result in proceedings.

## EMPLOYEES and ENVIRONMENT

As per 31.12.2019 the company has 19 employees of which 6 were female.

Compensation and positions are determined based on qualifications and experience. It is Company's ambition to treat all equal, regardless of gender, age, race, ethnic background, handicaps and sexual orientation with respect to compensation, promotion or recognition. The Company has a satisfactory balance between men and women but will aim for more females in leading positions. The Board considers the working environment to be good.

During the year, the Company had absenteeism of 10,5%, of which the short-term absenteeism (1-16 days) was 2,4%. The Company had no in-house incidents in 2019.

The Company's activities do not expose the environment to pollution. No particular procedures have thus been implemented.



**THE RESULT FOR THE YEAR AND DISPOSITION OF THE RESULT**

It is suggested that the result for the year, NOK will be transferred as follow:

To other equity NOK 149 225 351

**THE FUTURE**

The market outlook for 2020: It is expected an increasing in activities in 2020 in the geographical markets where the Company operates.

Houston the 24<sup>th</sup> of February 2020

Craig Thomas Barnhart  
Board member

Jason Clay Kollatschny  
Chairman

Lars Axel Kummeneje  
Board member

Jøf Jarle Grødeland  
Board member



## Freudenberg Oil & Gas Technologies AS

### Income statement

|  | Note | 2019               | 2018               |
|--|------|--------------------|--------------------|
| <b>Revenue</b>                                       |      |                    |                    |
| Sales revenue  | 9    | <u>26 207 715</u>  | <u>33 955 311</u>  |
| <b>Operating expenses</b>                            |      |                    |                    |
| Cost of stocks                                       | 9    | 0                  | 13 858 701         |
| Payroll expenses                                     | 2    | 18 459 847         | 18 889 822         |
| Depreciation of tangible and intangible fixed assets | 5    | 102 999            | 126 198            |
| Other operating expenses                             | 2, 9 | <u>6 590 346</u>   | <u>7 446 943</u>   |
| Total operating expenses                             |      | <u>25 153 192</u>  | <u>40 321 664</u>  |
| Operating result                                     |      | <u>1 054 523</u>   | <u>-6 366 354</u>  |
| <b>Financial income and expenses</b>                 |      |                    |                    |
| Interest income from group companies                 |      | 0                  | 12 941             |
| Other financial income                               | 4    | 148 345 402        | 123 694 548        |
| Changes in market value of financial instruments     |      | 65 982             | 0                  |
| Interest paid to group companies                     | 4    | 0                  | 60 158             |
| Other financial expenses                             | 4    | <u>240 556</u>     | <u>1 386 620</u>   |
| Net financial items                                  |      | <u>148 170 828</u> | <u>122 260 712</u> |
| Ordinary result before tax                           |      | <u>149 225 351</u> | <u>115 894 358</u> |
| <b>Net profit or loss for the year</b>               |      | <u>149 225 351</u> | <u>115 894 358</u> |
| <b>Allocated as follows</b>                          |      |                    |                    |
| Transferred to other equity                          | 10   | <u>149 225 351</u> | <u>115 894 358</u> |



