

**National Oilwell Varco Denmark
I/S**

**Prioparken 480
2605 Brøndby**

CVR no. 24 25 52 98

**Annual report for the period
1 January to 31 December 2021**

Adopted at the annual general
meeting on 29 June 2022



Alexandra Salgado Besse
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 National Oilwell Varco Denmark I/S for the financial year 1 January - 31 December 2021.

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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

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, 29 June 2022

Executive board



Alexandra Salgado Besse
President, Subsea Production
System



Martha Maria Smorenburg de
Haas
Finance Director



Michael Halberg
VP Operations

Supervisory board



Robbert Oudendijk
chairman



Trevor Brian Martin
deputy chairman

Independent auditor's report

To the shareholder of National Oilwell Varco Denmark I/S

Opinion

We have audited the financial statements of National Oilwell Varco Denmark I/S for the financial year 1 January - 31 December 2021, 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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.

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, 29 June 2022

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 20 28



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



Anders Roe Eriksen
state authorised public accountant
MNE no. 46667

Company details

The company

National Oilwell Varco Denmark I/S
Prioparken 480
2605 Brøndby

Telephone: +45 4349 3000

Website: www.nov.com/flexibles

CVR no.: 24 25 52 98

Reporting period: 1 January - 31 December 2021

Incorporated: 1 July 1999

Domicile: Brøndby

Supervisory board

Robbert Oudendijk, chairman
Trevor Brian Martin, deputy chairman

Executive board

Alexandra Salgado Besse
Martha Maria Smorenborg de Haas
Michael Halberg

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Bankers

DNB Bank AS

General meeting

The annual general meeting is held at the company's address on 29 June 2022.

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2021 MDKK	2020 MDKK	2019 MDKK	2018 MDKK	2017 MDKK
Key figures					
Revenue	1,120	1,246	1,146	1,057	1,594
Loss before amortisation/depreciation and impairment losses	-146	-67	-97	121	375
Profit/loss before net financials	-188	-417	-190	21	284
Profit/loss for the year	-165	-398	-154	58	325
Balance sheet					
Non-current assets	1,885	1,900	2,324	2,477	2,327
Current assets	595	779	700	1,021	1,191
Investment in property, plant and equipment	45	52	78	29	20
Investments in intangible assets	14	10	12	6	11
Balance sheet total	2,481	2,679	3,024	3,484	3,518
Equity	1,967	2,133	2,552	3,220	3,272
Short-term liabilities other than provision	470	546	472	265	246
Financial ratios					
EBIT margin	-16.8%	-33.5%	-16.6%	2.0%	17.8%
ROIC	-8.6%	-1.4%	-5.8%	0.6%	8.4%
Gross margin	27.4%	31.8%	27.9%	47.1%	49.2%
Current ratio	126.5%	154.1%	153.1%	385.3%	484.0%
Solvency ratio	79.3%	79.6%	84.4%	92.4%	93.0%
Return on equity	-8.0%	-17.0%	-5.3%	1.8%	10.5%
Average number of employees	694	693	694	594	659

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business review

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. National Oilwell Varco Denmark I/S has established a subsidiary in Brazil with a fully operational production plant.

The existing product range consists of flexible pipe solutions ranging from 2” – 16” (approx. 50 – 406 mm inside diameter) and designed to operate under very demanding offshore conditions in all parts of the world. The products are unique, because they remain flexible even under very high working pressure, up to 1,000 bars, and at the same time they are able to withstand working temperatures up to 130 Celsius. Flexible pipe systems are superior to other pipe solutions in respect of flexibility, ability to withstand different design conditions and capability to convey challenging mixtures of liquid and gaseous fluids.

Today, flexible pipe systems are used to recover oil and gas at water depths down to 2,500 meters, and National Oilwell Varco Denmark I/S’ products are qualified for use in these water depths.

National Oilwell Varco Denmark I/S also offers a unique condition monitoring solution for its flexible pipe systems based on the use of optical fibers embedded in the pipes' steel armor wires.

Apart from the flexible pipe products manufactured at the Kalundborg factory, National Oilwell Varco Denmark I/S also supplies a wide range of additional equipment to the market, such as accessories and steel structures required in a given system configuration. The ability to correctly design and to procure such elements is an important part of being a solution provider to the offshore oil and gas market.

By the end of December 2021 National Oilwell Varco Denmark I/S counted approx. 714 employees. 50% of the employees work at the Danish factory primarily concerned with the production of flexible pipe products. The remaining 50% of the employees work in the headquarters in Denmark and are engaged in research and development, project management, engineering work, general management and administration. In addition, National Oilwell Varco Denmark I/S has a small department in Aalborg primarily focused on research and development as well as a fully operational production plant with its subsidiary in in Brazil.

