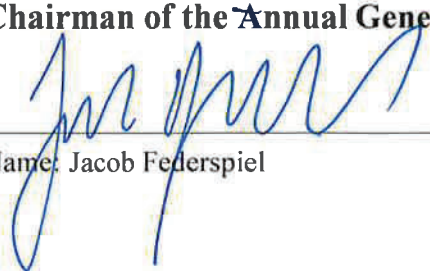


**Welltec Latinamerica ApS**  
**Central Business Registration No 28 50 53 02**  
**Annual report for 1 January – 31 December 2018**

The Annual Report was presented and adopted at the Annual General Meeting on 29 May 2019.

**Chairman of the Annual General Meeting**



---

Name: Jacob Federspiel

## Contents

	<u>Page</u>
Company details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Accounting policies	5
Income statement for 2018	9
Balance sheet at 31 December 2018	10
Statement of changes in equity for 2018	12
Notes	13

## Company details

### The Company

Welltec Latinamerica ApS

Gydevang 25

DK-3450 Allerød

Denmark

Central Business Registration No: 28 50 53 02

Municipality of reg. office: Allerød

Financial period: 1 January – 31 December 2018

### Executive Board

Björg Nissen Kjellmann

### 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 Latinamerica ApS for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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

Allerød, 29 May 2018

### Executive Board



Bjørg Nissen Kjellmann,  
Chief Executive Officer

## Independent auditor's reports

To the Shareholder of Welltec Latinamerica 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 for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Welltec Latinamerica ApS for the financial year 1 January – 31 December 2018, 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.

### 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.

### 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.

## Independent auditor's reports (continued)

- 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.

Hellerup, 29 May 2019

**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

## Accounting policies

The Annual Report of Welltec Latinamerica ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in US dollar (USD), which also is the functional currency. The applied currency rate to Danish Kroner at 31 December 2018 is 6.52 (2017: 6.21).

### 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 amortised 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 recognized 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 recognized 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 the sale of goods is recognized 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.

#### Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

#### Result of investments in subsidiaries

Dividends from subsidiaries are recognized as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

The result of investments in subsidiaries is recognized less any write-downs on the investments.

#### 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 recognized in cost over the period of construction. All indirectly attributable borrowing expenses are recognized in the income statement.





## Income statement 1 January – 31 December

	<u>Note</u>	<u>2018 USD</u>	<u>2017 USD</u>
<b>Revenue</b>		<b>1,355,788</b>	<b>2,684,488</b>
Cost of sales		(1,243,110)	(1,024,051)
Other external expenses		<u>(667,396)</u>	<u>(468,167)</u>
<b>Gross profit/loss</b>		<b>(554,718)</b>	<b>1,192,270</b>
Depreciation and impairment		<u>(8,140)</u>	<u>(16,952)</u>
<b>Profit/loss before financial income and expenses</b>		<b>(562,858)</b>	<b>1,175,318</b>
Result of investments in subsidiaries	2	(151,441)	(2,410,977)
Other financial income	3	92,439	335,441
Other financial expenses	4	<u>(39,090)</u>	<u>(27,528)</u>
<b>Profit/loss before tax</b>		<b>(660,950)</b>	<b>(927,746)</b>
Tax on profit/loss for the year	5	<u>(46,191)</u>	<u>(765,719)</u>
<b>Net profit/loss for the year</b>		<b><u>(707,141)</u></b>	<b><u>(1,693,465)</u></b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year		1,500,000	-
Retained earnings		<u>(2,207,141)</u>	<u>(1,693,465)</u>
		<b><u>(707,141)</u></b>	<b><u>(1,693,465)</u></b>

## Balance sheet at 31 December

Assets	<u>Note</u>	<u>2018 USD</u>	<u>2017 USD</u>
Other fixtures and fittings, tools and equipment		16,159	32,023
<b>Property, plant and equipment</b>		<b>16,159</b>	<b>32,023</b>
Investments in subsidiaries	6	1,078,064	1,495,820
<b>Financial assets</b>		<b>1,078,064</b>	<b>1,495,820</b>
<b>Fixed assets</b>		<b>1,094,223</b>	<b>1,527,843</b>
Trade receivables		-	595,427
Receivables from group enterprises		5,672,368	5,884,102
Other receivables		204,268	3,137
Tax receivables	7	8,917	-
Prepayments		11,522	19,389
<b>Receivables</b>		<b>5,897,075</b>	<b>6,502,055</b>
<b>Cash at bank and in hand</b>		<b>182,669</b>	<b>102,729</b>
<b>Current assets</b>		<b>6,079,744</b>	<b>6,604,784</b>
<b>Assets</b>		<b>7,173,967</b>	<b>8,132,627</b>