**Freudenberg Oil & Gas Technologies AS**

**Balance sheet as of December 31**

|   | Note | 2019               | 2018               |
|---|------|--------------------|--------------------|
| <b>Fixed assets</b>                                 |      |                    |                    |
| <i>Tangible assets</i>                              |      |                    |                    |
| Fixtures and fittings, tools, office machinery etc. | 5    | 29 874             | 132 873            |
| Total tangible assets                               |      | <u>29 874</u>      | <u>132 873</u>     |
| <i>Financial assets</i>                             |      |                    |                    |
| Investments in subsidiaries                         | 7    | 194 750 000        | 194 750 000        |
| Total financial assets                              |      | <u>194 750 000</u> | <u>194 750 000</u> |
| Total fixed assets                                  |      | <u>194 779 874</u> | <u>194 882 873</u> |
| <b>Current assets</b>                               |      |                    |                    |
| <i>Receivables</i>                                  |      |                    |                    |
| Trade receivables                                   | 8    | 207 812            | 896 158            |
| Other receivables                                   | 8    | 9 068 887          | 9 204 015          |
| Total accounts receivable                           |      | <u>9 276 699</u>   | <u>10 100 173</u>  |
| Cash and cash equivalents                           | 3    | 673 090            | 673 969            |
| Total current assets                                |      | <u>9 949 790</u>   | <u>10 774 142</u>  |
| Total assets  |      | <u>204 729 664</u> | <u>205 657 015</u> |



**Freudenberg Oil & Gas Technologies AS**

**Balance sheet as of December 31**

|                              | Note   | 2019               | 2018               |
|------------------------------|--------|--------------------|--------------------|
| <b>Equity</b>                |        |                    |                    |
| <i>Paid-in capital</i>       |        |                    |                    |
| Share capital                | 10, 11 | 4 165 000          | 4 165 000          |
| Share premium reserve        | 10     | 73 663 802         | 73 663 802         |
| Total paid-in capital        |        | <u>77 828 802</u>  | <u>77 828 802</u>  |
| <i>Retained earnings</i>     |        |                    |                    |
| Other equity                 | 10     | <u>122 842 575</u> | <u>121 823 206</u> |
| Total retained earnings      |        | <u>122 842 575</u> | <u>121 823 206</u> |
| Total equity                 |        | <u>200 671 377</u> | <u>199 652 008</u> |
| <b>Liabilities</b>           |        |                    |                    |
| <i>Provisions</i>            |        |                    |                    |
| Other provisions             | 13     | <u>0</u>           | <u>0</u>           |
| Total provisions             |        | <u>0</u>           | <u>0</u>           |
| <i>Current liabilities</i>   |        |                    |                    |
| Trade creditors              | 8      | 407 999            | 1 291 976          |
| Public duties payable        | 3      | 1 276 151          | 1 399 121          |
| Other short-term liabilities |        | <u>2 374 136</u>   | <u>3 313 910</u>   |
| Total current liabilities    |        | <u>4 058 286</u>   | <u>6 005 007</u>   |
| Total liabilities            |        | <u>4 058 286</u>   | <u>6 005 007</u>   |
| Total equity and liabilities |        | <u>204 729 664</u> | <u>205 657 015</u> |

Drammen, 24 February 2020

  
Jason Clay Kollatschny  
Chairman

  
Lars Axel Kummeneje  
Board member

  
Craig Thomas Barnhart  
Board member

  
Leif-Jarle Grødeland  
Board member



## Freudenberg Oil & Gas Technologies AS

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### Notes to the accounts for 2019

#### Note - 1 Accounting Principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles.

##### *Subsidiaries and investment in associate*

Subsidiaries and investments in associate 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.

##### *Sales revenue*

Sales revenues are recognized at the time of delivery. Revenue from services are recognized at execution. The share of sales revenue associated with future services are recorded in the balance sheet as deferred sales revenue, and are recognized at the time of execution.

##### *Balance sheet 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.

Fixed assets are valued by the cost of acquisition, in the case of non-incidental reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

##### *Trade and other receivables*

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

##### *Inventories*

Inventories are valued at the lower of cost or market value. Cost is estimated using the FIFO method. Finished goods and work in progress are valued at full production cost. Write-downs are carried out for foreseeable obsolescence.

##### *Foreign currency translation*

Foreign currency transactions are translated using the year end exchange rates.

##### *Property, plant and equipment*

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the 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 selling price and value in use. In assessing value in use, the estimated future



## Freudenberg Oil & Gas Technologies AS

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### Notes to the accounts for 2019

cash flows are discounted to their present value.