Management's review

Recognition and measurement uncertainties

In the annual report recognition and measurement of the development projects in progress and impairment in general on intangible and tangible assets are associated with some uncertainty. There is by nature uncertainties associated with development projects in progress as no actual realised sales and therefore uncertainties on final demand upon completion and usage of technology. As the company has been loss giving the last years, there is some uncertainties about the carrying amount of the intangible and tangible assets. Management has prepared impairment test and assessed the valuation of the assets and finds that the recoverable amount exceeds the carrying amount.

Other than the mentioned above, the recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2021 shows a loss of DKK 165,407,211, and the balance sheet at 31 December 2021 shows equity of DKK 1,967,260,015.

In 2021, National Oilwell Varco Denmark I/S realized revenue of 1,119 million DKK compared to revenue of 1,246 million DKK in 2020, equivalent to a decrease of 10.1%.

The loss for the year before amortization and depreciation amounts to 146 million DKK compared to a loss of 67 million DKK in 2020, equivalent to a decrease of 118.8%.

The net loss for 2021 amounts to 165 million DKK compared to a net loss of 398 million DKK in 2020, equivalent to an increase of 58.4%.

The revenue for 2021 was -2.8% below the expectations compared to the lowest part of the expected range, and earnings before financial items was -188.9% below expectations compared to lowest expected earnings. The earnings were negatively impacted by various operational challenges, and one specifically on one customer resulting in reproduction of some pipes. Even though the prevailing market conditions and production issues in the year, Management considers the 2021 result to be unsatisfactory. The company has launched new initiatives to improve the profitability in the future. Management believes these will materialize in the coming years and help the company improve its profits.

Management's review

Project related risks

On a current basis the company evaluates the need for provisions for technical risks on the individual projects.

Customer contracts typically contain a late-delivery clause enabling day fines of up to 10% of the contract value. If the production schedules indicate delays, the need to make provision is evaluated on a case-by-case basis.

Contracts entered into by the company typically include a provision that the company will be indemnified for consequential losses caused by the use of the company's products.

In the event of a breach of the contract obligations, the overall and cumulative liability of the company is normally limited to the contract amount or lower.

The oil price is the main driver in the SURF (Subsea, umbilical's, riser, flowline) market.

Fluctuation in the oil price has a significant impact on the activity in the market.

Currency related risks

Activities abroad result in earnings and equity to be affected by exchange rate and interest rate developments for a number of currencies. According to the company's policy the company may hedge commercial currency risks. Hedging takes place primarily through forward exchange hedge to hedge expected sales and purchases. The company does not engage in speculative currency positions.

Business related risks

National Oilwell Varco Denmark I/S is dependent upon the level of activity in the oil and gas industry, which is volatile and has caused, and may cause future, fluctuations in our operating results.

The oil and gas industry historically has experienced significant volatility. The demand for National Oilwell Varco Denmark I/S products are dependent on the number of oil rigs in operation, the number of oil wells being drilled, and the debt ratio, and drilling characteristics/conditions of these wells reservoirs. The last of which ultimately drives the operating companies decision to not only produce but how the field will be produced, driving subsea infrastructure and architecture decisions.

Management's review

The willingness of the oil operators to make capital expenditures to explore for and produce oil and the willingness of oilfield service companies to invest in capital equipment will continue to be influenced by numerous factors over which we have no control, the two most critical are capex spend (discipline) and one of these factors are the volatility of the oil prices. Expectations for future oil prices may will cause shifts in the strategies and expenditure levels of oil companies, drilling contractors, service companies, and subsea equipment companies. Particularly with respect to decisions when and how to purchase major capital equipment of the type National Oilwell Varco Denmark I/S manufactures. Oil prices, which are determined by the marketplace, may remain below a range that is acceptable to certain of our customers, which could continue the reduced demand for our products and have a material adverse effect on our financial condition, results of operations and cash flows. Consequently, sustained higher commodity pricing could enable a growth period that has a positive effect on these same business drivers.

Significant events occurring after the end of the financial year

February 1, 2022 the company provided a group contribution which amounted to the loan receivable of DKK 1,438 million to NOV Flexibles Holding ApS. February 2, 2022 the company has sold its shares in NOV Flexibles Holding ApS with a profit of 488 million DKK. This has no impact on the financial statements for 2021.

After the financial year the war in Ukraine has started. It is still uncertain what this will have of final impact on the financial statements. Due to uncertainties and no knowledge of this on the date of the balance sheet, this has been treated as a non-adjustable event.

Other than the mentioned event, no events have occurred after the balance sheet date which could significantly affect the company's financial position.

Management's review

Expected development of the company, including specific prerequisites and uncertainties

Since the steep decline in oil prices during 2020 Q1, oil commodities pricing has been steadily rising. Both WTI and Brent have been consistently climbing during the first half of 2022, with a spike seen since the start of the war in Ukraine early in March. Whereas the war in Ukraine may have a positive impact on oil prices, it is also expected to generate additional challenges on an already challenged supply chain system, where we can see steep increases in steel price, timely availability of raw materials, and logistics delays, see also earlier section about significant events occurring after the end of the financial year. COVID-19 has had some impact on our manufacturing plant in Q1, where we were challenged for a period on resources, and we saw COVID-19 also continuing to impact the global supply chain in the first half year.

