

SubSeaFlex Holding ApS

**Priorparken 480
2605 Brøndby**

CVR no. 11 93 19 79

**Annual report for the period
1 January to 31 December 2022**

Adopted at the annual general
meeting on 15 June 2023



Trevor Brian Martin
chairman

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Statement by management on the annual report

The Executive Board has today discussed and approved the annual report of SubSeaFlex Holding ApS for the financial year 1 January - 31 December 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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.

Brøndby, 15 June 2023

Executive board



Trevor Brian Martin
Director



Christopher Paul O'Neill
Director

Independent auditor's report

To the shareholder of SubSeaFlex Holding ApS

Opinion

We have audited the financial statements of SubSeaFlex Holding ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of matter in the financial statements

We draw attention to note 2 to the financial statements, which describes the material uncertainty regarding recognition and measurement of other receivables of DKK 352 million associated with the outcome of a transfer pricing case instituted by SKAT against the Company. We have not modified our opinion in respect of this matter.

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 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 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 additional requirements applicable in Denmark, we exercise professional judgement 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.

Copenhagen, 15 June 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 20 28



Hans B. Vistisen
state authorised public accountant
MNE no. 23254



Mads Obel Knøsgaard
state authorised public accountant
MNE no. 49041

Company details

The company

SubSeaFlex Holding ApS
Priorparken 480
2605 Brøndby

Telephone: 43483000

Website: <https://www.nov.com/products/flexiblepipe-products>

CVR no.: 11 93 19 79

Reporting period: 1 January - 31 December 2022

Incorporated: 1 January 1988

Domicile: Brøndby

Executive board

Trevor Brian Martin, director
Christopher Paul O'Neal, director

Shareholders

National Oilwell Varco Norway AS, Korsvikfjorden
Industriområde, N-4639 Kristiansand S, Norway (100%)

Subsidiaries

National Oilwell Varco Denmark I/S (99.99%)

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Bankers

DNB Bank ASA

Management's review

Business review

The Company carries on business within development, construction, sale and operation of plants relating to heat treatment, including, especially, distillation and hightemperature incineration.

Furthermore, the Company holds 99.99% stake in National Oilwell Varco Denmark I/S. National Oilwell Varco Denmark I/S engineers, manufactures and delivers flexible pipe systems for the purpose of recovering hydrocarbon oil and gas from offshore fields as well as solutions for the purpose of transporting chemicals and water to in-shore installations based on the use of flexible pipe products. The Company is ultimately owned by NOV Inc.

Recognition and measurement uncertainties

In 2019, the Danish Tax Administration (SKAT) initiated a transfer pricing audit concerning 2014-2016 investigating the inter-company relationship and transactions between the Company's subsidiaries. In May 2022, SKAT issued a final ruling, proposing a reassessment and an increase of the Company's taxable income for 2015 of DKK 983 million, with a tax value of DKK 231 million, plus interest of DKK 121 million, totalling DKK 352 million.

Management believes that the positions taken by the Company are supportable and in accordance with the applicable tax law, and the Company will defend its position and has filed a complaint with the National Tax Tribunal. The ultimate resolution of the matter is uncertain and may take several years and may potentially result in a material adverse impact to the Company's financial statements.

As a result of the Company's assessments and evaluation of SKAT's proposed final ruling, the Company has recognized a receivable of DKK 352 million related to this transfer pricing audit in the financial statements.

Financial review

The Company's income statement for the year ended 31 December 2022 shows a profit of TDKK 1,455,050 and the balance sheet at 31 December 2022 shows an equity of TDKK 400.055.

The net profit for the year has been affected by the extraordinary dividends received from National Oilwell Varco Denmark I/S of TDKK 1,482,291. Additionally the Company has distributed extraordinary dividends for TDKK 1,894,881, which were paid out by offsetting intercompany receivables and a residual amount in cash.

