

Valtor Offshore A/S

Oddesundvej 5, 6715 Esbjerg N

CVR no. 73 27 98 28

Annual report 2021

Approved at the Company's annual general meeting on 30 June 2022

Chair of the meeting:

.....
Jan Fredrik Ståhl

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Valtor Offshore A/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 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Esbjerg, 30 June 2022
Executive Board:

.....
Jørn Graabæk
Chief Executive Officer

Board of Directors:

.....
Jan Fredrik Ståhl
Chair

.....
Roy Anders Nygren

.....
Jørn Graabæk

.....
Arne John Noesgaard

Independent auditor's report

To the shareholders of Valtor Offshore A/S

Opinion

We have audited the financial statements of Valtor Offshore A/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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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.

Independent auditor's report

- ▶ 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.

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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Esbjerg, 30 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Dan Mose Andersen
State Authorised Public Accountant
mne35406

Management's review

Company details

Name	Valtor Offshore A/S
Address, Postal code, City	Oddesundvej 5, 6715 Esbjerg N
CVR no.	73 27 98 28
Established	15 July 1983
Registered office	Esbjerg
Financial year	1 January - 31 December
Board of Directors	Jan Fredrik Ståhl, Chair Roy Anders Nygren Jørn Graabæk Arne John Noesgaard
Executive Board	Jørn Graabæk, Chief Executive Officer
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Management's review

Business review

The company's main activities include consulting, sales, production, service and maintenance of valves and actuators for the oil and gas industry.

Financial review

The income statement for 2021 shows a profit of DKK 462,873 against a loss of DKK 2,378,409 last year, and the balance sheet at 31 December 2021 shows equity of DKK 5,231,850.

As in 2020, the company was in 2021 still significantly affected by low activities in the Danish Northsea Oil and Gas sector, primarily due to the redevelopment of the Tyra gas field and COVID-19's effect on oil and gas prices. Later in 2021 oil and gas prices climb and derived from this the demand for Valtor's products has increased.

Valtor has managed to maintain most of its workforce and knowledge during COVID-19, putting Valtor in a strong position for the increased demand. Maintaining the workforce was among others possible from governmental grants, designed to maintain workforces during periods highly effected by COVID-19 (salary compensation support packages).

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end. Besides the unfortunately situation in Ukraine and the derived effect on increasing oil and gas prices.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2021	2020
	Gross profit	9,159,559	4,865,807
3	Staff costs	-8,307,930	-7,798,876
	Depreciation of and property, plant and equipment	-79,605	-127,726
	Profit/loss before net financials	772,024	-3,060,795
	Financial income	0	19,539
4	Financial expenses	-175,578	-5,803
	Profit/loss before tax	596,446	-3,047,059
5	Tax for the year	-133,573	668,650
	Profit/loss for the year	462,873	-2,378,409
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	462,873	-2,378,409
		462,873	-2,378,409

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	196,322	228,427
		<u>196,322</u>	<u>228,427</u>
7	Investments		
	Deposits	784,259	772,669
		<u>784,259</u>	<u>772,669</u>
	Total fixed assets	<u>980,581</u>	<u>1,001,096</u>
	Non-fixed assets		
	Inventories		
	Work in progress	180,000	683,672
	Finished goods and goods for resale	2,999,041	4,130,961
	Prepayments for goods	829,874	0
		<u>4,008,915</u>	<u>4,814,633</u>
	Receivables		
	Trade receivables	3,844,703	2,832,483
	Receivables from group enterprises	2,272,624	466,650
8	Deferred tax assets	41,300	42,103
	Joint taxation contribution receivable	315,102	891,237
	Other receivables	17,236	25,093
	Prepayments	143,096	147,922
		<u>6,634,061</u>	<u>4,405,488</u>
	Cash	<u>6,144</u>	<u>63,234</u>
	Total non-fixed assets	<u>10,649,120</u>	<u>9,283,355</u>
	TOTAL ASSETS	<u>11,629,701</u>	<u>10,284,451</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	2,000,000	2,000,000
	Retained earnings	3,231,850	2,768,977
	Total equity	<u>5,231,850</u>	<u>4,768,977</u>
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Other payables	0	409,493
		<u>0</u>	<u>409,493</u>
	Current liabilities other than provisions		
	Bank debt	0	3,862
	Trade payables	3,012,604	2,324,403
	Payables to group enterprises	372,855	131,808
	Other payables	3,012,392	2,645,908
		<u>6,397,851</u>	<u>5,105,981</u>
	Total liabilities other than provisions	<u>6,397,851</u>	<u>5,515,474</u>
	TOTAL EQUITY AND LIABILITIES	<u>11,629,701</u>	<u>10,284,451</u>