Management believes there will continue to be an oversupplied market for the foreseeable future and hence pricing will remain competitive. Based on the visibility of projects, revenue is expected to increase in 2022 and in the range of 1,225 million DKK to 1,325 million DKK.

Unfortunately, management still expects a loss before financial items, depreciation and amortization (EBITDA) to be recorded in 2022 in the region of 35 million DKK to 55 million DKK. This is due to a combination of a) raw material price increases which cannot be passed on to our customers for some contracts, b) operational challenges in the plant the first quarter of 2022 related to Covid-19, impacting the financial results.

However, with the increased oil prices, we expect the demand in the market to go up in the short term, allowing us to quote more competitive prices and success is predicated via continued implementation of new technologies improving the global market position and competitiveness.

The company's knowledge resources if of particular importance to its future earnings

It is imperative for National Oilwell Varco Denmark I/S' continued development to attract and maintain highly skilled and specialized employees, including engineers possessing knowledge within the offshore business.

R&D activities are focused on value creating activities meeting the existing or expected future demands in the market. The R&D strategy is organized in line with the corporate strategy as follows:

- Improved technology and cost base are pursued through incremental development of better materials as well as more stable and efficient processes.
- Improved profitability is pursued through the development of escalating technologies
- Expansion of capabilities is pursued through development of new products and new solutions.

Management's review

Representative examples of the successful development of new technologies include single layer unplasticized PVDF for high temperature applications, XLPE which is cross-linked as part of the extrusion process, integrated optical condition monitoring systems, appliance of multiple layers of insulation in serial production with tensile armour process, flexible pipe structures for use in water depths down to 2,500 meters, qualification of flexible pipe solutions to be used with supercritical CO2 levels, etc.

Corporate social responsibilities

Corporate social responsibility is an integrated part of the NOV group's strategy. The group will always focus on acting responsibly in terms of clients, employees, business partners as well as surroundings and environment.

Description of the company's business model

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. We have businesses world-wide and in almost all continents.

Description of the company's corporate social responsibility policies

Policies on the environment

Description of the company's corporate social responsibility standards, guidelines and principles:

As a large manufacturing company, there is a risk of negatively impacting the environment due our manufacturing activities and testing procedures. At National Oilwell Varco Denmark I/S, we want to avoid any unintentional events that can have an adverse effect on the environment and identify the areas where a positive impact on the environment can be made. We continue to focus on optimization on the use of energy, procedures, recycling and operates compliant with legal requirements and ISO standard certifications as 14001 (environmental), 45001 (working environment) and ISO 50001 (energy).

In 2021, we have identified the areas within our business where we can have a positive impact on the environment. Consequently, we have improved our energy management with the aim of reducing our environmental footprint.

In the future, we will continue our efforts, to reduce the environmental from our business activities.

Management's review

Policies on social conditions and labour practices

Description of the company's corporate social responsibility standards, guidelines and principles:

As a manufacturing company, the most material risk related to employees is the risk of injuries at work or work-related illnesses. National Oilwell Varco Denmark I/S is committed to providing safe and healthy working conditions for our employees, contractors, customers and vendors in order to achieve zero serious injuries and near misses and work-related illness (both physical and mental). The company is also committed to consult and engage employees, employees' representatives, customers and suppliers to ensure strong partnerships, high satisfaction and long-term sustainability.

In 2021, we have been consulting, visiting and engaging with our suppliers and employees, to ensure that there is a high employee satisfaction while making sure that our suppliers uphold social and employee conditions.

Our consultation with employees has led to an unchanged score of 4 out of 5 where 5 is the best, as social and employment conditions have been upheld, and remained stable throughout the year.

For the future, we expect to further improve our work with social and employee condition, through extended consultations (e.g., surveys, training, auditing of suppliers etc.).

Policies on human rights

Description of the company's corporate social responsibility standards, guidelines and principles:

For National Oilwell Varco Denmark I/S, the most material risk of violating human rights will exist within our supply chain. As an international company, we value the varied backgrounds and perspectives of each of our employees and we are committed to providing a work environment free of unlawful discrimination and harassment based on any status or activity protected by applicable law. We uphold human rights in all of our facilities and throughout all our commercial (supply chain and client base) and employment (pre-, during and post-) activities.

The company performs annual conduct & ethics training for all employees who have a company email address to ensure everyone has a clear understanding of their obligations in this area. This training was maintained throughout 2021 and no known violations recorded.

In the future, we will continue to perform annual conduct and ethics training for all employees with a company email.

Management's review

Anti-corruption and bribery policies

Description of the company's corporate social responsibility standards, guidelines and principles:

The most material risks in this area relate to the risk of unethical behavior amongst our commercial agents who operate on our behalf in certain jurisdictions. It is the policy of National Oilwell Varco Denmark I/S that the company, its subsidiaries and affiliates and all directors, officers, employees, agents, representatives and joint venture partners of the company shall comply fully with all anti-corruption and anti-bribery laws that are applicable to them.

