

Soil Recovery A/S

**Nederbyvej 12
5800 Nyborg**

CVR no. 10 37 60 84

**Annual report for the period
1 January to 31 December 2019**

Adopted at the annual general
meeting on 31 August 2020



Robbert Oudendijk
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Soil Recovery A/S for the financial year 1 January - 31 December 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

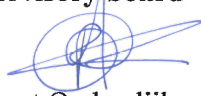
Nyborg, 31 August 2020

Executive board



Gordon Duthie
Managing director

Supervisory board



Robbert Oudendijk
chairman



Gordon Duthie



Trevor Brian Martin

Independent auditor's report

To the shareholder of Soil Recovery A/S

Opinion

We have audited the financial statements of Soil Recovery A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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 in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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 in preparing the financial statements 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 contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, 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 management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Odense, 31 August 2020

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Schougaard Sørensen
statsaut. Revisor
MNE no. mne32129

Company details

The company

Soil Recovery A/S
Nederbyvej 12
5800 Nyborg

Telephone: +45 62 25 13 58

Website: soil-recovery.dk

CVR no.: 10 37 60 84

Reporting period: 1 January - 31 December 2019

Incorporated: 15. August 1986

Domicile: Nyborg

Supervisory board

Robbert Oudendijk, chairman
Gordon Duthie
Trevor Brian Martin

Executive board

Gordon Duthie

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Englandsgade 25
5100 Odense C

Management's review

Business review

Soil Recovery A/S carries on business within development, construction, sale and operation of plants relating to heat treatment, including, especially, distillation and hightemperature incineration. Further, Soil Recovery A/S leases offshore containers and automatic tank cleaning units for cleaning mud and oil tanks on offshore supply vessels.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Financial review

The company's income statement for the year ended 31 December 2019 shows a profit of DKK 10,130,480, and the balance sheet at 31 December 2019 shows equity of DKK 46,471,345.

Management considers the company's financial performance in the year satisfactory considering the market situation.

Significant events occurring after the end of the financial year

After the balance sheet date the world and global economy has been challenged by the COVID-19 situation. The situation has affected the turnover and earnings in 2020 negatively. It has no impact on the figures in the annual report for 2019.

Outlook

In 2020, the turnover is expected to decline compared to 2019. On the basis a lower profit is expected than in 2019.

Income statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit		27,525,767	21,829,471
Staff costs	1	-14,287,974	-14,770,348
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-59,068	-1,622,250
Profit/loss before net financials		13,178,725	5,436,873
Financial income	3	363,776	1,063,792
Financial costs	4	-199,657	-66,978
Profit/loss before tax		13,342,844	6,433,687
Tax on profit/loss for the year	5	-3,212,364	-1,570,281
Profit/loss for the year		10,130,480	4,863,406
Proposed dividend for the year		15,000,000	6,500,000
Retained earnings		-4,869,520	-1,636,594
		10,130,480	4,863,406

Balance sheet 31 December

	Note	2019 DKK	2018 DKK
Assets			
Land and buildings		277,789	277,789
Plant and machinery		0	59,068
Tangible assets	6	<u>277,789</u>	<u>336,857</u>
Total non-current assets		<u>277,789</u>	<u>336,857</u>
Work in progress		1,245,435	3,587,917
Raw materials and consumables		17,235,119	19,133,755
Inventory		<u>18,480,554</u>	<u>22,721,672</u>
Trade receivables		2,417,025	4,856,686
Deferred income		1,605,000	0
Receivables from subsidiaries		26,010,884	5,581,536
Other receivables		486,558	223,585
Deferred tax asset	7	976,638	1,151,539
Receivables		<u>31,496,105</u>	<u>11,813,346</u>
Cash at bank and in hand		<u>5,837,194</u>	<u>14,184,872</u>
Total current assets		<u>55,813,853</u>	<u>48,719,890</u>
Total assets		<u><u>56,091,642</u></u>	<u><u>49,056,747</u></u>

Balance sheet 31 December

	Note	2019 DKK	2018 DKK
Equity and liabilities			
Share capital		5,000,000	5,000,000
Retained earnings		26,471,345	31,340,865
Proposed dividend for the year		15,000,000	6,500,000
Equity	8	46,471,345	42,840,865
Trade payables		1,419,617	945,089
Payables to subsidiaries		2,042,323	242,649
Income taxes payable		2,420,898	1,304,479
Other payables		3,737,459	3,723,665
Total current liabilities		9,620,297	6,215,882
Total liabilities		9,620,297	6,215,882
Total equity and liabilities		56,091,642	49,056,747
Contingent liabilities	9		
Mortgages and collateral	10		
Related parties and ownership structure	11		