Management considers the Company's financial performance in the year satisfactory.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit		18,132,490	5,666,631
Staff costs	3	-5,240,941	-6,154,895
Profit/loss before net financials		12,891,549	-488,264
Income from investments in group enterprises	4	1,482,290,853	382,302
Financial income	5	4,104,498	3,153,479
Financial costs	6	-24,648,076	-1,873,421
Profit/loss before tax		1,474,638,824	1,174,096
Tax on profit/loss for the year	7	-19,588,275	12,037,107
Profit/loss for the year		<u>1,455,050,549</u>	<u>13,211,203</u>

Distribution of profit

	2022 DKK	2021 DKK
Proposed dividends	14,000,000	0
Payment of extraordinary dividends	1,894,880,934	135,774,627
Retained earnings	-453,830,385	-122,563,424
	<u>1,455,050,549</u>	<u>13,211,203</u>

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Assets			
Land and buildings		277,789	277,789
Tangible assets	8	277,789	277,789
Investments in subsidiaries	9	779,730,019	779,768,147
Equity investments in participating interests	10	0	1,878,948
Receivables from group entities	11	6,589,229	241,004
Other receivables	11	352,120,958	0
Fixed asset investments		1,138,440,206	781,888,099
Total non-current assets		1,138,717,995	782,165,888
Raw materials and consumables		1,924,806	1,894,693
Work in progress		3,346,623	8,130,150
Stocks		5,271,429	10,024,843
Trade receivables		3,071,985	1,097,451
Receivables from group entities	12	72,437,429	34,983,247
Other receivables		1,274,721	342,451
Corporation tax		0	4,957,917
Prepayments		178,921	556,376
Receivables		76,963,056	41,937,442
Cash at bank and in hand		0	38,004,179
Total current assets		82,234,485	89,966,464
Total assets		1,220,952,480	872,132,352

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Equity and liabilities			
Share capital		75,420,000	75,420,000
Retained earnings		310,634,809	790,008,565
Proposed dividends		14,000,000	0
Equity	13	400,054,809	865,428,565
Other provisions	15	1,700,686	3,000,000
Total provisions		1,700,686	3,000,000
Payables to subsidiaries	16	751,464,100	0
Total non-current liabilities	16	751,464,100	0
Trade payables		2,322,432	793,557
Payables to group entities		52,139,037	1,718,944
Provision for corporate tax		9,597,941	0
Tax payables to group enterprises		1,980,821	0
Other payables		1,692,654	1,191,286
Total current liabilities		67,732,885	3,703,787
Total liabilities		819,196,985	3,703,787
Total equity and liabilities		1,220,952,480	872,132,352
Material uncertainty in the recognition and measurement	2		
Other Provisions	15		
Rent and lease liabilities	17		
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Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>Total</u>
Equity at 1 January 2022	75,420,000	790,008,565	0	865,428,565
Group capital contribution	0	-25,543,371	0	-25,543,371
Net profit/loss for the year	0	1,441,050,549	14,000,000	1,455,050,549
Payment of extraordinary dividends	0	-1,894,880,934	0	-1,894,880,934
Equity at 31 December 2022	<u>75,420,000</u>	<u>310,634,809</u>	<u>14,000,000</u>	<u>400,054,809</u>

In 2022 the company provided a group contribution without tax effect to their parent. In return the company received a group contribution with tax effect. The contribution was carried out in accordance with the Norwegians Tax Administration Act Section 9-4.

Notes

1 Accounting policies

The annual report of SubSeaFlex Holding ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with elections from reporting class C etc.

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

The annual report for 2022 is presented in DKK.

Pursuant to sections §112, of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The entity is a part of NOV Inc.'s consolidated financial statements.

Recognition and measurement of business combinations

The book value method is applied to Intra-group business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount and the acquiree are recognised directly in equity.

As of November 1, 2021 the Company was legally merged with Soil Recovery A/S in accordance with chapter 15 of the Danish Companies Act, with SubseaFlex Holding ApS as the surviving company and Soil Recovery A/S as the non-surviving company with accounting and tax effect from 1 January 2021 using the book value method. Soil Recovery A/S' assets and liabilities as well as other rights and obligations have been transferred to SubseaFlex Holding ApS as of 1 January, 2021. All shares in Soil Recovery A/S has been cancelled, instead 1 share of 10,000 DKK has been issued in SubseaFlex Holding ApS.