The company performs annual conduct & ethics training for all employees who have a company email address to ensure everyone has a clear understanding of their obligations in this area. There have been no known breaches of this policy.

In the future, we will continue to perform annual conduct and ethics training for all employees with a company email.

Description of other corporate social responsibility policies

Description of the company's corporate social responsibility standards, guidelines and principles:

In 2021, the Covid-19 pandemic has continued to put additional pressure on the physical and mental well-being of our employees caused by health risks and lockdowns. A COVID 19 task force has been set up in March 2020 and has put great focus on protecting our employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees during the pandemic.

Management's review

Policies on the underrepresented gender

Description of target figures for the underrepresented gender

Target figures for the underrepresented gender

National Oilwell Varco Denmark I/S has the following management levels: 1) Board of Directors, 2) Senior Leadership Team (SLT), 3) Operational Management Team (OPS) and 4) Management Team (MGMT).

The Company has set an 20% goal for representation of the underrepresented gender in level 2, 20% for level 3 and 20% for level 4.

At level 2, which is a team set by the President, women represent 36% of the team which is an increase from 27% in 2020.

At level 3, women are represented by 17% which is equal to 17% in 2020.

At level 4, women represent 38% of the Management Team compared to 35% representation in 2020.

The total gender distribution of females in the company is 21%.

Description of policies for the underrepresented gender

Description of how the company translates its policies on the underrepresented gender into action

National Oilwell Varco Denmark I/S is obliged to set target figures and policies for the gender composition cf. the Act on Gender Equality. The objective of the company is to be a workplace with equal opportunities and rights for women and men.

The company continuously strives for all employees to experience equal opportunities for development, internal career advancement and promotions. All positions are posted internally, and the company encourages all relevant candidates to apply, regardless of gender. Any promotion is based on the job's required criteria – competence, value creation and attitude – but the company also has a strong focus on promoting diversity at all levels, placing emphasis on identifying and promoting all talents for specialist positions as well as management positions. When employing and promoting managers, we strive to have both genders represented among the final candidates.

The qualitative goals are identical for all three management levels and are:

- All employees in the company should feel that they have equal opportunities for career advancement and management positions.

Management's review

- Employees should experience an open and unbiased culture at NOV, where everyone can leverage his or her skills regardless of gender or race. This is supported by NOV's equal opportunity policies, locally as well as globally.

Board of Directors

The company is run as a partnership where the members of the board are appointed rather than elected at an AGM by management. None target figures are set for the Board of Directors on a globally level, and therefore none are set for National Oilwell Varco Denmark I/S.

Executive Board

The company has set a 33 % goal for the underrepresented gender corresponding to one out of three members of the board. Currently two out of three members of the board are women. The target therefore is evaluated fulfilled.

Management team

The company policy regarding the underrepresented gender in management levels is also based on well-established principles with focus on equal rights. Qualitative and quantitative goals have been set across all three levels of management.

Management's review

Statement of policy for data ethics

We have worked with data ethics through 2021 and expect in 2022 to approve our data ethics policy.

The policy sets out how we take responsibility for and work with data ethics and data use. Computer ethics will, like other business considerations, be part of the consideration of major strategic business decisions and will support our business model, values, and vision.

Our work with data ethics is based on our values and general guidelines and has a special focus on data ethics principles, including responsibility and propriety.

The policy deals with the customer data we collect and process as well as all other data that we may process. The policy also covers data ethics considerations of our suppliers and partners.

Our goal for ethical behavior with regards to data is to always use data responsibly and properly as well as to create transparency in our data collection and management. Our data ethics behavior must make a positive contribution to our customers' security based on the assumption that the data that the customer submits to us is the customer's own and is processed within the applicable legal framework.

We safeguard the security of personal data and other data processing and ensure that this data is not stored for a longer period of time than is necessary for the purposes for which the data is processed.

The Board is responsible for approving our data ethics policy. The day-to-day management of data ethics policy is anchored with executive management. Decisions on the use of data and new technology are also rooted in executive management, which continuously evaluates our efforts and ensures that data ethical dilemmas are discussed at other management levels and with the involvement of relevant employees.

The company has prepared policies for GDPR, which the company and its employees follow. NOV is committed to protecting the privacy of its employees and supports a general policy of lawfulness in how it collects, processes, uses, transfers, discloses, stores or deletes Personal Data. All NOV employees shall collect, process, use, transfer, disclose, store or delete Personal Data in the normal course of conducting business on behalf of NOV in accordance with applicable laws.

