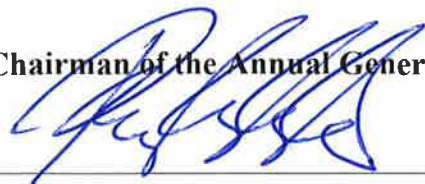


Welltec Africa ApS
Central Business Registration No 28 50 52 64
Annual report for 1 January – 31 December 2019

The Annual Report was presented and adopted at the Annual General Meeting on 12 June 2020.

Chairman of the Annual General Meeting



Name: Peter Schnettler Kristensen,



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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 2019

Executive Board

Peter Schnettler Kristensen

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 2019.

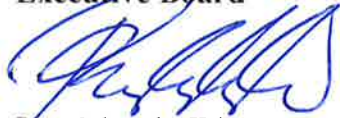
The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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

Allerød, 12 June 2020

Executive Board



Peter Schnettler Kristensen,
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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, 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.

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, 12 June 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Tue Stensgård Sørensen

State Authorised

Public Accountant

MNE 32200



Simon Vinberg Andersen

State Authorised

Public Accountant

MNE 35458



Management review

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

The Entity had no employees in 2019 (2018: 2).

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, see also note 9 *Events after the balance sheet date*.

Accounting policies

The Annual Report of Welltec Africa ApS for 2019 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 2019 are presented in US dollar (USD), which also is the functional currency. The applied currency rate to Danish Kroner at 31 December 2019 is 6.68 (2018: 6.52).

Changes in accounting policies

The accounting policies applied remain unchanged from last year expect from the implementation of IFRS 16 Leasing.

At Group level, IFRS 16 has been implemented as of 1 January 2019. According to the Danish Financial Statements Act, it is possible to apply the principles in those IFRS Standards without being required to prepare financial statements in accordance with IFRS. The Company applied the principles of IFRS 16 in accordance with the modified retrospective approach. The prior-year figures were not adjusted. In addition, the company has decided to apply the new guidance to leases whose term will end within twelve months of the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with them are recognized as an expense from short-term leases.

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

Accounting policies (continued)

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.

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.

Cost of sales

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

Other external expenses

Other external expenses comprise indirect production costs and 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 and equipment.

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

Accounting policies (continued)

Depreciation period and residual value are reassessed annually.

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.

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 debts

Loans from credit institutions, are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period.

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

	<u>Note</u>	<u>2019</u> <u>USD</u>	<u>2018</u> <u>USD</u>
Revenue		664,190	4,538,036
Cost of sales		(1,257,933)	(1,675,517)
Other external expenses		<u>(1,115,302)</u>	<u>(2,565,734)</u>
Gross profit/loss		(1,709,045)	(296,785)
Depreciation, amortization and impairment		<u>(8,251)</u>	<u>(50,310)</u>
Profit/loss before financial income and expenses		(1,717,296)	(246,475)
Result from investments in subsidiaries		217,790	(410,230)
Other financial income	2	3,021,799	891,299
Other financial expenses	3	<u>(1,742,343)</u>	<u>(4,067,149)</u>
Profit/loss before tax		(220,050)	(3,339,605)
Tax on profit/loss for the year	4	<u>(11,733)</u>	<u>(343,722)</u>
Net profit/loss for the year		<u>(231,783)</u>	<u>(3,683,327)</u>

Balance sheet at 31 December

Assets	<u>Note</u>	<u>2019</u> <u>USD</u>	<u>2018</u> <u>USD</u>
Other fixtures and fittings, tools and equipment		8,152	67,695
Right-of-use assets		<u>16,567</u>	<u>-</u>
Total property, plant and equipment		<u>24,719</u>	<u>67,695</u>
Loan to Group enterprises		30,830,214	37,928,229
Investments in subsidiaries	5	<u>656,341</u>	<u>456,805</u>
Financial assets		<u>31,486,555</u>	<u>38,385,034</u>
Fixed assets		<u>31,511,274</u>	<u>38,452,729</u>
Trade receivables		305,314	551,738
Receivables from Group enterprises		30,382,585	15,249,987
Other receivables		26,373	1,114,590
Deferred tax assets	6	4,318	223,514
Corporation tax		555,849	74,048
Prepayments		<u>28,742</u>	<u>60,310</u>
Total receivables		<u>31,303,181</u>	<u>17,274,187</u>
Cash at bank and in hand		<u>106,959</u>	<u>89,215</u>
Current assets		<u>31,410,140</u>	<u>17,363,402</u>
Assets		<u>62,921,414</u>	<u>55,816,131</u>