Additionally, as of February 14, 2022 the Company was legally merged with Danco A/S in accordance with chapter 15 of the Danish Companies Act, with SubseaFlex Holding ApS as the surviving company and Danco A/S as the non-surviving company with accounting and tax effect from January 1 2021 using the book value method (reference is made to note 1). Danco A/S's assets and liabilities as well as other rights and obligations have been transferred to SubseaFlex Holding ApS as of January 1, 2021. All shares in Danco A/S have been cancelled, instead 1 share of 10,000 DKK has been issued in SubseaFlex Holding ApS.

Income statement

Gross profit

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

Notes

1 Accounting policies

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.

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Revenue from the rendering of services, which include service contracts, is recognised in revenue on a straight-line basis as the services are rendered because the services are rendered in the form of an indefinite number of actions over a specified period of time.

Income from the sale of goods for resale and finished goods, including the sale of spare part, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment 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® 2020. Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised in revenue when ownership of the goods is transferred to the buyer.

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.

Consumption of goods

Consumption of goods includes the cost of purchasing raw materials and consumables less discounts, as well as change in goods for resale, finished goods and work in progress for the year.

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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes

1 Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Income from investments in subsidiaries and participating interests

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Dividend from participating interests is recognised in the financial year in which the dividend is declared.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

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.

Balance sheet

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.

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:

Land and buildings	15 years
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Notes

1 Accounting policies

Plant and machinery	3-8 years
Other fixtures, fittings, tools and equipments	5 years

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Payments relating to operating leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries and participating interests

Investment in subsidiaries and participating interests are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Dividend from investment in subsidiaries and participating interests will be recognised in the income statement. If the carrying amount of the net assets of subsidiaries and participating interests exceeds cost, or if dividend exceeding the profit for the year is distributed, there will be evidence of impairment, meaning that an impairment test must be conducted.

Profit/Loss concerning sold shares in subsidiaries and participating interests are presented under "Income from investments in group enterprises".

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, and participating interests is tested annually for impairment other than what is reflected through normal amortisation and depreciation.

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 present value and the value in use less expected costs to sell. The net present value 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 recognized impairment losses are reversed when the reason for recognition no longer exists.

Notes

1 Accounting policies

Inventory

Stocks 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 raw materials and consumables comprises the purchase price.

The cost of 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.

The net realisable value of stocks is calculated as the expected selling price less direct 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

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

Receivables are measured at amortised cost.

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Cash-pool deposits are, based on the characteristics of the cash-pool, not considered a part of the cash balance, but as part of receivables from group enterprises.

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.

Notes

1 Accounting policies

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.

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 is 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.

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.

Liabilities

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Notes

1 Accounting policies

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.

The Company uses forward exchange contracts to hedge recognised and non-recognised foreign currency risk.

2 Material uncertainty in the recognition and measurement

In 2019 the Danish Tax Administration (SKAT) initiated a transfer pricing audit concerning 2014-2016 investigating the inter-company relationship and transactions between the Company's subsidiaries. In May 2022, SKAT issued a final ruling, proposing a reassessment and an increase of the Company's taxable income for 2015 of DKK 983 million, with a tax value of DKK 231 million, plus interest of DKK 121 million, totalling DKK 352 million.

Management believes that the positions taken by the Company are supportable and in accordance with applicable tax law, and the Company will defend its position and has filed a complaint with the National Tax Tribunal. The ultimate resolution of the matter is uncertain and may take several years and may potentially result in a material adverse impact to the Company's financial statements.

As a result of the Company's assessments and evaluation of SKAT's proposed final ruling, the Company has recognized a receivable of DKK 352 million related to this transfer pricing audit in these financial statements.