Income statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Revenue	2	1,119,668,270	1,245,707,574
Raw materials and consumables	12	-550,327,439	-633,160,738
Other external expenses	20	-261,983,133	-216,758,893
Gross profit		307,357,698	395,787,943
Staff costs	3	-453,497,148	-462,575,309
Loss before amortisation/depreciation and impairment losses		-146,139,450	-66,787,366
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-41,627,741	-350,581,077
Financial income	5	43,919,491	29,074,383
Financial costs	6	-21,559,511	-9,410,571
Loss for the year		-165,407,211	-397,704,631
Distribution of profit	7		

Balance sheet 31 December

	Note	2021 DKK	2020 DKK
Assets			
Completed development projects		18,745,282	19,253,185
Patents		0	0
Development projects in progress		60,509,789	57,100,222
Intangible assets	8	79,255,071	76,353,407
Land and buildings		94,034,326	101,961,591
Plant and machinery		96,460,935	80,524,854
Other fixtures and fittings, tools and equipment		120,344	158,031
Property, plant and equipment in progress		27,221,102	20,107,990
Tangible assets	9	217,836,707	202,752,466
Investments in subsidiaries	10	500,000	500,000
Receivables from group entities	11	1,583,798,476	1,616,847,250
Deposits	11	3,956,562	4,030,960
Fixed asset investments		1,588,255,038	1,621,378,210
Total non-current assets		1,885,346,816	1,900,484,083
Raw materials and consumables		187,126,351	148,306,559
WIP inventory		2,967,915	2,071,781
Inventory	12	190,094,266	150,378,340
Trade receivables		166,053,712	219,445,264
Contract work in progress	13	79,638,345	52,096,027
Receivables from group entities		137,965,809	347,221,547
Other receivables		18,657,762	6,253,438
Prepayments	14	2,780,757	3,232,630
Receivables		405,096,385	628,248,906
Total current assets		595,190,651	778,627,246

Balance sheet 31 December (continued)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		DKK	DKK
Assets			
Total assets		<u>2,480,537,467</u>	<u>2,679,111,329</u>

Balance sheet 31 December

	Note	2021 DKK	2020 DKK
Equity and liabilities			
Contributed capital		779,808,000	779,808,000
Reserve for development costs		79,255,071	76,353,407
Retained earnings		749,257,867	1,276,505,819
Proposed dividend		358,939,077	0
Equity		<u>1,967,260,015</u>	<u>2,132,667,226</u>
Other payables		42,918,471	41,012,842
Total non-current liabilities	15	<u>42,918,471</u>	<u>41,012,842</u>
Prepayments received from customers		6,513,629	1,231,531
Trade payables		147,484,011	88,696,787
Payments work in progress	13	233,147,542	232,150,840
Payable to group entities		31,111,405	97,359,347
Other payables		52,102,394	85,992,756
Total current liabilities		<u>470,358,981</u>	<u>505,431,261</u>
Total liabilities		<u>513,277,452</u>	<u>546,444,103</u>
Total equity and liabilities		<u>2,480,537,467</u>	<u>2,679,111,329</u>
Subsequent events	16		
Rent and lease liabilities	17		
Contingent liabilities	18		
Related parties and ownership structure	19		
Fee to auditors appointed at the general meeting	20		

Statement of changes in equity

	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividend	Total
Equity at 1 January 2021	779,808,000	76,353,407	1,276,505,819	0	2,132,667,226
Net profit/loss for the year	0	2,901,664	-527,247,952	358,939,077	-165,407,211
Equity at 31 December 2021	779,808,000	79,255,071	749,257,867	358,939,077	1,967,260,015

The company's equity is divided between the shareholders. Dividend is paid out according to the Articles of Association. The profit of the partnership is kept in the operating entity until otherwise decided, after which the profit is distributed to the partners in proportion to their respective ownership interest. Dividend is distributed if unanimously agreed by the Board each year, considering the company's cash requirements the next fiscal years.

The company's contributed capital is DKK 779,808,000. Originally SubseaFlex Holding ApS has contributed a premium of DKK 391,702,080 and Danco AS DKK 382,105,920. The split as of 31 December 2021 of the contributed capital is SubseaFlex Holding DKK 397,662,310, Danco AS DKK 382,105,920 and NOV Holding Danmark ApS DKK 39,770. None of the partners are obligated to contribute further.

Notes

1 Accounting policies

The annual report of National Oilwell Varco Denmark I/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

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

The annual report for 2021 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 part of NOV Inc.'s consolidated financial statements.

Income statement

Segment information

Information is provided on geographical markets. The segment information is based on the company's accounting policies, risks and internal financial management.

Revenue

The Company has adopted IFRS 15 as interpretation for recognition of revenue. The Company uses the percentage-of-completion method to account for certain long-term construction contracts in the completion and productions for special productions of flexible pipes. These long-term construction contracts include the following characteristics:

- The contract include custom designs for customer specific applications
- The structural design is unique and requires significant engineering efforts, and
- Constructions have progress payments

The Company makes estimates regarding the total costs of the project, progress against the project schedule and the estimated completion date, all of which impact the amount of revenue and gross margin the Company. The Company prepares detailed cost to complete estimates at the beginning of each project, taking into account all factors considered likely to affect gross margin. Factors that may affect future project costs and margins include shipyard access, weather, production efficiencies, availability and costs of labor, materials and subcomponents and other factors as mentioned in "Risk Factors." These factors can significantly impact the accuracy of the Company's estimates and materially impact the Company's future reported earnings.

