

# Welltec Manufacturing Center Completions ApS

## Annual Report 2022

Welltec Manufacturing Center Completions ApS  
CVR No.: 41 58 74 23  
Storstrømsvej 12, DK-6715 Esbjerg

Welltec Manufacturing Center Completions ApS' annual report  
Approved at the Annual Shareholders'  
Meeting on 20 June 2023



**Meeting chairperson:** Peter Schnettler Kristensen

Welltec®

# Contents

## 03 Company profile

### Management Review

04 Key Figures

05 Financial Review

## 06 Company Details

## 07 Statement by management on the Annual Report

## 08 Independent auditor's report

### Financial statements

10 Income statement

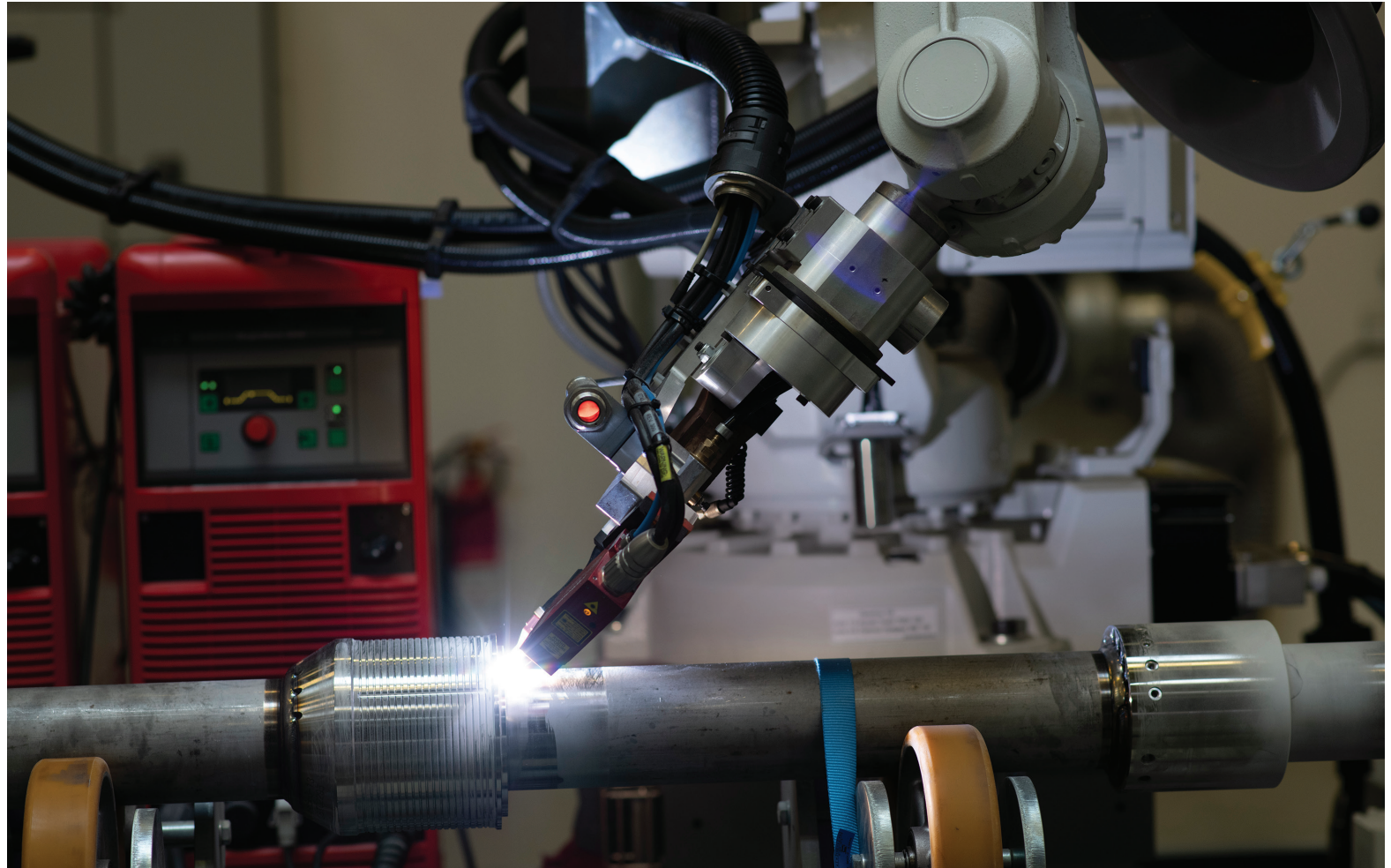
11 Statement of financial position

12 Statement of changes in equity

13 Notes

# Company profile

Welltec® is a global technology company that develops and provides efficient hi-tech solutions for the energy sector. Our pioneering technology enables our clients to optimize the management and development of their assets across the entire life cycle. We address factors that maximize value creation, continuously innovating to reduce well construction time, speed up access to hydrocarbons, increase reservoir contact and enhance production whilst minimizing operating downtime and footprint.



It is our philosophy to challenge existing conventional thinking in order to develop novel products and services which increase oil and gas recovery while improving sustainability, efficiency, environmental and safety aspects of our industry. Through our in-house state-of-the-art manufacturing facilities we engineer, develop, and manufacture effective and unique technologies that enhance production and recovery rates for our clients.

Our unique Completions technologies provide a totally new perspective to drilling and completing wells, adopting a holistic approach which adds value continuously over the life-cycle of a well. From reducing geological uncertainty, accelerating first production, minimizing CAPEX, reducing costs and simplifying P&A. The impact of our approach is immediate and has been proven to provide substantial savings and boost cash flow.

An already trusted and reliable partner to multiple clients within the oilfield, Welltec is also successfully aiding clients within the renewable energy market and in particular, as a service and product provider to operators focused on geothermal energy and carbon capture and storage (CCS) projects.

# Key figures and ratios

## Welltec Manufacturing Center Completions

USD in thousands	2022	2021
<b>Income statement</b>		
Operating profit (EBIT)	1,136	1,779
Net financial expenses	(244)	(512)
Profit before tax	892	1,267
Net profit for the year	784	927
<b>Statement of financial position</b>		
Investments in tangible assets	3,147	1,788
Equity	13,181	12,397
Total assets	45,843	34,344
<b>Key ratios*</b>		
Return on equity	6.1%	7.8%