	2022	2021
	DKK	DKK
3 Staff costs		
Wages and salaries	4,301,706	4,825,143
Pensions	989,235	1,311,757
Other social security costs	-50,000	17,995
	5,240,941	6,154,895
Average number of employees	7	8

Notes

	2022	2021
	DKK	DKK
4 Income from investments in group enterprises		
Dividends from National Oilwell Varco Denmark I/S	1,482,290,853	181,068
Profit from sale of 0,01% capital share of NOV Denmark I/S	0	201,234
	<u>1,482,290,853</u>	<u>382,302</u>
	2022	2021
	DKK	DKK
5 Financial income		
Interest received from group enterprises	3,158,902	582,099
Other financial income	343,217	649,741
Exchange adjustments	602,379	1,921,639
	<u>4,104,498</u>	<u>3,153,479</u>
	2022	2021
	DKK	DKK
6 Financial costs		
Financial expenses to group enterprises	1,996,179	15,784
Other financial costs	53,472	91,190
Exchange adjustments	21,184,338	1,766,447
Realized financial costs from hedge instruments	1,414,087	0
	<u>24,648,076</u>	<u>1,873,421</u>

Notes

	<u>2022</u>	<u>2021</u>
	DKK	DKK
7 Tax on profit/loss for the year		
Tax credit regarding 2021	0	-4,957,917
Deferred tax for the year	0	-6,811,989
Adjustment of tax concerning previous years	0	-7,125,258
Foreign paid tax	8,008,826	6,858,057
Joint taxation contribution	<u>11,579,449</u>	<u>0</u>
	<u>19,588,275</u>	<u>-12,037,107</u>

Notes

8 Tangible assets

	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Leasehold improvements</u>
Cost at 1 January 2022	4,009,104	25,468,865	2,388,354
Disposals for the year	0	-3,453,049	-2,306,501
Reversal of previous year disposal	0	306,970	0
Cost at 31 December 2022	<u>4,009,104</u>	<u>22,322,786</u>	<u>81,853</u>
Impairment losses and depreciation at 1 January 2022	3,731,315	25,468,865	2,388,354
Reversal of impairment and depreciation of disposed assets	0	-3,453,049	-2,306,501
Reversal of previous year reversed depreciation of disposed assets	0	306,970	0
Impairment losses and depreciation at 31 December 2022	<u>3,731,315</u>	<u>22,322,786</u>	<u>81,853</u>
Carrying amount at 31 December 2022	<u><u>277,789</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Notes

	2022	2021
	DKK	DKK
9 Investments in subsidiaries		
Cost at 1 January 2022	779,768,147	397,701,997
Net effect from merger	0	382,105,920
Disposals for the year	-38,128	-39,770
Cost at 31 December 2022	<u>779,730,019</u>	<u>779,768,147</u>
Carrying amount at 31 December 2022	<u>779,730,019</u>	<u>779,768,147</u>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
National Oilwell Varco Denmark I/S	Brøndby, Denmark	99.99%	1,147,395,501	669,907,084

	2022	2021
	DKK	DKK
10 Equity investments in participating interests		
Cost at 1 January 2022	2,241,995	2,241,995
Disposals for the year	-2,241,995	0
Cost at 31 December 2022	<u>0</u>	<u>2,241,995</u>
Revaluations at 1 January 2022	-363,047	-363,047
Reversal of previous year revaluations of disposals	363,047	0
Revaluations at 31 December 2022	<u>0</u>	<u>-363,047</u>
Carrying amount at 31 December 2022	<u>0</u>	<u>1,878,948</u>

In 2022 the 0,01% ownership interest in NOV Flexibles Equipamentos e Serviços Ltda. has been sold.

Notes

11 Fixed asset investments

	Receivables from group entities	Other receivables
Cost at 1 January 2022	241,004	0
Additions for the year	6,022,242	352,120,958
Exchange adjustment	221,731	0
Interests for the year	104,252	0
Cost at 31 December 2022	<u>6,589,229</u>	<u>352,120,958</u>
Carrying amount at 31 December 2022	<u><u>6,589,229</u></u>	<u><u>352,120,958</u></u>

Other receivables consists of a payment to the Tax Authorities related to the ongoing Transfer Pricing legal case against the Company. The amount is registered as a receivable as the Company expects to win the case. Refer to note 2 Material uncertainty in the recognition and measurement.