Notes

1 Accounting policies

Revenue from royalty is recognized in the income statement if the general criterial are met, e.g. that the service concerned has been provided, that the amounts can be made up reliably, and that the amounts can expected to be received.

Revenue recognition from rental or services of the equipment is recognized in the income statement provided that the delivery and transfer risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured excluding VAT, taxes and discounts in relation to the sale.

Raw materials and consumables

The item includes raw materials and consumables, wages and salaries used in in production.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, intercompany charges, as well as research and development costs that do not qualify for capitalization.

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 including remuneration to the Board of Directors and the Board of Management.

Amortisation, depreciation and impairment losses

The item includes amortisation, depreciation and impairment of non-current assets. Amortisation/depreciation is provided using the straight-line method on the basis of the cost and the assessments of the useful life and residual value of the assets as described in section intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses include interest income and expense, gains and losses on securities, gains and losses on contracts in foreign currency, payables and transactions denominated in foreign currencies.

Tax on profit/loss for the year

National Oilwell Varco Denmark I/S is not a separate taxable entity, and therefore taxes are recognized by the partners. For that reason, no taxes of the profit for the year have been recognized in the income statement, just like no deferred taxes or current/receivable taxes have been recognized in the balance sheet.

Notes

1 Accounting policies

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 utilization degree, sufficient resources and a potential future market or development opportunities in the company are evidenced, and where the company intends to produce, market or use the project, are recognized as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover operating costs and development costs. Other development costs are recognized in the income statement when incurred.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses. Following the completion of a development project, the capitalized development project is allocated and reclassified to completed development projects and amortized on a straight-line basis over the estimated useful life. The amortization period is usually five years.

Patents are measured at cost less accumulated amortization and impairment. Patents are amortized on a straight-line basis over the remaining patent period, although not exceeding 8 years.

The residual value of intangible assets is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortization charges are recognized. In case of changes in the residual value, the effect on the amortization charges is recognized prospectively as a change in accounting estimates.

Intangible assets are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests of development projects in progress are conducted annually. Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Notes

1 Accounting policies

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.

The cost is supplemented by the present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset was utilized. The cost of a total asset is divided into separate elements, which are depreciated separately if the useful lives of the separate elements are different.

Subsequent costs, e.g. relating to replacement of parts of an item of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the group. The carrying amount of the replaced parts is derecognized in the balance sheet and recognized in the income statement. All costs incurred for ordinary repair and maintenance are recognized in the income statement as incurred.

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:

	Useful life
Buildings	25 years
Plant and machinery	8-15 years
Fixtures and fittings, tools and equipment	3-8 years
Computer hardware	4 years
Cars	3-5 years

Notes

1 Accounting policies

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. 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 its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flow from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Leases

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

Investments in subsidiaries

Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value. Dividend from investments in subsidiaries are always to be recognised in the income statement going forward. If the carrying amount of the net assets of subsidiaries 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.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation and depreciation.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Notes

1 Accounting policies

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 weighted average 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.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not recognized.

The net realisable value of inventory 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

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.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Payments on account are set off against contract work in progress. Progress billings received in excess of the contract work performed are calculated separately for each contract and recognized as prepayments from customers under short-term liabilities other than provisions.

Notes

1 Accounting policies

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits.

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

Reserve for development costs

The reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Prepayments received from customers

Prepayments received from customers recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

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. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is 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.

Cash flow statement

With reference to § 86 paragraph 4 of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of NOV Inc.'s consolidated cash flow statement.

Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary operations after tax} \times 100}{\text{Average equity}}$
Return on invested capital	$\frac{\text{EBITA} \times 100}{\text{Average invested capital excluding goodwill}}$
Invested capital	Intangible assets and items of property, plant and equipment and net working capital
Current ratio	$\frac{\text{Total current assets} \times 100}{\text{Short-term liabilities}}$

Notes

	<u>2021</u>	<u>2020</u>
	DKK	DKK
2 Revenue		
The production value of completed and ongoing construction contracts	1,038,105,760	1,182,671,427
Other revenue	81,562,510	63,036,147
Total revenue	<u>1,119,668,270</u>	<u>1,245,707,574</u>
Revenue allocated to geographical segments:		
Scandinavia	529,917,082	687,542,556
Other European countries	51,147,020	62,910,242
Other countries in rest of the world	538,604,168	495,254,776
Total revenue	<u>1,119,668,270</u>	<u>1,245,707,574</u>
3 Staff costs		
Wages and salaries	407,607,516	418,347,659
Pensions	38,861,094	38,984,041
Other social security costs	7,028,538	5,243,609
	<u>453,497,148</u>	<u>462,575,309</u>
Including remuneration to the Supervisory Board and Executive Board:		
Supervisory Board and Executive Board	10,320,767	9,608,783
	<u>10,320,767</u>	<u>9,608,783</u>
Average number of employees	<u>694</u>	<u>693</u>