#### *Income tax*

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balance out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To what extent group contribution not is registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

#### *Use of estimates*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

Contingent losses that are probable and quantifiable is expensed as occurred.



**Freudenberg Oil & Gas Technologies AS**

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**Notes to the accounts for 2019**

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

| <i>Payroll expenses</i> | <b>2019</b>       | <b>2018</b>       |
|-------------------------|-------------------|-------------------|
| Salaries                | 15 076 625        | 23 296 311        |
| Social security fees    | 2 436 185         | 3 129 859         |
| Pension expenses        | 947 037           | 1 183 159         |
| Other payments          | 0                 | 908 691           |
| Total                   | <u>18 459 847</u> | <u>28 518 020</u> |

The average number of employees 20 23

The company's pension schemes meet the requirements of the law on compulsory occupational pension.

*Management remuneration*

The company does not have a Chief Executive Officer.

No loans/securities have been granted to the Board chairman, board members, the employees or other related parties.

| <i>Auditor fee has been divided as follows</i> | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| Audit fee                                      | 200 000     | 205 800     |
| Other services                                 | 75 263      | 163 995     |

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

**Note 3 - Restricted bank deposits**

|                                 | <b>2019</b> |
|---------------------------------|-------------|
| Bank account for employment tax | 673 090     |



## Freudenberg Oil & Gas Technologies AS

### Notes to the accounts for 2019

#### Note 4 - Items consisting of consolidated amounts

|                                     | 2019               | 2018               |
|-------------------------------------|--------------------|--------------------|
| <i>Other financial income</i>       |                    |                    |
| Interest income                     | 19 813             | 7 791              |
| Agio                                | 119 607            | 792 403            |
|                                     | 0                  | 0                  |
|                                     | <u>148 345 402</u> | <u>123 694 549</u> |
| <br><i>Other financial expenses</i> |                    |                    |
| Interest charges                    | 7 370              | 5 329              |
| Disagio                             | 169 113            | 1 381 291          |
|                                     | 0                  | 0                  |
|                                     | <u>240 556</u>     | <u>1 386 620</u>   |

#### Note 5 - Tangible assets

|                               | Land,<br>buildings and<br>other property | Machinery and<br>plant etc. | Total      |
|-------------------------------|--|-----------------------------|------------|
| Acquisition cost 01.01.       | 74 232                                   | 3 084 238                   | 3 158 470  |
| Acquisition cost 31.12.       | 74 232                                   | 3 084 238                   | 3 158 470  |
| Acc.depreciation 31.12.       | -63 922                                  | -3 064 674                  | -3 128 596 |
| Net carrying amount at 31.12. | 10 310                                   | 19 564                      | 29 874     |
| <br>Depreciation for the year | 24 744                                   | 78 255                      | 102 999    |
| <br>Useful economic life      | 5 years                                  | 3-5 years                   |            |
| Amortization plan             | Linear                                   | Linear                      |            |



**Freudenberg Oil & Gas Technologies AS**

**Notes to the accounts for 2019**

**Note 6 - Income taxes**

| <i>Tax base estimation</i>                                    | <b>2019</b>  | <b>2018</b>  |
|---|--------------|--------------|
| Ordinary result before tax                                    | 149 225 351  | 115 894 358  |
| Permanent differences   | 0            | 12 339       |
| Reverse write down of shares                                  | -65 981      | 0            |
| Loss on disposal of shares, book value                        | 64 073       | 0            |
| 3 % of dividend from subsidiary                               | 4 446 179    | 3 686 831    |
| Dividend from subsidiary                                      | -148 205 982 | -122 894 355 |
| Change in temporary differences                               | -75 980      | 3 119 945    |
| General income  | 5 387 660    | -180 882     |
| Changes in tax loss carryforward                              | -5 387 660   | 180 882      |
| Taxable income (basis for payable taxes in the balance sheet) | 0            | 0            |

| <i>Temporary differences outlined</i>          | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| Fixed assets                                   | -678 218    | -798 352    |
| Inventories                                    | -4 821 329  | -4 876 962  |
| Receivables                                    | -199 787    | -100 000    |
| Total temporary differences                    | -5 699 334  | -5 775 314  |
| Loss carried forward                           | -17 622 021 | -23 009 681 |
| Basis for deferred tax                         | -23 321 355 | -28 784 995 |
| Deferred tax benefit (22 % this and last year) | -5 130 698  | -6 332 699  |

