Welltec Manufacturing Center Completions ApS

Annual Report 2020

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 18 May 2021

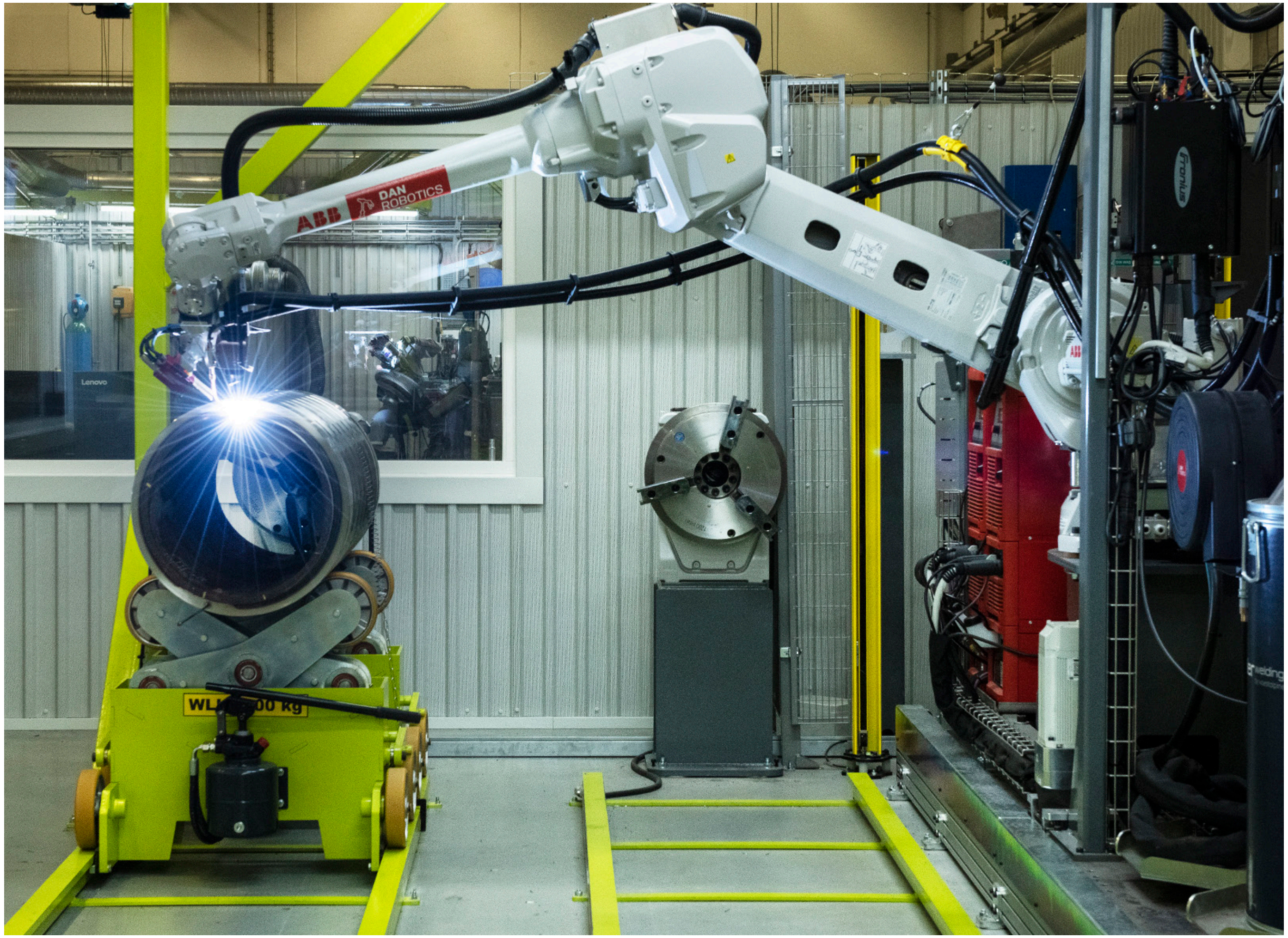
Meeting chairperson: Peter Schnettler Kristensen

Welltec®

Contents

Company profile

The Company is a technology company that develops and provides efficient hi-tech solutions for the energy sector in production of completions products. 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 whist minimizing operating downtime.



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 engineering, 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, our approach can boost cash flow immediately.

Key figures
Welltec Manufacturing Center Completions

USD in thousands	2020
Income statement	
Operating profit (EBIT)	1,924
Net financial expenses	(1,470)
Profit before tax	454
Net profit for the year	522
Statement of financial position	
Investments in tangible assets	11,957
Equity	11,470
Total assets	25,297
Key ratios*	
Return on equity	4.6%
ROIC	30.5%
Average number of employees	46

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

Financial review

Result 2020
2020 was the Company's first financial year and the result for the period 1 Janaury - 31 December 2020 was as expected by the Management of the Company.

The revenue is driven by sales to related paties.

Outlook 2021
The Company expects an activity in 2021 on level with 2020, which will lead to a revenue in the range of USD 22 to 25 million.

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. Further the Company will in 2021 invest in solar power in order to reduce the CO_2 emmisions.

Events after the balance sheet date
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
Fax: +45 48 14 35 18
Website: www.welltec.com
E-mail: receptiondk@welltec.com

Central Business Registration No: 41 58 74 23
Registered in: Esbjerg
Financial year: 1 January – 31 December 2020

Executive Board
Peter Hansen, Chief Executive Officer
Jacob Ole Faurskov

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 2020.

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 2020 as well as of its financial performance for the financial year 1 January to 31 December 2020.

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.