Balance sheet at 31 December

Liabilities and equity	<u>Note</u>	<u>2019</u> <u>USD</u>	<u>2018</u> <u>USD</u>
Share capital		21,756	21,756
Retained earnings		<u>(2,249,665)</u>	<u>(2,017,882)</u>
Equity		<u>(2,227,909)</u>	<u>(1,996,126)</u>
Leasing debt		9,419	-
Loan from Group enterprises		<u>623,972</u>	<u>27,100,755</u>
Long-term debt		<u>633,391</u>	<u>27,100,755</u>
Bank loan		-	33,037
Current part of non-current debt		8,264	-
Trade payables		20,277	106,506
Payable to Group enterprises		63,890,203	28,724,074
Corporation tax		54,774	355,844
Other payables		<u>542,414</u>	<u>1,492,041</u>
Short term debt		<u>64,515,932</u>	<u>30,711,502</u>
Debt		<u>65,149,323</u>	<u>57,812,257</u>
Equity and liabilities		<u>62,921,414</u>	<u>55,816,131</u>
Capital resources	1		
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		

Statement of changes in equity

	Share capital	Retained earnings	Total
	USD	USD	USD
Equity at 1 January	21,756	(2,017,882)	(1,996,126)
Net profit/loss for the year	-	(231,783)	(231,783)
Equity at 31 December	21,756	(2,249,665)	(2,227,909)



Notes

1 Capital resources

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 2020 so the company is to be regarded as going concern.

	2019	2018
	USD	USD
2 Financial income		
Interest received from Group enterprises	329,017	772,751
Group payable written off	1,237,643	-
Other financial income	-	4
Reversal of impairment on group receivable	1,146,850	-
Exchange adjustments	<u>308,289</u>	<u>118,544</u>
	<u>3,021,799</u>	<u>891,299</u>
3 Financial expenses		
Interest paid to Group enterprises	954,358	2,111,240
Other financial expenses	11,589	33,070
Financial lease interest	997	-
Write-down on receivables from group enterprises	-	1,589,770
Exchange adjustments, expenses	<u>775,399</u>	<u>333,069</u>
	<u>1,742,343</u>	<u>4,067,149</u>
4 Tax on profit/loss for the year		
Current tax for the year	197,444	(369,266)
Deferred tax for the year	(219,196)	25,544
Adjustment of tax concerning previous years	10,019	-
	<u>(11,733)</u>	<u>(343,722)</u>

Notes (continued)

	<u>2019</u> <u>USD</u>	<u>2018</u> <u>USD</u>
5 Investments in subsidiaries		
Cost at 1 January	867,254	867,254
Disposals for the year	<u>-</u>	<u>-</u>
Cost at 31 December	<u>867,254</u>	<u>867,254</u>
Value adjustments at 1 January	(410,449)	(219)
Impairment adjustment for the year	<u>199,536</u>	<u>(410,230)</u>
Value adjustments at 31 December	<u>(210,913)</u>	<u>(410,449)</u>
Carrying amount at 31 December	<u>656,341</u>	<u>456,805</u>
6 Deferred tax asset		
Deferred tax asset at 1 January	223,514	249,058
Amounts recognized in the income statement for the year	<u>(219,196)</u>	<u>(25,544)</u>
Deferred tax asset at 31 December	<u>4,318</u>	<u>223,514</u>
7 Contingent assets, liabilities and other financial obligations		

Contingent liabilities

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.

8 Related parties**Consolidated Financial Statements**

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

<u>Name</u>	<u>Place of registered office</u>
Welltec A/S	Allerød

Notes (continued)**9 Events after the balance sheet date**

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event for Welltec.

To date, the COVID-19 outbreak has resulted in decreased demand for oil which together with a disagreement between OPEC and Russia on adjusting the supply for oil has led to significantly lower oil prices. However, many of Welltec's customers have indicated that they will continue operations and projects in progress, but there is still a risk that revenue and earnings will decline as a consequence of COVID-19.

Covid-19 has impacted the company's ability to move field personnel from country to country due to the travel restrictions, which can impact the ability to take on certain jobs. Furthermore, shipment of tools and spare parts has also been affected as air cargo capacity has been significantly reduced.

Although Welltec Africa with the listed precaution is able to still operate and demand for services is still considered at a relatively satisfying level, COVID-19 is still expected to have a negative impact on the company's revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early to give an opinion about to which extent COVID-19 will impact revenue and earnings in 2020. Management will continue to monitor the revenue development closely and continuously, and will take the necessary actions to uphold and maintain industry leading margin levels.