- 1 Accounting policies
- 2 Other operating income
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2021	2,000,000	2,768,977	4,768,977
Transfer through appropriation of profit	0	462,873	462,873
Equity at 31 December 2021	<u>2,000,000</u>	<u>3,231,850</u>	<u>5,231,850</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Valtor Offshore A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The company has applied following from reporting class C:

*Statement of change in equity.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided 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.

Income from contract work is recognised as revenue at the time of delivery and the transfer of the risk to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets and governmental grants.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating 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 pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

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 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.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

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

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net 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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2021	2020
2 Other operating income		
Salary compensation (COVID-19 governmental support grants)	802,163	728,270
	<u>802,163</u>	<u>728,270</u>
3 Staff costs		
Wages/salaries	6,989,223	6,365,839
Pensions	1,157,365	1,172,938
Other social security costs	89,302	165,571
Other staff costs	72,040	94,528
	<u>8,307,930</u>	<u>7,798,876</u>
Average number of full-time employees	<u>13</u>	<u>14</u>
4 Financial expenses		
Interest expenses, group entities	32,158	2,791
Other financial expenses	143,420	3,012
	<u>175,578</u>	<u>5,803</u>
5 Tax for the year		
Estimated tax charge for the year	132,770	-447,851
Deferred tax adjustments in the year	803	-220,799
	<u>133,573</u>	<u>-668,650</u>
6 Property, plant and equipment		
DKK		Fixtures and fittings, other plant and equipment
Cost at 1 January 2021		3,281,810
Additions		47,500
Disposals		213,491
Cost at 31 December 2021		<u>3,542,801</u>
Impairment losses and depreciation at 1 January 2021		3,053,383
Depreciation		79,605
Reversal of accumulated depreciation and impairment of assets disposed		213,491
Impairment losses and depreciation at 31 December 2021		<u>3,346,479</u>
Carrying amount at 31 December 2021		<u>196,322</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

DKK	<u>Deposits</u>
Cost at 1 January 2021	772,669
Additions	<u>11,590</u>
Cost at 31 December 2021	<u>784,259</u>
Carrying amount at 31 December 2021	<u><u>784,259</u></u>

8 Deferred tax assets

The company and the jointly taxed companies expect to utilize the deferred tax asset through future profits.

9 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with Armatec A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Other rent and lease liabilities:

DKK	<u>2021</u>	<u>2020</u>
Rent and lease liabilities	<u>2,216,000</u>	<u>3,987,000</u>

All rent and lease liabilities are due within the next 5 years.

11 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

12 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Armatec AB	Sverige	Ernströmsgruppen.com A.Odhners gata 14, SE-400 91 Västa Frölunda

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Jørn Graabæk

Direktion

På vegne af: Valtor Offshore AS

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Jørn Graabæk

Bestyrelse

På vegne af: Valtor Offshore AS

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Jan Fredrik Ståhl

Dirigent

På vegne af: Valtor Offshore AS

Serienummer: 19691023xxxx

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2022-06-30 07:10:05 UTC



Jan Fredrik Ståhl

Bestyrelse

På vegne af: Valtor Offshore AS

Serienummer: 19691023xxxx

IP: 217.209.xxx.xxx

2022-06-30 07:10:05 UTC



ROY NYGREN

Bestyrelse

På vegne af: Valtor Offshore AS

Serienummer: 19840307xxxx

IP: 212.247.xxx.xxx

2022-06-30 07:32:10 UTC



Arne John Noesgaard

Bestyrelse

På vegne af: Valtor Offshore AS

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Dan Mose Andersen

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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