Welltec Africa ApS
Central Business Registration No 28 50 52 64

Annual report for 1 January – 31 December 2020

The Annual Report was presented and adopted at the Annual General Meeting on 11 June 2021

Chairman of the Annual General Meeting

Name: Peter Schnettler Kristensen

Contents

Company details

The Company	Welltec Africa ApS Gydevang 25 DK-3450 Allerød Denmark Central Business Registration No: 28 50 52 64 Municipality of reg. office: Allerød Financial period: 1 January – 31 December 2020
Executive Board	Peter Schnettler Kristensen Søren Søgaard Suhr
Auditors	PricewaterHouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Statement by Management on the annual report

The Executive Board has today considered and adopted the Annual Report of Welltec Africa ApS for the financial year 1 January to 31 December 2020.

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 at 31 December 2020 of the Company and of the results of the Company's operations for 2020.

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

Allerød, 11 June 2021

Executive Board

Peter Schnettler Kristensen
Chief Executive Officer

Søren Søgaard Suhr
Chief Executive Officer

Independent auditor's reports

To the Shareholder of Welltec Africa ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Welltec Africa ApS for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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'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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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.

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Independent auditor's reports

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 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 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 reports

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.

Hellerup, 11 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Tue Stensgård Sørensen	Henrik Kyhnauv
State Authorised	State Authorised
Public Accountant	Public Accountant
mne32200	mne40028

Management review

The Company's primary activity is to provide customers in Africa with Well Tractor Services. In addition to owning a number of subsidiaries, the Company has branches in Africa (Welltec Africa ApS Equatorial Guinea, Welltec Africa ApS Ivory Coast and Welltec Africa ApS Cameroun). From 2020 the Company has served as a holding company for the Africa subsidiaries.

The Company had no employees in 2020 (2019: nil).

The outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak.

Accounting policies

The Annual Report of Welltec Africa ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Financial Statements for 2020 are presented in US dollar (USD), which also is the functional currency. The applied currency rate to Danish Kroner at 31 December 2020 is 6.06 (2019: 6.68).

The accounting policies applied remain unchanged from last year.

The Company has applied International Financial Reporting Standard 15 Revenue from Contracts with Customers and International Financial Reporting Standard 16 Leases as allowed according to the Danish Financial Statement Act.

Consolidated financial statements
With reference to section 110 of the Danish Financial Statements Act and to the consolidated financial statements of Welltec A/S, the Company has not prepared consolidated financial statements.

Recognition and measurement
Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized 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 recognized 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 recognized 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 recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Accounting policies (continued)

Income Statement

Revenue
Revenue from services and the sale of goods is recognised when the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company. Revenue is measured at the consideration received and is recognized exclusive of VAT and net of discounts relating to sales.

Other Income
Other Income includes income of a secondary nature in relation to the companies' activities and includes remuneration from other group companies for cost related to operations in Africa.

Cost of sales
Cost of sales comprise cost incurred to achieve revenue for the year.

Other external expenses
Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Amortisation, depreciation and impairment losses
Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant, equipment and intercompany receivables.

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

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 recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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 3-5 years

Depreciation period and residual value are reassessed annually.

Accounting policies (continued)

Right-of-use assets and lease liabilities
For contracts which are, or contain, a lease, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease period. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is measured using the effective interest method. It is remeasured when there is a change in future lease payments, typically due to a change in index or rate (e.g. inflation) on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right-of-use asset, or in the income statement when the right-of-use asset has been fully depreciated.

The right-of-use assets are presented in tangible assets and the lease liabilities in non-current and current liabilities. Lease contracts that have a lease term of 12 months or less and low value assets are not recognized on the balance sheet. These lease payments are expensed on a straight-line basis over the lease term.

Impairment of fixed assets
The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value. In the event of indicators of impairment, an impairment is performed of investments in subsidiaries.

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.

Prepayments
Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Accounting policies (continued)

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 recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

Current tax receivables and liabilities
Current tax liabilities and receivables are recognized 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 recognized in the income statement in financial income and expenses.

Financial liabilities
On initial recognition liabilities, including trade payables, are measured at fair value. Subsequently, these liabilities are measured at amortized cost.

Income statement 1 January – 31 December

	Note	2020 USD	2019 USD
Revenue		-	**664,190**
Other income		1,367,489	-
Cost of sales		-	(1,257,933)
Other external expenses		(1,388,553)	(1,115,302)
Gross profit/loss		**(21,064)**	**(1,709,045)**
Depreciation, amortization and impairment		(8,251)	(8,251)
Profit/loss before financial income and expenses		**(29,315)**	**(1,717,296)**
Result from investments in subsidiaries		15,659	217,790
Other financial income	2	2,665,446	3,021,799
Other financial expenses	3	(4,595,991)	(1,742,343)
Profit/loss before tax		**(1,944,201)**	**(220,050)**
Tax on profit/loss for the year	4	(98,823)	(11.733)
Net profit/loss for the year		**(2,043,024)**	**(231,783)**

Proposed distribution of profit

		2020 USD	2019 USD
Retained earnings		(2,043,024)	(231,783)

Balance sheet at 31 December

Assets	Note	2020 USD	2019 USD
Other fixtures and fittings, tools and equipment		-	8,152
Right-of-use assets		8,298	16,567
Property, plant and equipment		**8,298**	**24,719**
Loan to Group enterprises		1,220,541	30,830,214
Investments in subsidiaries	5	506,341	656,341
Financial assets		**1,726,882**	**31,486,555**
Fixed assets		**1,735,180**	**31,511,274**
Trade receivables		-	305,314
Receivables from Group enterprises		10,572,130	30,382,585
Other receivables		271,372	26,373
Deferred tax assets		-	4,318
Corporation tax		42,273	555,849
Prepayments		1,004	28,742
Receivables		**10,886,779**	**31,303,181**
Cash at bank and in hand		**17,920**	**106,959**
Current assets		**10,904,699**	**31,410,140**
Assets		**12,639,879**	**62,921,414**

Balance sheet at 31 December

Liabilities and equity	Note	2020 USD	2019 USD
Share capital		21,756	21,756
Retained earnings		(4,292,689)	(2,249,665)
Equity		**(4,270,933)**	**(2,227,909)**
Leasing debt		-	9,419
Loan from Group enterprises		-	623,972
Long-term debt		**-**	**633,391**
Current part of non-current leasing debt		8,736	8,264
Trade payables		15,658	20,277
Payable to Group enterprises		16,689,208	63,890,203
Corporation tax		-	54,774
Other payables		197,210	542,414
Short term debt		**16,910,812**	**64,515,932**
Debt		**16,910,812**	**65,149,323**
Equity and liabilities		**12,639,879**	**62,921,414**
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Statement of changes in equity

	Share capital USD	Retained Earnings USD	Total USD
Equity at 1 January	21,756	(2,249,665)	(2,227,909)
Net profit/loss for the year	-	(2,043,024)	(2,043,024)
Equity at 31 December	**21,756**	**(4,292,689)**	**(4,270,933)**

Notes

1 Capital ressources

The Company has lost more than 50% of its share capital and is thus subject to the provisions regarding capital loss according to section 119 of the Danish Companies Act. Management expects to re-establish the equity via positive results in the coming years. The Company has received a letter of financial support from its parent company. Based on this, Management assess that the capital resources of the Company are sufficient for planned activities until 31 December 2021 so the company is to be regarded as going concern.

	2020 USD	2019 USD
2 Financial income		
Interest received from Group enterprises	257,668	329,017
Group payable written off	224,630	1,237,643
Reversal of impairment on group receivable	-	1,146,850
Exchange adjustments	2,183,148	308,289
Financial income	**2,665,446**	**3,021,799**
3 Financial expenses		
Impairment Group receivables	3,796,167	-
Interest paid to Group enterprises	-	954,358
Other financial expenses	12,499	11,589
Financial lease interest	736	997
Exchange adjustments, expenses	786,589	775,399
Financial expenses	**4,595,991**	**1,742,343**
4 Tax on profit/loss for the year		
Current tax for the year	(2,883)	197,444
Deferred tax for the year	(4,318)	(219,196)
Adjustment of tax concerning previous years	467,779	10,019
Other taxes	(559,401)	-
Tax on profit/loss for the year	**(98,823)**	**(11.733)**

	2020 USD	2020 USD
5 Investments in subsidiaries		
Cost at 1 January	867,254	867,254
Disposals for the year	-	-
Cost at 31 December	**867,254**	**867,254**
Value adjustments at 1 January	(210,913)	(410,449)
Impairment adjustment for the year	(150,000)	199,536
Value adjustments at 31 December	**(360,913)**	**(210,913)**
Carrying amount at 31 December	**506,341**	**656,341**

6 Contingent assets, liabilities and other financial obligations

The Group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Welltec International ApS, which is the management company of the joint taxation purposes. Moreover, the Group companies are jointly and severally liable for the Danish withholding taxes by way of dividend tax on royalty payments and tax on unearned income. Any subsequent adjustment of corporation taxes and withholding taxes may increase the Company's liability.

7 Related parties

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest Group:

Name	Place of registered office
Welltec A/S	Allerød

8 Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.