The reason deferred tax benefit are not reflected in the balance sheet is that historical results create doubt that future taxable profits will be sufficient to utilize the tax benefit.



## Freudenberg Oil & Gas Technologies AS

### Notes to the accounts for 2019

#### Note 7 - Investment in subsidiaries and associate

| Company                         | Acquisition year | Location | Share owners | Net profit 2019 | Equity 31.12 | Book value 31.12 |
|---------------------------------|------------------|----------|--------------|-----------------|--------------|------------------|
| Freudenberg Oil & Gas Tech. Ltd | 2012             | UK       | 100 %        | 77 022 243      | 258 678 595  | 194 750 000      |

#### Note 8 - Intercompany balance group company and associate

| Receivables                                | 2019             | 2018             |
|--|------------------|------------------|
| Accounts receivables                       | 207 812          | 301 634          |
| Other receivables Group included cash pool | 5 899 690        | 7 317 713        |
| Total                                      | <u>6 107 502</u> | <u>7 619 347</u> |

| Payables        | 2019   | 2018    |
|-----------------|--------|---------|
| Trade creditors | 38 434 | 697 853 |

#### Note 9 - Transactions with related parties

All transactions with related parties have been carried out as part of the ordinary operations and arm-length prices. The most significant transactions are as follows:

| Sales to:                          | 2019              | 2018             |
|------------------------------------|-------------------|------------------|
| GB Freudenberg Oil & Gas tech. Ltd | 27 426 405        | 7 431 844        |
| US Freudenberg Oil & Gas LLC       | 0                 | 116 523          |
| NO Vestpak AS                      | 0                 | 48 432           |
|                                    | <u>27 426 405</u> | <u>7 596 799</u> |

| Purchase of goods:                 | 2019 | 2018       |
|------------------------------------|------|------------|
| GB Freudenberg Oil & Gas tech. Ltd | 0    | 14 471 815 |

| Purchase of services:                  | 2019             | 2018             |
|--|------------------|------------------|
| DE Freudenberg Oil & Gas GmbH          | 61 904           | 154 728          |
| US Freudenberg Oil & Gas LLC           | 3 375 271        | 3 193 450        |
| Freudenberg & Co, Komanditgesellschaft | 0                | 5 074            |
|  | <u>3 437 175</u> | <u>3 353 252</u> |



## Freudenberg Oil & Gas Technologies AS

### Notes to the accounts for 2019

#### Note 10 - Owners equity

|  | Share capital    | Share premium reserve | Other equity       | Total              |
|--|------------------|-----------------------|--------------------|--------------------|
| Owners equity 01.01.                   | 4 165 000        | 73 663 802            | 121 823 206        | 199 652 008        |
| Profit for the year                    | 0                | 0                     | 149 225 351        | 149 225 351        |
| Extraordinary dividend during the year | 0                | 0                     | -148 205 982       | -148 205 982       |
| <b>Owners equity 31.12.</b>            | <b>4 165 000</b> | <b>73 663 802</b>     | <b>122 842 575</b> | <b>200 671 377</b> |

#### Note 11 - Share capital and shareholder information

##### Share capital:

|                 | Number of shares | Nominal value | Book value |
|-----------------|------------------|---------------|------------|
| Ordinære aksjer | 8 330            | 500 kr        | 4 165 000  |

##### Shareholders per 31.12:

|  | Ordinary shares | Ownership share | Voting rights |
|--|-----------------|-----------------|---------------|
| Freudenberg Oil & Gas Technology GmbH, Germany | 8 330           | 100 %           | 100 %         |

#### Note 12 - Consolidated Financial Statement

Freudenberg Oil & Gas Technologies AS is a subsidiary of Freudenberg Oil & Gas Technologies GMBH. Consolidated financial statements are prepared by the parent company, and can be accessed at Tollbugata 49, 3044 Drammen, Norway.

