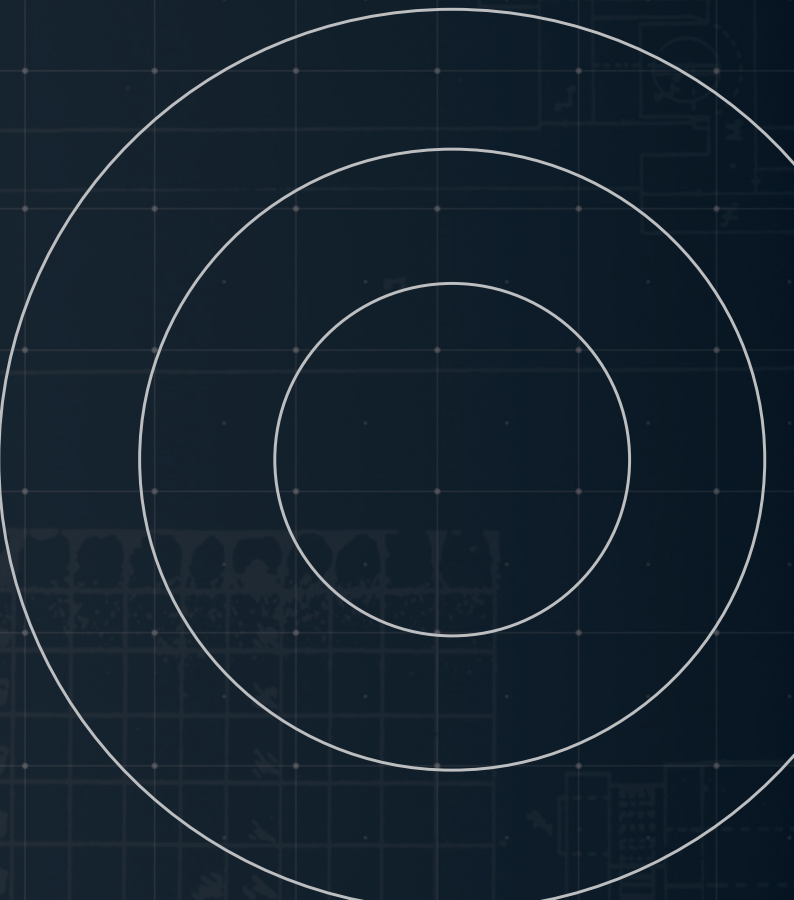
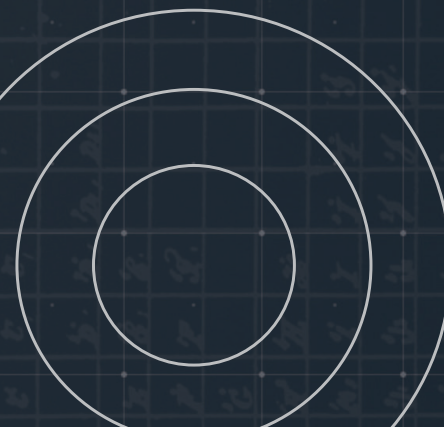


GROWTH THROUGH INNOVATION ANNUAL REPORT 2018

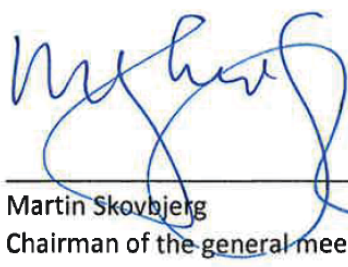
WELLTEC HOLDING APS

CENTRAL BUSINESS REGISTRATION NO: 28 29 52 00

GYDEVANG 25, 3450 ALLERØD, DENMARK



This annual report for Welltec Holding ApS has been adopted and approved at the ordinary annual general meeting of shareholders held 19 June 2019.



Martin Skovbjerg
Chairman of the general meeting

Welltec[®]

COMPANY DETAILS

Company

Welltec Holding ApS
Gydevang 25
3450 Allerød
Denmark

Phone: +45 48 14 35 14

Fax: +45 48 14 35 18

Website: www.welltec.com

E-mail: welltecinfo@welltec.com

Central Business Registration No: 28 29 52 00

Registered in: Allerød, Denmark

Financial year: 1 January 2018 – 31 December 2018

Executive Board

Jørgen Hallundbæk, Chief Executive Officer

Board of Directors

Jørgen Hallundbæk, Chairman

Alasdair Geddes Shiach

Enrico Vellano

John Haukvik

Michael Philipp Bricker

Niels Harald de Coninck-Smith

Company auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

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KEY FIGURES

USD in millions

Welltec Holding ApS	2018	2017	2016	2015	2014
STATEMENT OF COMPREHENSIVE INCOME					
Net financials	(7)	(13)	(3)	4	3
Profit / (loss) before tax	(7)	(13)	(1)	4	3
Net profit / (loss) for the year	(5)	(12)	(1)	4	4
CASH FLOWS					
Cash flows from operating activities	1	-	(1)	-	-
Cash flows from investment activities	-	-	1	-	-
Cash flows from financing activities	(1)	-	-	-	-
Total cash flows	-	-	-	-	-
BALANCE					
Equity	34	39	51	52	48
Total assets	119	118	117	117	119
KEY RATIOS (%)					
ROIC excl. goodwill	-	-	-	-	-
Return on equity	(15)	(26)	(2)	7	8

The key figures are prepared in accordance with generally accepted financial ratios applied by financial analysts.

FINANCIAL REVIEW

Primary activities

The Company is engaged in intervention of oil and gas wells using proprietary developed and produced robot technology. This takes place through the ownership of Welltec A/S.

Development in activities and finances in 2018

Loss for 2018 comes to USD 5,422 thousand, and equity stands at USD 33,613 thousand as of 31 December 2018.

Unusual circumstances

No unusual events have occurred in 2018 that have affected the annual report.

Events after the end of the reporting date

No significant events regarding the Company's activities have occurred since 31 December 2018.

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

We have today considered and approved the annual report of Welltec Holding ApS for the financial year 1 January 2018 to 31 December 2018.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of its operations and cash flows for the financial year 1 January - 31 December 2018.

In our opinion, the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Allerød, 17 June 2019

Executive Board:



Jørgen Hallundbæk
Chief Executive Officer

Board of Directors:



Jørgen Hallundbæk
Chairman



Alasdair Geddes Shiach



Enrico Vellano



John Haukvik



Michael Bricker



Niels Harald De Coninck-Smith

INDEPENDENT AUDITOR'S REPORTS

To the shareholder of Welltec Holding ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Welltec Holding ApS for the financial year 1 January - 31 December 2018, which comprise statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management Commentary

Management is responsible for the Management Commentary.

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

Based on the work we have performed, in our view, the Management Commentary 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 in the Management Commentary.

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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 about 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 these financial statements.

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

Copenhagen, 17 June 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Central Business Registration No. 33 77 12 31

Tue Stensgaard Sørensen
State Authorized
Public Accountant
MNE 32200

Simon Vinberg Andersen
State Authorized
Public Accountant
MNE 35458

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

<i>USD in thousands</i>	NOTE	2018	2017
Administrative expenses		(5)	(4)
Operating loss (EBIT)		(5)	(4)
Financial income	4	17	-
Financial expenses	5	(6,963)	(12,570)
Loss before tax		(6,951)	(12,574)
Tax on loss for the year	6	1,529	849
Loss for the year		(5,422)	(11,725)
Total comprehensive loss for the year		(5,422)	(11,725)
Allocation of total comprehensive loss			
Transferred to accumulated result		(5,422)	(11,725)

STATEMENT OF FINANCIAL POSITION

<i>USD in thousands</i>	NOTE	31 Dec. 2018	31 Dec. 2017
Non-current assets			
Financial assets			
Investments in subsidiaries	7	117,305	117,305
Total financial assets		117,305	117,305
Total non-current assets		117,305	117,305
Current assets			
Receivables			
Tax receivables, joint taxation contribution		1,529	766
Total receivables		1,529	766
Cash and cash equivalents		-	-
Total current assets		1,529	766
Total assets		118,834	118,071

STATEMENT OF FINANCIAL POSITION

<i>USD in thousands</i>	NOTE	31 Dec. 2018	31 Dec. 2017
Equity			
Share capital	8	46,790	46,790
Accumulated result		(13,177)	(7,755)
Total equity		33,613	39,035
Non-current liabilities			
Loans from subsidiaries	10	83,314	77,479
Total Non-current liabilities		83,314	77,479
Current liabilities			
Payables to subsidiaries	10	1,904	1,555
Other payables	10	3	2
Total current liabilities		1,907	1,557
Total liabilities		85,221	79,036
Total equity and liabilities		118,834	118,071

STATEMENT OF CHANGES IN EQUITY

USD in thousands

	Share capital	Accumulated result	Total
Equity at 1 January 2017	46,790	3,856	50,646
Purchase of own shares	-	(80)	(80)
Sale of own shares	-	194	194
Loss for the year	-	(11,725)	(11,725)
Total comprehensive income for the year	-	(11,611)	(11,611)
Equity at 31 December 2017	46,790	(7,755)	39,035
Loss for the year	-	(5,422)	(5,422)
Total comprehensive income for the year	-	(5,422)	(5,422)
Equity at 31 December 2018	46,790	(13,177)	33,613

STATEMENT OF CASH FLOWS

USD in thousands

	2018	2017
Operating loss (EBIT)	(5)	(4)
Non-cash adjustments	17	(331)
Changes in working capital	348	103
Income taxes paid	766	83
Cash flows from operating activities	1,126	(149)
Other Investments	-	49
Cash flows from investing activities	-	49
Interests paid	-	(14)
Purchase of own shares	-	(80)
Sale of own shares	-	194
Repayment of loan	(1,126)	-
Cash flows from financing activities	(1,126)	100
Increase/decrease in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

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NOTES

1. ACCOUNTING POLICIES

Basis of accounting

The annual report of Welltec Holding ApS for 2018 is presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class B enterprises. Please see the Danish Executive Order on IFRS Adoption issued in accordance with the Danish Financial Statements Act. Welltec Holding ApS is a limited liability company domiciled in Denmark.

The financial statements are presented in thousands of US dollar (USD), which is regarded as the presentation currency in relation to the Company's activities and the functional currency of the Company.

The annual report does not include consolidated financial statements as the conditions have been fulfilled for not preparing consolidated financial statements with reference to the higher level Parent's consolidated financial statements. The consolidated financial statements of the Parent, Welltec International ApS, Gydevang 25, 3450 Allerød, Denmark, may be ordered from the Parent.

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in accordance with the new and revised Standards (IFRS/IAS) and Interpretations (IFRIC) which apply for the financial year. This has not resulted in any changes in accounting policies that have affected recognition and measurement in the current or previous years.

New accounting standards

At the date of the publication of this annual report, a number of new or amended Standards and Interpretations have not yet entered into force or have not yet been adopted by the EU, for which reason they have not been incorporated in this annual report.

None of the new Standards or amendments of existing Standards are expected to have a material impact on future financial statements.

Recognition and measurement

Assets are recognized in the statement of financial position when it is probable that future financial benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognized in the statement of financial position when if they are probable and can be measured reliably.

On initial recognition, assets and liabilities are measured at cost or fair value. Subsequently, assets and liabilities are measured as described for each item below.

Income is recognized in the statement of comprehensive income as earned. This includes recognition of value adjustments of financial assets and financial liabilities measured at amortized cost.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the transaction date exchange rate. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the end of the reporting period are translated using the exchange rate at the end of the reporting period. Exchange differences that arise between the rate at the transaction date and the exchange rate effective at the payment date, or the exchange rate at the end of the reporting period, are recognized in the statement of comprehensive income as financial income or financial expenses.

Income taxes and deferred tax

The Company is jointly taxed with the principal shareholder, Welltec International ApS and Welltec Group's Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Tax for the year consists of current tax for the year and changes in deferred tax. The portion of tax attributable to profit is recognized in the income statement and the portion of tax attributable to entries directly in other comprehensive income is recognized in other comprehensive income. The portion of tax attributable to equity is recognized directly in equity.

The current tax payable or receivable is recognized in the statement of financial position, computed as tax calculated on the taxable income for the year, adjusted for prepaid tax.

The current tax charge for the year is calculated based on the current tax rate for the year and tax legislation applicable on the balance sheet date.

NOTES

Deferred tax is recognized on all temporary differences between carrying values and tax-based values of assets and liabilities, except from deferred tax on all temporary differences on initial recognition of goodwill or on initial recognition of a transaction that is not a business combination, and for which the temporary difference found at the time of initial recognition neither affects profit or loss for the year nor taxable income

Deferred tax is calculated based on the expected recovery of each asset and the settlement of each liability, respectively.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates and tax legislation that have been enacted or substantively enacted on the balance sheet date. Changes in deferred tax resulting from changed tax rates or tax rules are recognized in profit or loss, unless the deferred tax is attributable to items previously recognized in other comprehensive income or in equity. If so, such changes are also recognized in other comprehensive income or in equity.

Exchange rate adjustments on deferred tax are recognized as part of the year's adjustment in deferred tax.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the statement of financial position at their estimated realizable value, either as a set-off against deferred tax liabilities or as net assets for set-off against future positive taxable income. At the end of each reporting period, it is assessed whether sufficient taxable income is probable to arise in the future for the deferred tax asset to be used.

Balances calculated according to the rules on interest deductibility limitations in the Danish Corporate Tax Act are allocated solely to Welltec A/S. Deferred tax liabilities in respect of these balances are recognized in the statement of financial position, whereas deferred tax assets are recognized only if the criteria for recognition of deferred tax assets are met.

Statement of comprehensive income

Administrative and sales costs

Administrative expenses comprise costs for auditing etc.

Financial income and expenses

These items comprise interest income and interest expenses, realized and unrealized exchange rate gains and losses on receivables and payables and foreign currency transactions as well as interest

on tax.

Statement of financial position

Financial assets

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If the recoverable amount of the investment is lower than cost, investments are written down to this lower value.

Financial liabilities

On initial recognition, financial liabilities including other payables are measured at fair value. Subsequently, these liabilities are measured at amortized cost applying the effective interest method to the effect that the difference between proceeds and nominal amount is recognized in the statement of comprehensive income as a financial expense over the term of the loan.

Statement of cash flows

The Company's statement of cash flows is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Company's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated as EBIT adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise financial income received and dividend received from Welltec A/S or capital increase in subsidiaries.

Cash flows from financing activities comprise financial expenses paid and payment of dividend to the shareholder or capital increase from parent company.

Cash and cash equivalents comprise cash.

Ratios

The following ratios are applied in accordance with generally accepted financial ratios applied by financial analysts and generally accepted calculation formulas.

$$\text{ROIC excl. goodwill} = \frac{\text{EBIT} \times 100}{\text{Average capital invested}}$$

NOTES

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

$$\text{Return on equity} = \frac{\text{Net profit/(loss) for the year} \times 100}{\text{Average equity}}$$

The company prepares its financial statements in accordance with IFRS as adopted by the EU, the application of which often requires judgments to be made by Management when preparing the Company's financial position and results. Under IFRS, Management are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group; it may later be determined that a different choice would have been more appropriate. Actual results may differ from the accounting estimates.

Estimates and assumptions are reviewed on an ongoing basis and have been prepared taking the market situation into consideration, but still ensuring that one-off effects which are not expected to exist in the long term do not affect estimation and determination of these key factors, including discount rates and expectations about the future.

Management considers that certain accounting estimates and assumptions relating to assets, liabilities and expenses are its critical accounting estimates and judgment.

A discussion of these critical accounting estimates and judgments are provided below and should be read in conjunction with the disclosure of the Company's significant policies to the consolidated financial statements.

Impairment of investment in subsidiaries

Investment in subsidiaries represents USD 117,305 thousand equalizing 98.7 % of total assets in the company.

In performing the impairment test Management makes an assessment of whether the Welltec A/S Group will be able to generate positive net cash flows sufficient to support the value of the investment in subsidiaries.

It is the opinion of Management that the carrying amount for investment in subsidiaries does not exceed its recoverable value based on an

estimate of present value of expected future net cash flows from the Welltec A/S Group (value-in-use).

The calculation of the value-in-use is based on the following key assumptions; expectations about future earnings, growth rates and discount rates.

Expectations are based on financial budget for 2019 and long-term forecasts until the end of 2024. A growth rate of 2.4% has been applied in the terminal period from 2025 and onwards.

The discount rate applied is based on a risk-adjusted after tax discount rate (weighted average cost of capital) of 11.1%. The weighted average cost of capital before tax is 12.6%. In 2017 the weighted average cost of capital used was 10.7% which equals a before tax discount rate of 11.8%.

The impairment test is also based on following assumptions and market views.

Consensus suggests that the overall demand for Oil & Gas is expected to continue to increase as a result of a growing world economy. The global oversupply of oil gradually diminished during the course of 2018 amid production declines and reduced investments. The weakening supply fundamentals coupled with a resilient demand paved the way for higher oil prices and more importantly a more stable oil price environment by the end of 2018. Looking into 2019, market consensus suggest a continued stabilization albeit with risk of increased volatility should geopolitical unrest or the OPEC production coordination yet again fall. For Welltec, the market potential remains unchanged, as the global demand continues to increase. In addition the current oil price environment requires the industry to adopt new technology that reduces cost of production and ultimately help operators create sustainable businesses.

Although the prevailing climate is challenging for the industry and Welltec with global E&P spend dramatically reduced, above supports that the long term market potential for Welltec is unchanged.

NOTES

3. STAFF COSTS

There have been no employees at Welltec Holding ApS for the financial years 2018 and 2017.

4. FINANCIAL INCOME

USD in thousands

	2018	2017
Interest income from financial assets that are not measured at fair value through profit or loss	-	-
Exchange rate gains	17	-
Total financial income	17	-

5. FINANCIAL EXPENSES

USD in thousands

	2018	2017
Interest expenses to subsidiaries	6,963	3,348
Other	-	14
Interest expenses from financial liabilities that are not measured at fair value through profit or loss	6,963	3,362
Exchange rate losses	-	9,208
Total financial expenses	6,963	12,570

NOTES

6. INCOME TAXES

<i>USD in thousands</i>	2018	2017
Current tax	1,529	2,755
Adjustment concerning previous years	-	(1,906)
Current tax income incl. adj. in corporation tax previous years	1,529	849
Breakdown of tax:		
Loss before tax	6,951	12,574
	6,951	12,574
Reconciliation of tax income USD		
Danish corporate tax rate	1,529	2,766
Effect of exchange rate adjustment in USD and DKK on Danish corporation tax	-	(1,987)
Non-taxable income and non deductible expenses	-	(11)
Other taxes, including adjustment concerning previous years	-	81
Total	1,529	849

No income tax has been recognized in other comprehensive income or directly in equity in 2018 and 2017.

7. INVESTMENTS IN SUBSIDIARIES

<i>USD in thousands</i>	2018	2017
Acquisition cost 1 January	117,305	117,305
Acquisition cost 31 December	117,305	117,305

The Company has investments in the following subsidiary:

Name	Registered country	Principal activity	Year / currency	Capital	Share
Welltec A/S	Denmark	Manufacture	1989/DKK	292,005,743	100%

NOTES

8. SHARE CAPITAL

The share capital consists of 254,865,743 shares at DKK 1/USD 0.18 per share

USD in thousands

	2018	2017
Share units 01.01	46,790	46,790
Share units 31.12	46,790	46,790

No dividend was paid in 2018 or 2017 and no dividend is proposed related to the financial year 2018 and 2017.

9. FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

USD in thousands

	2018	2017
Statutory audit services	5	4
Total fees to auditor	5	4

10. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

10.1 Maturity dates for financial liabilities

<i>USD in thousands</i>	2017			Total
	Less than 1 year	Between 1 and 5 years	Later than 5 years	
Loan from subsidiary	-	77,479	-	77,479
Payables to subsidiaries	1,555	-	-	1,555
Other payables	2	-	-	2
Total financial liabilities	1,557	77,479	-	79,036

All liabilities shown in the table above are measured at amortized cost. The amounts are exclusive of interest.

<i>(USD in thousands)</i>	2018			Total
	Less than 1 year	Between 1 and 5 years	Later than 5 years	
Loan from subsidiary	-	83,314	-	83,314
Payables to subsidiaries	1,904	-	-	1,904
Other payables	3	-	-	3
Total financial liabilities	1,907	83,314	-	85,221

All liabilities shown in the table above are measured at amortized cost. The amounts are exclusive of interest.

NOTES

11. ASSETS CHARGED AND CONTINGENT LIABILITIES

The Company's shares as well as the Company's shares in Welltec A/S have been provided as security for bond debt issued by Welltec A/S.