ROIC	21.4%	22.9%
Average number of employees	50	49

\*Key ratios are calculated according to Finansforeningens recommendations and key ratios.  
Please see note 1: Accounting policies for definitions.

# Financial review

## Result 2022

2022 was the Company's third financial year and the result for the period 1 January - 31 December 2022 was USD 784 thousand with an equity of USD 13,181 thousand. The result was as expected by the Management. The decline in total gross profit was caused higher write-downs on inventories. EBIT is slightly lower than 2021 and the net financial expenses were positively influenced by higher exchange rate gains.

The revenue is driven by sales to related parties.

## Outlook 2023

The Company expects an increase in activity in 2023 compared to 2022, which will lead to a net profit in the range of USD 500 to 1,000 thousand.

## Financial risks

Due to the Company's contracts in Swiss Franc and a few other currencies, its income statement, cash flows and equity are affected by changes in exchange rates.

It is the Company's policy that capital raising and distribution of cash are managed centrally by the Welltec Group's finance department to the extent it is deemed appropriate. The Welltec Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

Financial risks are managed centrally in the Welltec Group, in order to ensure that relevant risks are monitored and, when appropriate, hedged in line with governing risk management policies. The Financial Risk Management & Policy Framework encompasses a broad range of risk factors ranging from liquidity and refinancing risk to FX, interest and counterparty risk. The core principle is for financial risk to be managed with a view to reducing significant risk.

At the end of 2022 no commodities or contracts are hedged.

## External environment

One of the Company's largest production costs is the consumption of electricity. The Company is in compliance with the ISO 14000 being able to manage its environmental responsibilities.

## Subsequent events

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

# Company Details

**Company**

Welltec Manufacturing Center Completions ApS  
Storstrømsvej 12  
6715 Esbjerg N  
Denmark

Phone: +45 48 14 35 14

Website: [www.welltec.com](http://www.welltec.com)

E-mail: [receptiondk@welltec.com](mailto:receptiondk@welltec.com)

Central Business Registration No: 41 58 74 23

Registered in: Esbjerg

Financial year: 1 January – 31 December 2022

**Executive Board**

Peter Hansen, Chief Executive Officer

Jacob Ole Faurkov, Executive Officer

**Company auditors**

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

# Statement by management on the annual report

We have today considered and approved the annual report of Welltec Manufacturing Center Completions ApS for the financial year 1 January to 31 December 2022.