Notes

	2021	2020
	DKK	DKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation intangible assets	11,377,010	17,986,959
Depreciation tangible assets	24,933,537	36,358,702
Impairment intangible assets	0	5,139,701
Impairment tangible assets	5,317,194	291,095,715
	41,627,741	350,581,077
which breaks down as follows:		
Completed development projects	11,377,010	17,986,959
Buildings	13,198,912	17,886,678
Plant and machinery	11,696,938	18,419,673
Other fixtures and fittings, tools and equipment	37,687	52,351
Impairment of intangible assets	0	5,139,701
Impairment of tangible assets	5,317,194	291,095,715
	41,627,741	350,581,077
5 Financial income		
Interest from group enterprises	34,189,423	23,375,682
Exchange adjustments	9,730,068	5,698,701
	43,919,491	29,074,383
6 Financial costs		
Other financial costs	625,701	0
Exchange adjustments costs	20,933,810	9,410,571
	21,559,511	9,410,571

Notes

	<u>2021</u>	<u>2020</u>
	DKK	DKK
7 Distribution of profit		
Proposed dividend for the year	358,939,077	0
Transfer for the year for development costs	2,901,664	-13,515,944
Retained earnings	<u>-527,247,952</u>	<u>-384,188,687</u>
	<u>-165,407,211</u>	<u>-397,704,631</u>

Notes

8 Intangible assets

	Completed development projects	Patents	Development projects in progress
Cost at 1 January 2021	210,950,994	12,859,399	57,100,222
Additions for the year	4,915,705	0	9,362,969
Disposals for the year	-19,339,717	0	0
Transfers for the year	5,953,402	0	-5,953,402
Cost at 31 December 2021	<u>202,480,384</u>	<u>12,859,399</u>	<u>60,509,789</u>
Impairment losses and amortisation at 1 January 2021	191,697,809	12,859,399	0
Amortisation for the year	11,377,010	0	0
Reversal of impairment and amortisation of disposed assets	-19,339,717	0	0
Impairment losses and amortisation at 31 December 2021	<u>183,735,102</u>	<u>12,859,399</u>	<u>0</u>
at 31 December 2021	<u>18,745,282</u>	<u>0</u>	<u>60,509,789</u>

Completed development projects include development and test of special pipe and molding technologies. Management has high expectations to the use of the technology, and these are all still in use. Management has not identified any indication of impairment in relation to the carrying amount of the development projects.

Development projects in progress include development and test of special pipe and molding technologies, mainly relating the materials in the pipe to withstand higher temperatures in different environments and sizes. The costs are mainly internal costs regarding salaries and indirect production cost, which are registered in the company's project module. The project is expected to be completed in 2022 whereafter it is expected to be commercialized. Management has high expectations to the use of the technology.

The new technology is expected to result in considerable competitive advantages and opportunities, which the company could not pursue without the technology. If win of already known projects where the technology is demanded, the profit from the project would substansable exceed the the invested amount.

Notes

9 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 January 2021	329,317,123	1,294,422,546	5,264,047	20,107,990
Additions for the year	0	0	0	45,497,150
Disposals for the year	0	-2,715,165	0	0
Transfers for the year	290,261	38,093,777	0	-38,384,038
Cost at 31 December 2021	<u>329,607,384</u>	<u>1,329,801,158</u>	<u>5,264,047</u>	<u>27,221,102</u>
Impairment losses and depreciation at 1 January 2021	227,355,532	1,213,897,692	5,106,016	0
Impairment losses for the year	0	5,317,194	0	0
Depreciation for the year	13,198,912	11,696,938	37,687	0
Disposal for the year	0	-2,552,987	0	0
Reclassification	-4,981,386	4,981,386	0	0
Impairment losses and depreciation at 31 December 2021	<u>235,573,058</u>	<u>1,233,340,223</u>	<u>5,143,703</u>	<u>0</u>
at 31 December 2021	<u>94,034,326</u>	<u>96,460,935</u>	<u>120,344</u>	<u>27,221,102</u>

Tangible assets has been affected by an impairment in 2021, due to no current demand for these assets. On the remaining assets management has prepared a impairment test over the tangible assets, as the company has been loss giving the last couple of years. This impairment test show no need for impairment.

In 2021, management carried out an impairment test of the carrying amount of tangible assets. The recoverable amount in the form of the value in use is deemed to exceed the carrying amount. The value in use is calculated based on the expected net cash flows, which are based on budgets for the period 2022-2026 as approved by management, and a discount factor before tax of 14.7%.