Notes

	2019 DKK	2018 DKK
1 Staff costs		
Wages and salaries	13,011,639	13,578,143
Pensions	1,006,293	994,810
Other social security costs	270,042	197,395
	<u>14,287,974</u>	<u>14,770,348</u>
 Average number of employees	 <u>25</u>	 <u>24</u>
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation tangible assets	59,068	1,622,250
	<u>59,068</u>	<u>1,622,250</u>
3 Financial income		
Interest received from subsidiaries	55,756	31,894
Other financial income	105,448	91,981
Exchange adjustments	202,572	939,917
	<u>363,776</u>	<u>1,063,792</u>
4 Financial costs		
Other financial costs	199,657	47,228
Interest surcharges and tax recognised under net financials	0	19,750
	<u>199,657</u>	<u>66,978</u>
5 Tax on profit/loss for the year		
Current tax for the year	2,793,333	1,747,068
Deferred tax for the year	174,901	-327,313
Adjustment of tax concerning previous years	244,130	0
Foreign tax contribution	0	150,526
	<u>3,212,364</u>	<u>1,570,281</u>

Notes

6 Tangible assets

	Land and buildings	Plant and machinery
Cost at 1 January 2019	4,009,104	51,797,489
Disposals for the year	0	-9,004,886
Cost at 31 December 2019	4,009,104	42,792,603
Impairment losses and depreciation at 1 January 2019	3,731,315	51,738,421
Depreciation for the year	0	59,068
Depreciation of sold assets	0	-9,004,886
Impairment losses and depreciation at 31 December 2019	3,731,315	42,792,603
Carrying amount at 31 December 2019	277,789	0

Notes

	2019 DKK	2018 DKK
7 Provision for deferred tax		
Provision for deferred tax at 1 January 2019	1,151,539	824,226
Deferred tax adjustments in the year	-174,901	327,313
Provision for deferred tax at 31 December 2019	976,638	1,151,539

8 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2019	5,000,000	31,340,865	6,500,000	42,840,865
Ordinary dividend paid	0	0	-6,500,000	-6,500,000
Net profit/loss for the year	0	-4,869,520	15,000,000	10,130,480
Equity at 31 December 2019	5,000,000	26,471,345	15,000,000	46,471,345

The share capital consists of 5,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

9 Contingent liabilities

The company is jointly taxed with its sister, Subseaflex Holding ApS, which acts as management company, and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

The Company is a part of a cashpool agreement with other companies in the National Oilwell Varco Group and is jointly and severally liable with other group companies for the outstanding credit under the agreement.

Notes

10 Mortgages and collateral

The company has issued an owner's mortgage (bill of sale) at a value of USD 500,000, secured on treatment plant no. SR 0319.

11 Related parties and ownership structure

Controlling interest

Ultimate parent
National Oilwell Varco, Inc
Houston, Texas, USA

Other related parties

Participating interest
Tuboscope Vetco (Deutschland) GmbH
Celle, Germany

Transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Act.
All transactions have been carried out on an arm's length basis.

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Tuboscope Vetco (Deutschland) GmbH, Celle, Germany

Consolidated financial statements

The company is reflected in the group report of the parent company's consolidated financial statements.

The group report of can be obtained at the following address:

National Oilwell Varco, Inc, Houston, Texas, USA - www.nov.com

Tuboscope Vetco (Deutschland) GmbH, Celle, Germany - www.unternehmensregister.de

Accounting policies

The annual report of Soil Recovery A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on incoterms® 2010.

Income from the rendering of service is recognised as revenue as the service is rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage of completion method).

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation

Depreciation comprises the year's depreciation of property, plant and equipment.

The cost for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patent, rights and licences.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, exchange adjustments as well as surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

The entity is jointly taxed with other group entities. The total Danish Income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs.

Other development costs are recognised in the income statement as incurred. Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of the development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 5 years.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Completed development projects	5 years
Land and buildings	15 years
Plant and machinery	3-8 years
Other fixtures, fittings, tools and equipment	5 years

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price and the value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life. Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventory

Inventory are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

Accounting policies

The net realisable value of inventory is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Deferred income

Deferred income recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.