The financial statements are prepared in accordance with 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 2022 as well as of its financial performance for the financial year 1 January to 31 December 2022.

We also believe that the management review contains a fair review of the development of the Company's activities and financial position, together with a description of the principal risks and uncertainties that the Company faces.

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

Esbjerg 9 June 2023

## Executive Board



Peter Hansen  
Chief Executive Officer



Jacob Ole Faurskov  
Executive Officer

# Independent auditor's reports

## To the shareholder of Welltec Manufacturing Center Completions ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Welltec Manufacturing Center Completions ApS for the financial year 1 January - 31 December 2022, which comprise income statement, statement of financial position, statement of changes in equity and notes, including a summary of significant accounting policies.

### 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 Review

Management is responsible for the Management Review.

Our opinion on the financial statements does not cover the Management Review, and we do not express any form for assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Review and, in doing so, consider whether the Management 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 the Management Review provides the information required under the Danish Financial Statements Act.

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



# 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.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.
- 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 9 June 2023

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



Tue Stensgård Sørensen  
State Authorized  
Public Accountant  
mne32200



Henrik Kyhnauv  
State Authorized  
Public Accountant  
mne40028

## Income statement

USD in thousands	Note	2022	2021
Total gross profit		1,532	2,474
Administrative expenses	2	(396)	(695)
Total operating profit (EBIT)		1,136	1,779
Financial income	3	993	445
Financial expenses	4	(1,237)	(957)
Total profit before tax		892	1,267
Income taxes	5	(108)	(340)
Total profit for the year		784	927

## Statement of financial position – assets

USD in thousands	Note	31 Dec. 2022	31 Dec. 2021
<b>Non-current assets</b>			
Technology		31	71
Other		102	319
Total intangible assets	6	133	390
<b>Tangible assets</b>			
Leasehold improvements		1,216	987
Plant and equipment		2,216	2,892
Other fixtures and fittings		4,197	2,513
Right-of-use assets		5,478	6,051
Total tangible assets	7	13,107	12,443
<b>Financial assets</b>			
Other receivables		672	716
Total financial assets		672	716
Total non-current assets		13,912	13,549

USD in thousands	Note	31 Dec. 2022	31 Dec. 2021
<b>Current assets</b>			
<b>Inventory</b>			
Raw materials		7,867	8,605
Goods under construction		13,116	9,406
Finished goods		925	1,189
Total inventories		21,908	19,200
<b>Receivables</b>			
Intercompany receivables		8,593	537
Other receivables		1,386	972
Prepayments	8	44	86
Total receivables		10,023	1,595
Total current assets		31,931	20,795
Total assets		45,843	34,344

## Statement of financial position – liabilities

USD in thousands	Note	31 Dec. 2022	31 Dec. 2021
<b>Equity</b>			
Share capital		122	122
Retained earnings		13,059	12,275
<b>Total equity</b>	<b>9</b>	<b>13,181</b>	<b>12,397</b>
<b>Provisions</b>			
Deferred tax	10	360	356
<b>Total provisions</b>		<b>360</b>	<b>356</b>
<b>Non-current liabilities</b>			
Finance lease commitments		4,175	5,456
Intercompany loan		8,462	-
Other liabilities		410	532
<b>Total non-current liabilities</b>	<b>11</b>	<b>13,047</b>	<b>5,988</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	11	1,197	845
Current tax liabilities		415	352
Trade payables		3,802	3,864
Intercompany payables		13,109	9,988
Other payables		732	554
<b>Total current liabilities</b>		<b>19,255</b>	<b>15,603</b>
<b>Total liabilities</b>		<b>32,662</b>	<b>21,947</b>
<b>Total equity and liabilities</b>		<b>45,843</b>	<b>34,344</b>

## Statement of changes in equity

USD in thousands	Share capital	Retained earnings	Total
Total equity at 1 January 2022	122	12,275	12,397
Net profit for the year	-	784	784
<b>Total equity at 31 December 2022</b>	<b>122</b>	<b>13,059</b>	<b>13,181</b>