	<u>2022</u> DKK	<u>2021</u> DKK
12 Receivables from group entities - Current		
Receivables from group entities	<u>72,437,429</u>	<u>34,983,247</u>

The Company is part of the cash-pool corporate scheme. Consequently the cash position of 56,666,957 DKK held by the Company at 31 December 2022 is presented as a receivable from group entities in the balance sheet.

Notes

13 Equity

The share capital consists of 7,542 shares of a nominal value of DKK 10,000. No shares carry any special rights.

The share capital has developed as follows:

	2022 DKK	2021 DKK	2020 DKK	2019 DKK	2018 DKK
Share capital at 1 January 2022	75,420,000	75,400,000	75,400,000	75,400,000	75,400,000
Additions for the year	0	20,000	0	0	0
Share capital	<u>75,420,000</u>	<u>75,420,000</u>	<u>75,400,000</u>	<u>75,400,000</u>	<u>75,400,000</u>

14 Provision for deferred tax

	2022 DKK	2021 DKK
Provision for deferred tax at 1 January 2022	0	5,419,010
Provisions for deferred tax through merger	0	1,392,979
Adjustment of provision for deferred tax of the year	0	-6,811,989
Provision for deferred tax at 31 December 2022	<u>0</u>	<u>0</u>

15 Other Provisions

Other provisions comprise of reestablishment expenses related to the leased premises.

Notes

16 Long term debt

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Payables to subsidiaries		
Between 1 and 5 years	751,464,100	0
Non-current portion	751,464,100	0
Other short-term debt to subsidiaries	52,139,037	1,718,944
Current portion	52,139,037	1,718,944
	<u>803,603,137</u>	<u>1,718,944</u>

The long term payable amount corresponds to a loan agreement between the Company and its subsidiary National Oilwell Varco Denmark I/S.

17 Rent and lease liabilities

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	51,771	78,060
Between 1 and 5 years	0	38,709
	<u>51,771</u>	<u>116,769</u>

The total amount corresponds to the total nominal residual rent and lease payments.

18 Contingent assets

The Company has tax loss carry-forwards totalling 190,428,688 DKK. The nominal value thereof is 22%, totalling 41,894,311 DKK. DKK 0 of the amount has been recognised in the balance sheet under deferred tax / deferred tax asset due to the uncertainty as to application of the tax losses.

Notes

19 Contingent liabilities

The Company is jointly taxed with its Danish group entity. As administration company, the Company has unlimited joint and several liability, together with the group entity, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. The jointly taxed entities' total known net liability in respect of corporation taxes and withholding taxes payable amounted to DKK 9,598 thousand at 31 December 2022. Any subsequent adjustments to the joint taxation income and withholding taxes, etc. may entail that the Company's liability will increase.

The Company is part of cashpool agreement with other companies in the National Oilwell Varco group and is jointly and severally liable with other group companies for the Company's individual contribution to the cashpool.

20 Related parties and ownership structure

Controlling interest

National Oilwell Varco Norway AS

Other related parties

Companies owned directly or indirectly by SubseaFlex Holding ApS:

National Oilwell Varco Denmark I/S
Priorparken 480
2605 Brøndby
Equity interest: 99.99%

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:

National Oilwell Varco Norway AS
Dvergsnesbakken 25
N-4639 Kristiansand S
Norway

Consolidated financial statements

The ultimate parent company preparing the consolidated financial statements is NOV Inc., 7909 Parkwood Circle Drive, Houston, Texas 77036-6565, USA.

Notes

20 Related parties and ownership structure (continued)

The consolidated financial statements for NOV Inc. can be obtained from National Oilwell Varco Denmark I/S on request at the Company's address:

Priorparken 480
2605 Brøndby
Denmark
<https://investors.nov.com/annual-results>