#### Note 13 - Other commitments

Venator material UK Limited ("Venator") has asserted a warranty claim against FOGT in connection with supply of SPO flanges and related services. In the context of that claim, Venator asserts that FOGT is liable for the breach of contract and/or breach of duty of care and seeks damages in the sum of £ 116.291,52 (NOK 1.348.237) (being the value if the goods and services in question) and consequential losses of £ 960.000 (NOK 11.129.856). FOGT Management denies the validity of the claim in its entirety. Additionally, FOGT's Contract with Venator limits liability to the purchase order value. As of the date of the Financial Statement, the matter is in the pre-action phase and it is currently not known whether or not this matter will result in proceedings.



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working world

Statsautoriserte revisorer  
Ernst & Young AS

Engene 22, NO-3015 Drammen  
Postboks 560 Brakerøya, NO-3002 Drammen

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Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Freudenberg Oil & Gas Technologies AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Freudenberg Oil & Gas Technologies AS, which comprise the balance sheet as at 31 December 2019, the income statement, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

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

#### Other information

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

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

#### Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Peritoo Dokumentnøkkel: AUGEC-ENQNJ-QYUJI-XAIDS-OMGST-CH6QZ



## Report on other legal and regulatory requirements

### 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.

Drammen, 27 February 2020  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Linn Cecilie Mathisen  
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: AUGE-ENQNJ-QYUJ-XAID5-OMGST-CH6QZ



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## Linn Cecilie Mathisen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5993-4-2836072

IP: 145.62.xxx.xxx

2020-02-27 09:38:17Z



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**Skattedirektoratet**

|  |                                   |                              |
|--|-----------------------------------|------------------------------|
| Saksbehandler<br>Torstein Kinden Helleland | Deres dato<br>03.04.2013          | Vår dato<br>08.04.2013       |
| Telefon<br>22078139                        | Deres referanse<br>John E. Larsen | Vår referanse<br>2013/239789 |

VECTOR AS  
Postboks 2176  
3003 DRAMMEN

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Vector AS, org. nr. 959 499 934**

Det vises til deres brev av 3. april 2013 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Vector AS.

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

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

**Bakgrunn**

Vector AS er eiet av Vector Technology Group AS som i vedtak (2011/1150170) av 8. desember 2011 fikk dispensasjon fra kravet til norsk språk. Morselskapet er et holdingselskap og er eier av Vector AS, Vector International UK Ltd. (UK) og Vector Group Inc (USA). Vector Technology Group AS ble i januar 2013 solgt til det tyske industriselskapet Freudenberg & Co. Vector AS leverer varer hovedsakelig til utenlandske kunder og opererer således i en bransje av sterk internasjonal karakter. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk. Den norske versjonen utarbeides kun for å tilfredsstille regnskapsloven.

**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*

|   |  |  |
|---|--|--|
| Postadresse<br>Postboks 9200 Grønland<br>0134 Oslo<br>For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> | Besøksadresse:<br>Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a><br>Org.nr: 996250318 | Sentralbord<br>800 80 000<br>Telefaks<br>22 17 08 60 |
|---|--|--|



*gi grunnlag for riktigprising 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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet indirekte er eiet av et utenlandsk selskap og all rapportering gjøres på engelsk. Selskapet benytter engelsk som arbeidsspråk og opererer i en internasjonal bransje. Videre er det vektlagt at det norske morselskapet tidligere har fått dispensasjon fra kravet til norsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland