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# ***Archer Offshore Denmark A/S***

Esbjerg Brygge 28, DK-6700 Esbjerg

## **Annual Report for 1 January - 31 December 2020**

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CVR No 27 96 33 15

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
2 /7 2021

Espen Joranger  
Chairman of the General  
Meeting



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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Archer Offshore Denmark A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. The Company complies with the exemption provisions governing the omission to have its Financial Statements audited.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Esbjerg, 2 July 2021

### **Executive Board**

Jone Kartevold

### **Board of Directors**

Hugo Idsøe  
Chairman

Espen Joranger

Bjørn Bærheim

# Practitioner's Statement on Compilation of Financial Statements

To the Management of Archer Offshore Denmark A/S

We have compiled the Financial Statements of Archer Offshore Denmark A/S for the financial year 1 January - 31 December 2020 on the basis of the Enterprise's accounting records and other information you have provided.

The Financial Statements comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

We performed our work in accordance with ISRS 4410, Engagements to Compile Financial Information.

Based on our professional expertise, we have assisted you with the preparation and presentation of the Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and IESBA's Code of Ethics, including the principles of integrity, objectivity, professional competence and due care.

The Financial Statements and the accuracy and completeness of the information forming the basis of the compilation of the Financial Statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are under no duty to verify the accuracy or completeness of the information you provided to us to compile the Financial Statements. Accordingly, we express no audit opinion or review opinion as to whether the Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Esbjerg, 2 July 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Palle H. Jensen

statsautoriseret revisor

mne32115

## Company Information

### **The Company**

Archer Offshore Denmark A/S  
Esbjerg Brygge 28  
DK-6700 Esbjerg

CVR No: 27 96 33 15

Financial period: 1 January - 31 December

Municipality of reg. office: Esbjerg

### **Board of Directors**

Hugo Idsøe, Chairman  
Espen Joranger  
Bjørn Bærheim

### **Executive Board**

Jone Kartevold

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Esbjerg Brygge 28  
DK-6700 Esbjerg

# Management's Review

## Key activities

The Company's primary activity is to perform service tasks and trades within the oil industry and related activities, including wireline services to the oil and gas industry in the Danish offshore sector.

## Development in the year

The income statement of the Company for 2020 shows a loss of DKK 478,697, and at 31 December 2020 the balance sheet of the Company shows negative equity of DKK 645,523.

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

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>1,918,612</b>	<b>1,382,481</b>
Staff expenses	2	-2,032,206	-1,515,770
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-52,767	0
<b>Profit/loss before financial income and expenses</b>		<b>-166,361</b>	<b>-133,289</b>
Financial income	4	146,520	94,984
Financial expenses	5	-458,856	-160,622
<b>Profit/loss before tax</b>		<b>-478,697</b>	<b>-198,927</b>
Tax on profit/loss for the year	6	0	-67,000
<b>Net profit/loss for the year</b>		<b>-478,697</b>	<b>-265,927</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-478,697	-265,927
		<b>-478,697</b>	<b>-265,927</b>

# Balance Sheet 31 December

## Assets

	Note	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		1,846,845	0
<b>Property, plant and equipment</b>		<b>1,846,845</b>	<b>0</b>
Deposits		71,800	71,800
<b>Fixed asset investments</b>		<b>71,800</b>	<b>71,800</b>
<b>Fixed assets</b>		<b>1,918,645</b>	<b>71,800</b>
Receivables from group enterprises		2,327,299	2,498,147
Other receivables		20,100	13,613
Corporation tax		0	366,000
Prepayments		0	33,412
<b>Receivables</b>		<b>2,347,399</b>	<b>2,911,172</b>
<b>Currents assets</b>		<b>2,347,399</b>	<b>2,911,172</b>
<b>Assets</b>		<b>4,266,044</b>	<b>2,982,972</b>



# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Share capital		500,000	500,000
Retained earnings		-1,145,523	-666,826
<b>Equity</b>		<b>-645,523</b>	<b>-166,826</b>
Trade payables		10,620	11,141
Payables to group enterprises		4,517,281	2,700,412
Other payables		383,666	438,245
<b>Short-term debt</b>		<b>4,911,567</b>	<b>3,149,798</b>
<b>Debt</b>		<b>4,911,567</b>	<b>3,149,798</b>
<b>Liabilities and equity</b>		<b>4,266,044</b>	<b>2,982,972</b>
Going concern	1		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	500,000	-666,826	-166,826
Net profit/loss for the year	0	-478,697	-478,697
<b>Equity at 31 December</b>	<b>500,000</b>	<b>-1,145,523</b>	<b>-645,523</b>

# Notes to the Financial Statements

## 1 Going concern

The company has lost its share capital due to losses in the current and previous years. The company's parent company has issued a letter of support and the annual report is presented on the the going concern basis.

	2020 DKK	2019 DKK
<b>2 Staff expenses</b>		
Wages and salaries	1,988,390	1,499,403
Other social security expenses	10,404	16,367
Other staff expenses	33,412	0
	<u>2,032,206</u>	<u>1,515,770</u>
<b>Average number of employees</b>	<u>1</u>	<u>1</u>
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation of property, plant and equipment	52,767	0
	<u>52,767</u>	<u>0</u>
<b>4 Financial income</b>		
Interest received from group enterprises	4,809	3,287
Other financial income	1,859	1
Exchange adjustments	139,852	91,696
	<u>146,520</u>	<u>94,984</u>
<b>5 Financial expenses</b>		
Interest paid to group enterprises	138,623	75,429
Other financial expenses	1,420	2,722
Exchange adjustments, expenses	318,813	82,471
	<u>458,856</u>	<u>160,622</u>

## Notes to the Financial Statements

	2020 DKK	2019 DKK
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	0	0
Deferred tax for the year	0	67,000
	<u>0</u>	<u>67,000</u>
<b>7 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	0	56,000
	<u>0</u>	<u>56,000</u>
<b>Guarantee obligations</b>		
The Company is included in the cash-pool scheme with other group companies, where the Company is jointly and severally liable with other group companies for claims from the bank, with the Company's receivables in the cash-pool scheme. At 31 December the Company has a balance of	2,748,921	2,604,118
<b>Including to group enterprises</b>		
The Company is included in the cash-pool scheme with other group companies, where the Company is jointly and severally liable with other group companies for claims from the bank, with the Company's receivables in the cash-pool scheme. At 31 December the Company has a balance of	<u>2,748,921</u>	<u>2,604,118</u>

# Notes to the Financial Statements

## 8 Accounting Policies

The Annual Report of Archer Offshore Denmark A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Income Statement

#### Revenue

Net revenue, which includes maintenance tasks with a high degree of customization and sale of commodities to the offshore industry is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

#### Staff expenses

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.

The Archer group has a long term incentive program for some of its employees.

This consist of issued stock options and restricted share units. The cost for the instruments are being calculated by a third party based on the Black-Scholes valuation model.

The cost for the stock options and restricted share units is being pushed down to the affiliates as an equity injection from the mother company and recognized as payroll cost in the receiving company.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3	years
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Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Fixed asset investments

Fixed asset investments consist of deposits.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### **Prepayments**

Prepayments comprise prepaid expenses concerning subsequent financial reporting years.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.