Notes

	2021 DKK	2020 DKK
10 Investments in subsidiaries		
Cost at 1 January 2021	500,000	500,000
Cost at 31 December 2021	500,000	500,000
Carrying amount at 31 December 2021	500,000	500,000

February 1, 2022 the company provided a group contribution which amounted to the loan receivable of DKK 1,438 million to NOV flexibles Holding ApS. February 2, 2022 the company has sold its shares in NOV Flexibles Holding ApS with a profit of 488 million DKK. This has no impact on the financial statements for 2021.

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
NOV Flexibles Holding ApS	Brøndby, Denmark	100%

11 Receivables

	Receivables from group entities	Deposits
Cost at 1 January 2021	1,616,847,250	4,030,960
Additions for the year	33,876,206	0
Payment for the year	-216,048,089	-74,398
Transfer to current assets	149,123,109	0
Cost at 31 December 2021	1,583,798,476	3,956,562
Carrying amount at 31 December 2021	1,583,798,476	3,956,562

Notes

Loans/Receivables falling due between 1 and 5 years amount to 1,583,798 TDKK (1,072,858 TDKK) and loans/receivables falling due after 5 years amount to 0 TDKK (543,989 TDKK).

February 1, 2022 the company provided a group contribution which amounted to the loan receivable of DKK 1,438 million to NOV Flexibles Holding ApS.

	<u>2021</u>	<u>2020</u>
	DKK	DKK
12 Inventory		
Raw materials and consumables	187,126,351	148,306,559
WIP inventory	<u>2,967,915</u>	<u>2,071,781</u>
	<u>190,094,266</u>	<u>150,378,340</u>
13 Contract work in progress		
Work in progress, selling price	3,142,530,158	2,531,776,569
Work in progress, payments received on account	<u>-3,296,039,355</u>	<u>-2,711,831,382</u>
	<u>-153,509,197</u>	<u>-180,054,813</u>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	79,638,345	52,096,027
Prepayments received under liabilities	<u>-233,147,542</u>	<u>-232,150,840</u>
	<u>-153,509,197</u>	<u>-180,054,813</u>

14 Prepayments

Prepayments comprise prepaid expenses regarding insurance and licenses.

Notes

15 Long term debt

	2021	2020
	DKK	DKK
Other payables		
After 5 years	40,614,393	39,432,272
Between 1 and 5 years	2,304,078	1,580,570
Non-current portion	<u>42,918,471</u>	<u>41,012,842</u>
Within 1 year	325,418	736,884
Other short-term other debt	51,776,976	85,255,872
Current portion	<u>52,102,394</u>	<u>85,992,756</u>
	<u>95,020,865</u>	<u>127,005,598</u>

Long term "Other payables" concern the company's obligation regarding the frozen holiday fund. The debt will be paid continuously with employees retiring.

16 Subsequent events

February 1, 2022 the company provided a group contribution which amounted to the loan receivable of DKK 1,438 million to NOV Flexibles Holding ApS. February 2, 2022 the company has sold its shares in NOV Flexibles Holding ApS with a profit of 488 million DKK. This has no impact on the financial statements for 2021.

After the financial year the war in Ukraine has started. It is still uncertain what this will have of final impact on the financial statements. Due to uncertainties and no knowledge of this on the date of the balance sheet, this has been treated as a non-adjustable event.

Other than the mentioned event, no events have occurred after the balance sheet date which could significantly affect the company's financial position.

17 Rent and lease liabilities

Operating lease liabilities.

Total future lease payments:

Within 1 year	11,464,756	6,901,214
Between 1 and 5 years	32,515,322	3,121,537
After 5 years	33,530,317	0
	<u>77,510,395</u>	<u>10,022,751</u>

Notes

18 Contingent liabilities

Recourse and non-recourse guarantee commitments

The company has entered into a number of contracts for delivery in 2022 - 2025 committing the company to deliver flexible pipe systems to customers.

The company has granted usual bank guaranties for projects amounting to a total of 204,751 TDKK (164,061 TDKK).

The company has no contingent liabilities.

19 Related parties and ownership structure

Controlling interest

SubSeaFlex Holding ApS
NOV Holding Danmark ApS
Danco AS

Transactions

	Parent company	Subsidiary	Group Enterprices
Royalty, revenue		44,129,677	
Sales projects, Goods and service revenue		9,197,002	40,570,954
Management fee, recharge and other costs	-24,737,665		-7,262,741
Goods and service, costs	-460,911	-133,009,298	-61,392,444
Interest, income		32,812,278	1,377,145
	-25,198,576	-46,870,341	-26,707,086
Balance per 31, December 2021			
Loan, Receivables		1,435,137,708	148,660,768
Cash pool, receivables			92,403,604
Other receivables		17,915,194	27,647,011
Other liabilitlites			-31,111,407
		1,453,052,902	237,599,976

Consolidated financial statements

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

Notes

19 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>

20 Fee to auditors appointed at the general meeting

EY

Audit fee

Other assurance engagements

Tax advisory services

	2021	2020
	DKK	DKK
	1,264,000	1,299,048
	12,000	0
	1,946,336	640,123
	3,222,336	1,939,171