# Contents notes

14 Note 1: Accounting policies

## **Income statement**

17 Note 2: Staff costs

17 Note 3: Financial income

17 Note 4: Financial expenses

18 Note 5: Income taxes

## **Statement of financial position**

19 Note 6: Intangible assets

20 Note 7: Tangible assets

21 Note 8: Pre-payments

21 Note 9: Share capital

22 Note 10: Deferred tax assets and liabilities

22 Note 11: Current and non-current financial liabilities

## **Other**

23 Note 12: Proposed appropriation of net profit/(loss)

23 Note 13: Assets charged and contingent liabilities

24 Note 14: Related parties

24 Note 15: Events after the balance sheet date

# 1. Accounting policies

## Basis of accounting

The financial statements for 2022 are presented in accordance with the Danish Financial Statement Act for reporting class middle size C.

The Financial Statements for 2022 are presented in thousands US dollar (USD), which also is the functional currency. The applied currency rate to Danish Kroner at 31 December 2022 is 6.97 (2021: 6.56).

The financial statements does not include a cash flow statement according to the Danish Financial Statement Act art. 86:4. The cash flow statement is included in the 2022 financial statements for Welltec International ApS, CVR no 30695003.

The financial statements are prepared on the historical cost basis. The principal accounting policies adopted are set out below.

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

## Recognition and measurement

Assets are recognized in the statement of financial position if 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 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 income statement as earned and includes value adjustments of financial assets and liabilities measured at fair value or 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 income statement as financial income or financial expenses.

Property, plant, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured based on historical cost are translated at the transaction date exchange rate. If non-monetary items are restated at fair value, they are translated using the exchange rate at the date of restatement.

Statement of financial position items is translated using the exchange rates at the end of the reporting period.

Non-monetary assets and liabilities measured on the basis of historical cost are translated using the transaction date exchange rate.

Non-monetary items measured at fair value are translated at the exchange rate at the time of the last fair value adjustment.

The items in profit or loss are translated at average monthly exchange rates , with the exception of items deriving from non-monetary assets and liabilities, which are translated using the historical rates applicable to the relevant non-monetary assets and liabilities.

## Income taxes and deferred tax

The current Danish income tax is allocated among the jointly taxed companies in the Welltec Group proportion to their taxable income (full allocation subject to reimbursement in respect of 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.

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.

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 a transaction that is not a business combination, and for which the temporary difference found at the time of initial recognition neither affects profit nor 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, Changes in deferred tax resulting from changed tax rates or tax rules are recognized in profit or loss.

Exchange 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 carry forwards, 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 tax assets for set-off against future positive taxable income. At the end of each reporting period, it is reassessed whether sufficient taxable income is probable to arise in the future for the deferred tax asset to be used.

## Income statement

### Gross profit

The Company has applied the Danish Financial Statement Act art. 32, whereas revenue and productions costs are summarized in gross profit.

### Revenue

Revenue from sale of goods is recognized in the income statement when there is no un-fulfilled performance obligations that could affect the customer's acceptance of the goods, when con-

# 1. Accounting policies

## Continued

trol has been transferred to the buyer – usually when delivery and transfer of risk have taken place, and if the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the consideration received or receivable. If an interest-free credit has been arranged for payment of the consideration receivable that is longer than the usual credit period, the fair value of the consideration is determined by discounting future payments receivable.

The difference between fair value and nominal amount of the consideration is recognized as financial income in profit or loss by applying the effective interest method. Revenue is recorded net of VAT, duties and discounts.

### Production costs

Production costs comprises direct and indirect expenses incurred to realize revenue, including salaries, depreciation and amortization.

### Administrative and sales costs

Administrative and sales costs comprise costs required to sustain the business including finance, IT, legal, HR and other overhead costs.

### Financial income and expenses

These items comprise interest income and expenses, the interest portion of finance lease payments, realized and unrealized capital gains and losses on payables and transactions in foreign currencies, amortization premium/allowance on debt, etc. as well as interest on tax.

### Statement of financial position

#### Intangible assets

Other intangible assets are certificates, which are measured at cost less accumulated amortization and impairment losses. Certificates are amortized over a 5 year period.

Technology is amortized on a straight-line basis over its estimated useful life of 10 to 20 years.

#### Tangible assets

Plant and equipment as well as other fixtures and fittings are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. The residual value is the estimated amount that would be earned if selling the asset today net of selling costs if the asset is of an age and a condition that is expected after the end of useful life straight-line depreciation is made on the basis of the following estimated useful lives of the assets: Leasehold improvements: 3-10 years  
Plant and equipment: 3-10 years  
Other fixtures and fittings: 3-5 years

Depreciation methods, useful lives and residual amounts are reassessed annually. Tangible assets are written down to the lower of recoverable amount and carrying amount.

#### Impairment of plant, equipment, and intangible assets

The carrying amounts of plant, equipment and intangible assets with definite useful lives are tested at the end of the reporting period for any indication of impairment. If impaired, the recoverable amount of the asset is estimated to determine the need for any write-down and the extent thereof.

The recoverable amount of intangible assets with indefinite useful lives, development projects in progress, brand and goodwill is estimated annually irrespective of any recorded indications of impairment.

If the asset does not generate cash flows separately from other assets, an estimate is made of the recoverable amount of the smallest cash-generating unit of which the asset forms part.

The recoverable amount is calculated as the higher of the asset's and the cash-generating unit's fair value less selling costs and net present value. When the net present value is determined, estimated future cash flows are discounted at present value using a discount rate that reflects current market estimates of the value of money in terms of time, as well as the particular risks related to the asset and the cash-generating unit, respectively, and for which no adjustment is made in the estimated future cash flows. If the recoverable amount of the asset or the cash-generating unit is estimated to be lower than the carrying amount, the asset is written down to this lower recoverable amount. The in-

dividual asset is not written down to an amount that is lower than its fair value net of estimated selling costs.

Impairment losses are recognized in the profit or loss. In case of any subsequent reversals of impairment losses resulting from change in assumptions of the estimated recoverable value, the carrying values of the asset and the cash-generating unit, respectively, are increased to the adjusted estimate of the recoverable value, however, no more than the carrying value which the asset or the cash-generating unit would have had if the write-down had not been performed.

Profits or losses from the sale of plant and equipment are calculated as the difference between selling price less selling costs and carrying value at the time of sale. Profits or losses are recognized in the income statement if the selling price differs from the carrying amount.

#### 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

# 1. Accounting policies

## Continued

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.

### Financial assets

#### Other receivables

Other receivables with a fixed maturity are measured at amortized cost, less any impairment recognized according to the expected credit loss method.

### Current assets

#### Inventories

Inventories are measured at cost according to the FIFO method. The cost of finished goods and work in progress includes direct and indirect production costs. Inventories are written down to net realizable value if it is lower than the cost price.

### Intercompany receivables

On initial recognition, intercompany receivables are measured at their transaction price and subsequently at amortized cost, which usually equals nominal amount less any provision for bad debt. Intercompany receivables are written off, when the Company gets information about intercompanies' severe financial status.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Liabilities

#### Other financial liabilities

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

### Definitions

#### Return on equity

$$\frac{\text{Profit / (loss) for the year} \times 100}{\text{Average equity}}$$

#### ROIC

$$\frac{\text{EBITA}}{\text{Average capital investment}}$$



## 2. Staff costs

USD in thousands	2022	2021
Breakdown of staff costs:		
Wages and salaries	3,707	3,846
Payment to defined contribution pension plans	288	288
Other social security costs	477	347
Total staff costs	4,472	4,481
Average number of employees	50	49

### Remuneration to members of the Executive Board and other key management personnel

There is no remuneration to the Executive Board and key management personnel in 2022 and 2021. The remuneration is paid by Welltec A/S.

## 3. Financial income

USD in thousands	2022	2021
Exchange rate gains	993	445
Total financial income	993	445

## 4. Financial expenses

USD in thousands	2022	2021
Interest expenses	600	517
Interest expenses to related parties	447	403
Other financial expenses	-	3
Exchange rate losses	190	34
Total financial expenses	1,237	957

## 5. Income taxes

USD in thousands	2022	2021
Current tax	104	352
Adjustment in corporation tax previous years	-	(124)
Change in deferred tax	4	15
Adjustment in deferred tax previous years	-	97
Total	108	340
Breakdown of tax:		
Total profit before tax	892	1,267
Reconciliation of income taxes:		
Danish corporation tax	196	204
Other adjustments	(88)	136
Total income taxes	108	340

## 6. Intangible assets

USD in thousands	Technology	Other	Total
Costs at 1 January 2022	954	634	1,588
Addition during the year	-	18	18
Costs at 31 December 2022	954	652	1,606
Amortization and impairment losses at 1 January 2022	883	315	1,198
Amortization for the year	40	235	275
Total amortization and impairment losses at 31 December 2022	923	550	1,473
Total carrying value at 31 December 2022	31	102	133

## 7. Tangible assets

USD in thousands	Leasehold improvement	Plant & equipment	Other fixtures & fittings	Total
Costs at 1 January 2022	1,631	10,116	4,645	16,392
Additions	415	288	2,444	3,147
Total costs at 31 December 2022	2,046	10,404	7,089	19,539
Depreciation and impairment losses at 1 January 2022	644	7,224	2,132	10,000
Depreciation for the year	186	964	760	1,910
Total depreciation and impairment losses at 31 December 2022	830	8,188	2,892	11,910
Total carrying value at 31 December 2022	1,216	2,216	4,197	7,629

## 7. Tangible assets continued

### Right-of-use assets

USD thousands	Land and buildings	Plant, equipment and fleet	2022
Balance 1 January	5,619	432	6,051
Additions and remeasurements during the year	389	-	389
Depreciation for the year	(728)	(169)	(897)
Disposal during the year	(65)	-	(65)
Total carrying value at 31 December	5,215	263	5,478

## 8. Pre-payments

USD in thousands	2022	2021
Pre-paid production costs	44	86
Total pre-payments	44	86

## 9. Share capital

USD in thousands	2022	2021
Share 1 January	122	122
Total share units 31 December	122	122

The share capital consists of 750,000 units of DKK 1. No shares carry any special rights.

No dividend was paid out in 2022 and 2021 and no dividend is proposed related to the financial year 2022.

## 10. Deferred tax assets and liabilities

USD in thousands	2022	2021
Deferred tax 1 January	356	244
Change in deferred tax for the year	4	112
Total deferred tax assets (-) / liabilities 31 December	360	356
Deferred tax breakdown:		
Intangible assets	29	104
Tangible assets	338	270
Current and non-current liabilities	(7)	(18)
Total deferred tax assets (-)/liabilities 31 December	360	356
Deferred tax is recognized in the statement of financial position with:		
Deferred tax assets	-	-
Deferred tax liabilities	360	356
Total deferred tax assets (-)/liabilities 31 December	360	356

## 11. Current and non-current financial liabilities

USD in thousands	2021			
	Less than 1 year	Between 1 and 5 years	Later than 5 years	Total
Finance lease commitments	845	2,867	2,589	6,301
Other liabilities	-	-	532	532
Total financial liabilities	845	2,867	3,121	6,833
2022				
USD in thousands	Less than 1 year	Between 1 and 5 years	Later than 5 years	Total
Finance lease commitments	1,197	4,175	-	5,372
Other liabilities	-	-	410	410
Intercompany loan	-	-	8,462	8,462
Trade payables	3,802	-	-	3,802
Other payables	732	-	-	732
Intercompany payables	13,109	-	-	13,109
Total financial liabilities	18,840	4,175	8,872	31,887

## 12. Proposed appropriation of net profit

USD in thousands	2022	2021
Retained earnings	784	927
Total	784	927

## 13. Assets charged and contingent liabilities

The Company is jointly taxed with the Welltec Group. The companies within the Group are severally liable for the tax in the joint taxation of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Welltec International ApS, which is the administrative company of the joint taxation. 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.

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## 14. Related parties

Welltec Manufacturing Center Completions ApS' related parties:

- 1 7 Industries Holding B.V., Van Heuven Goedhartlaan 13D, 1181 LE, Amstelveen, The Netherlands (owns 33.33 - 49.99% of Welltec International ApS)
- 2 Exor N.V., Gustav Mahlerplein 25, 1082 Amsterdam, The Netherlands (owns 33.33 - 49.99% of Welltec International ApS)
- 3 Members of the Company's Executive Management and Board of Directors as well as close relatives of these members
- 4 Subsidiaries of Welltec International ApS

All transactions with related parties are based on marketable prices and therefore no information about the nature and amounts of the transactions are disclosed according to the Danish Financial Statement Act Section 98c (7).

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## 15. Events after the balance sheet date

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