

Welltec Africa ApS

**Gydevang 25, 3450 Allerød
Central Business Registration No 28 50 52 64**

Annual report for 1 January – 31 December 2023

The Annual Report was presented and adopted at the Annual General Meeting on 21 June 2024.

Chairman of the Annual General Meeting



Name: Lea Wølk Gøtske

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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 2023

Executive Board

Michael Christensen
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 2023.

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 2023 of the Company and of the results of the Company's operations for 2023.

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

Allerød, 21 June 2024

Executive Board



Michael Christensen
Chief Executive Officer



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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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.

Independent auditor's reports

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 judgement and maintain professional scepticism throughout the audit. We also:

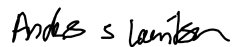
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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, 21 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Anders Stig Lauritsen
State Authorised
Public Accountant
mne32800



Henrik Kyhnav
State Authorised
Public Accountant
mne40028

Management review

Key activities

The Company's primary activity is to provide customers in Africa with Well Tractor Services. In addition the Company owns a number of subsidiaries. From 2020 the Company has served as a holding company for the African subsidiaries.

The Company had no employees in 2023 (2022: nil).

Financial results and outlook

The result for 2023 was a loss of USD 8,412,970 and the equity 31 December 2023 was negative USD 4,774,717. The result for the year was as expected by Management. The Management expects a positive result for 2024 in the range of USD 5,000 to USD 10,000.

The Company has lost its share capital due to a negative result in the financial year. Management expects the Company to be able to reestablish the share capital with positive results in the future. The Company's continued operation has been described in note 1.

Subsequent events

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

Accounting policies

The Annual Report of Welltec Africa ApS for 2023 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 2023 are presented in US dollar (USD), which also is the functional currency. The applied currency rate to Danish Kroner at 31 December 2023 is 6.74 (2022: 6.97).

The accounting policies applied remain unchanged from last year.

The Company has applied IFRS 15 Revenue from Contracts with Customers and IFRS 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, 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

Gross profit

The Company has applied the Danish Financial Statement Act art. 32, whereas revenue, other income, cost of sales and other external expenses are summarized in gross loss.

Revenue

Rendering of service revenue is recognized in the income statement when the performance obligation is satisfied, which is when the agreed service is provided.

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

Other external expenses

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

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 subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

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. Dividends from subsidiaries are recognized as income in the income statement when adopted at the Annual General Meeting of the subsidiary. The result of investments in subsidiaries is recognized less any write-downs on the investments.

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.

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.

Accounting policies (continued)

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

	<u>Note</u>	<u>2023</u> <u>USD</u>	<u>2022</u> <u>USD</u>
Gross profit/ (loss)		170,941	655,600
Profit/(loss) before financial income and expenses		170,941	655,600
Result from investments in subsidiaries	2	(9,425,793)	3,207,318
Other financial income	3	1,479,631	132,063
Other financial expenses	4	(78,822)	(921,577)
Profit/(loss) before tax		(7,854,043)	3,073,404
Tax on profit/loss for the year	5	(558,927)	(111,088)
Net profit/(loss) for the year		(8,412,970)	2,962,316
Proposed distribution of loss			
Retained earnings		(8,412,970)	2,962,316

Balance sheet 31 December

Assets	Note	2023 USD	2022 USD
Investments in subsidiaries	6	4,756,786	4,606,786
Financial assets		4,756,786	4,606,786
Fixed assets		4,756,786	4,606,786
Receivables from group enterprises		3,891,231	15,617,102
Other receivables		332,747	332,653
Trade receivables		395,586	785,936
Corporation tax		108,577	563,836
Receivables		4,728,141	17,299,527
Current assets		4,728,141	17,299,527
Assets		9,484,927	21,906,313

Balance sheet 31 December

Liabilities and equity	Note	2023 USD	2022 USD
Share capital		21,756	21,756
Retained earnings		(4,796,473)	3,616,497
Equity	1	(4,774,717)	3,638,253
Trade payables		45,091	988
Payable to group enterprises		14,008,491	17,736,091
Other payables		206,062	530,981
Short term debt		14,259,644	18,268,060
Debt		14,259,644	18,268,060
Equity and liabilities		9,484,927	21,906,313
The company's continued operation	1		
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Statement of changes in equity

	<u>Share capital</u> USD	<u>Retained Earnings</u> USD	<u>Total</u> USD
Equity 1 January	21,756	3,616,497	3,638,253
Net profit for the year	-	(8,412,970)	(8,412,970)
Equity 31 December	21,756	(4,796,473)	(4,774,717)

Notes

1 The company's continued operation

During the year, the Company lost its' share capital and realized a negative result. The Company's ultimate owner has submitted a statement of support and has confirmed that the ultimate owner wants to support the Company's future operations.

	<u>2023</u> <u>USD</u>	<u>2022</u> <u>USD</u>
2 Result from investments in subsidiaries		
Reversal of impairment on investment in subsidiaries	150,000	2,747,210
Reversal of impairment on group receivable	-	460,108
Impairment on group receivable	(9,575,793)	-
	(9,425,793)	3,207,318
3 Financial income		
Interest received from Group enterprises	172,789	70,789
Other financial income	308,071	-
Exchange adjustments	998,771	61,274
Financial income	1,479,631	132,063
4 Financial expenses		
Other financial expenses	1,089	5,068
Exchange adjustments, expenses	77,733	916,509
Financial expenses	78,822	921,577
5 Tax on profit/loss for the year		
Current tax for the year	412,806	-
Adjustment of tax concerning previous years	146,121	77,587
Other taxes	-	33,501
Tax on profit/loss for the year	558,927	111,088

	2023	2022
	USD	USD
6 Investments in subsidiaries		
Cost 1 January	4,971,237	4,971,237
Cost 31 December	4,971,327	4,971,327
Value adjustments 1 January	(364,541)	(3,111,751)
Reversal of impairment from prior years	150,000	2,747,210
Value adjustments 31 December	(214,541)	(364,541)
Carrying amount 31 December	4,756,786	4,606,786

7 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.

8 Related parties

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Welltec International ApS	Allerød

9 Events after the balance sheet date

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