## Balance sheet at 31 December

Liabilities and equity	<u>Note</u>	<u>2018 USD</u>	<u>2017 USD</u>
Share capital		87,414	87,414
Retained earnings		1,903,103	4,110,244
Proposed dividend for the year		<u>1,500,000</u>	<u>-</u>
<b>Equity</b>		<u><b>3,490,517</b></u>	<u><b>4,197,658</b></u>
Trade payables		4,317	53,167
Payable to Group enterprises		3,605,138	3,422,425
Corporation tax		10,882	316,990
Other payables		<u>63,113</u>	<u>142,387</u>
<b>Short term debt</b>		<u><b>3,683,450</b></u>	<u><b>3,934,969</b></u>
<b>Debt</b>		<u><b>3,683,450</b></u>	<u><b>3,934,969</b></u>
<b>Equity and liabilities</b>		<u><u><b>7,173,967</b></u></u>	<u><u><b>8,132,627</b></u></u>
Key activities	1		
Contingent assets, liabilities and other financial obligations	8		
Related parties	9		

**Statement of changes in equity**

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the Year</u>	<u>Total</u>
	USD	USD	USD	USD
<b>2018</b>				
Equity at 1 January	87,414	4,110,244	-	4,197,658
Net profit/loss for the year	<u>-</u>	<u>(2,207,141)</u>	<u>1,500,000</u>	<u>(707,141)</u>
<b>Equity at 31 December</b>	<b><u>87,414</u></b>	<b><u>1,903,103</u></b>	<b><u>1,500,000</u></b>	<b><u>3,490,517</u></b>

## Notes

### 1 Key activities

The Entity's primary activity is to provide customers in Latin America with Well Tractor Services. In addition to owning a number of subsidiaries, the Entity has branches in Columbia (Welltec Latin America ApS Sucursal Colombiana Branch) and Ecuador (Welltec Latin America ApS (Ecuador Branch)).

The Entity had 5 employees in 2018 (2017: 6).

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<b>2 Result of investments in subsidiaries</b>		
Impairment adjustment of the year	(417,756)	(2,410,977)
Dividends received	266,315	-
	<u>(151,441)</u>	<u>(2,410,977)</u>
<b>3 Financial income</b>		
Other financial income	1,151	2,678
Exchange adjustments	91,288	332,763
	<u>92,439</u>	<u>335,441</u>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	5,075	311
Other financial expenses	14,359	27,217
Exchange adjustments, expenses	19,656	-
	<u>39,090</u>	<u>27,528</u>
<b>5 Tax on profit/loss for the year</b>		
Tax on ordinary profit/loss for the year	10,882	316,990
Deferred tax for the year	-	450,337
Adjustment of tax concerning previous years	37,534	9,569
Other taxes	(2,225)	(11,177)
	<u>46,191</u>	<u>765,719</u>

**Notes (continued)**

	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
<b>6 Investments in subsidiaries</b>		
Cost at 1 January	7,147,002	7,147,002
Disposals for the year	<u>-</u>	<u>-</u>
Cost at 31 December	<u>7,147,002</u>	<u>7,147,002</u>
Value adjustments at 1 January	(5,651,182)	(3,240,205)
Impairment adjustment for the year	<u>(417,756)</u>	<u>(2,410,977)</u>
Value adjustments at 31 December	<u>(6,068,938)</u>	<u>(5,651,182)</u>
<b>Carrying amount at 31 December</b>	<u><b>1,078,064</b></u>	<u><b>1,495,820</b></u>
<b>7 Tax receivable</b>		
Tax receivable beginning of year	-	-
Amount paid during the year	<u>8,917</u>	<u>-</u>
<b>Tax receivable at 31 December</b>	<u><b>8,917</b></u>	<u>-</u>

**8 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.

**9 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