Welltec Holding ApS is part of a Danish joint taxation scheme with Welltec International ApS and its Danish subsidiaries. As from the 2013 financial year, the company has partly a joint and several liability and partly a secondary liability with respect to income taxes. As from 1 July 2012 it also has partly a joint and several liability and partly a secondary liability with respect to any obligations to withholding tax on interest, royalties and dividends for these companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the company directly or indirectly owned by the ultimate parent company.

The bond debt is guaranteed by Welltec International ApS, Welltec Holding ApS, Welltec Canada Inc., Welltec Africa ApS, Welltec (UK) Ltd, Welltec Inc. and Welltec Oilfield Services (Norway) AS and is secured, subject to certain exceptions and permitted liens, by all of the issued shares of Welltec A/S and each of the guarantors (other than Welltec International ApS, Welltec Oilfield Services (Norway) AS and Welltec (UK) Ltd.).

12. FINANCIAL RISKS

Interest rate risk

Interest rate risk relates to interest-bearing debt to subsidiaries. The debt carries floating interest.

Fluctuations in the interest rate level affect the Company's debt to subsidiaries. An increase in the interest rate level of 1 percentage point per annum compared to the interest rate level at the end of the reporting period would have had a negative impact of USD 833 thousand (2017: USD 775 thousands) on the result and equity for the year. An equivalent drop in the interest rate level would have resulted in an equivalent positive effect on the result and equity for the year.

Currency risk

The Company's interest-bearing debt has for 2018 been incurred in USD, previously the debt was incurred in DKK. A 10% increase in exchange rates compared to the exchange rate level at the end of the reporting period would have had a negative impact of USD 0 million (2017: USD 7.7 million) on the result and equity for the year. An equivalent drop in the exchange rate level would have resulted in an equivalent positive effect on the result and equity for the year.

Liquidity risk

Pursuant to the Company's policy, capital raising and distribution of cash are managed centrally by the Welltec International ApS Group's finance department to the extent it is deemed appropriate.

Capital structure

The Company is funded by equity and intra-group debt to subsidiaries. Dividend is paid only if sufficient, positive cash flows are generated to service debt and develop the business. The Company's overall objective remains the same.

NOTES

13. RELATED PARTIES

Welltec Holding's related parties

The ultimate parent company preparing a consolidated financial statement in which Welltec Holding ApS is included is Welltec International ApS, Gydevang 25, 3450 Allerød, Denmark.

1. JH Holding, Allerød 2018 ApS, Bredgade 25.2, 1260 Copenhagen K, Denmark, which is wholly controlled by Jørgen Hallundbæk
2. Welltec International ApS, Gydevang 25, 3450 Allerød, Denmark
3. 7 Industries Holding B.V., Van Heuven Goedhartlaan 13D, 1181 LE, Amstelveen, The Netherlands (owns more than 5% of Welltec International ApS)
4. Exor N.V., Gustav Mahlerplein 25, 1082 Amsterdam, The Netherlands (owns more than 5% of Welltec International ApS)
5. Companies in which the principal shareholder exercises control, i.e. Haregabgaard ApS, Haregabsvej 15, Esbønderup Skovhuse, 3230 Græsted, Denmark. Tinkerbelle ApS, Skovgårdsvej 9, 3200 Helsingør, Denmark. Alpha Ex DK ApS, Bredgade 25.2, 1260 Copenhagen K, Denmark.
6. Members of the Company's Executive Management and Board of Directors as well as close relatives of these members
7. Subsidiaries of Welltec Holding ApS – see note 7.

No remuneration has been paid to the Board of Directors or the Executive Board in 2018 or 2017.

Transactions and balances between Welltec Holding ApS and related parties:

USD in thousands

Interest expenses to subsidiaries

Total transactions

	2018	2017
Interest expenses to subsidiaries	(6,963)	(3,348)
Total transactions	(6,963)	(3,348)

The following balances were outstanding at the end of the reporting period:

USD in thousands

	Amounts owed by related parties		Amounts owed to related parties	
	2018	2017	2018	2017
Welltec International ApS	0	0	647	679
Subsidiaries	0	0	84,571	78,355
Total balances	0	0	85,218	79,034

14. EVENTS AFTER THE BALANCE SHEET DATE

No significant events regarding the Company's activities have occurred since 31 December 2018.