Allerød 12 May 2021

Executive Board

Peter Hansen
Chief Executive Officer

Jacob Ole Faurskov

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 2020 and of the results of the Company’s operations for the financial year 1 January to 31 December 2020 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 2020, 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 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 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 disclo sures 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 Consolidated 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 12 May 2021

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	2020
Total gross profit		2,867
Administrative expenses	2	(943)
Total operating profit (EBIT)		1,924
Financial income	3	96
Financial expenses	4	(1,566)
Total profit before tax		454
Income taxes	5	68
Total profit for the year		522

Statement of financial position — assets

USD in thousands	Note	31 Dec. 2020
Non-current assets		
Technology		119
Other		454
Total intangible assets	6	573
Tangible assets		
Leasehold improvements		741
Plant and equipment		3,554
Other fixtures and fittings		1,795
Right-of-use assets		5,867
Total tangible assets	7	11,957
Financial assets		
Other receivables		776
Total financial assets		776
Total non-current assets		13,306

USD in thousands	Note	31 Dec. 2020
Current assets		
Intercompany receivables		9,909
Other receivables		2,030
Prepayments	8	52
Total receivables		11,991
Total current assets		11,991
Total assets		25,297

Statement of financial position — liabilities

USD in thousands	Note	31 Dec. 2020
Equity		
Share capital		122
Retained earnings		11,348
Total equity	9	11,470
Provisions		
Deferred tax	10	244
Total provisions		244
Non-current liabilities		
Finance lease commitments	11	5,772
Other liabilities		459
Total non-current liabilities		6,231
Current liabilities		
Current portion of non-current liabilities	11	564
Current tax liabilities		368
Trade payables		3,418
Intercompany payables		2,645
Other payables		357
Total current liabilities		7,352
Total liabilities		13,583
Total equity and liabilities		25,297

Statement of changes in equity

USD in thousands	Share capital	Premium on issue	Retained earnings	Total
Demerger - transferred 1 January 2020	122	10,826	-	10,948
Transfer	-	(10,826)	10,826	-
Net profit/(loss) for the year	-	-	522	522
Total equity at 31 December 2020	122	-	11,348	11,470

Contents notes

1. Accounting policies

Demerger of Welltec A/S
Welltec A/S was demerged into Welltec A/S and Welltec Manufacturing Center Completions ApS in 2020. In Welltec Manufacturing Center Completions ApS the Completions business continued.

The first financial statements for Welltec Manufacturing Center Completions ApS is for the period 1 January - 31 December 2020. The book value method has been applied on opening balances as at 1 January 2020. Recognized figures are equal to figures from the Welltec Manufacturing Center Completions ApS demerger contract with Welltec A/S.

Basis of accounting
The financial statements for 2020 are presented in accordance with the Danish Financial Statement Act for reporting class middle size C.

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

The 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 2020 financial statements for Welltec International ApS.

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

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

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 esti-

1. Accounting policies
Continued

mated 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 cost of goods sold are summarized in gross profit.

Revenue

The Company designs and manufactures completions products to oil and gas companies around the world.

Revenue from sales of goods is recognized in the income statement when control 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.

Cost of goods sold

Cost of goods sold 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 eqiupment 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 individual 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

1. Accounting policies
Continued

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 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
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. Intercompnay receivables are written of, 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.

Pension obligations
The Compnay has entered into pension agreements with certain groups of employees, which are classified as defined contribution pension plans.

Periodical payments to defined contribution pension plans are recognized in profit or loss when the employees have rendered service to the Company and any contributions payable are recognized in the statement of financial position under liabilities.

Definitions

Return on equity

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

ROIC

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

2. Staff costs

USD in thousands	2020
Breakdown of staff costs:	
Wages and salaries	3,596
Payment to defined contribution pension plans	272
Other social security costs	252
Total staff costs	4,120
Average number of employees	46

Defined contribution plans
The Company operates pension schemes that cover certain groups of employees in Denmark.

Those pension schemes take the form of defined contribution plans. The Company arranges for the regular payment (e.g. a fixed amount or a fixed percentage of the salary) of premiums to independent insurers who are responsible for the pension commitments. Once the Company has made payments of the contribution under the defined contribution pension plans, the Company has no further pension commitments related to employees or former employees.

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 2020.

3. Financial income

USD in thousands	2020
Exchange rate gains	96
Total financial income	96

4. Financial expenses

USD in thousands	2020
Interest expenses	693
Other financial expenses	4
Exchange rate loss	869
Total financial expenses	1,566

5. Income taxes

USD in thousands	2020
Current tax	300
Change in deferred tax	(368)
Total	(68)
Breakdown of tax:	
Total profit/(Loss) before tax	454
Reconciliation of income taxes:	
Danish corporation tax	100
Other adjustments	(168)
Total income taxes	(68)

6. Intangible assets

USD in thousands	Technology	Other	Total
Demerger - costs at 1 January 2020	954	295	1,249
Additions	-	339	339
Costs at 31 December 2020	954	634	1,588
Demerger - amortization and impairment losses at 1 January 2020	701	83	784
Amortization for the year	134	97	231
Total amortization and impairment losses at 31 December 2020	835	180	1,015
Total carrying value at 31 December 2020	119	454	573

7. Tangible Assets

USD in thousands	Leasehold improvement	Plant & equipment	Other fixtures & fitings	Total
Demerger - costs at 1 January 2020	-	4,923	3,164	8,087
Transfer from right-of-use assets	1,199	4,566	-	5,765
Additions	5	460	183	648
Disposals	-	-	(59)	(59)
Total costs at 31 December 2020	1,204	9,949	3,288	14,441
Demerger - depreciation and impairment losses at 1 January 2020	-	2,159	848	3,007
Transfer from right-of-use assets	370	2,860	-	3,230
Depreciation for the year	93	1,376	704	2,173
Disposals	-	-	(59)	(59)
Total depreciation and impairment losses at 31 December 2020	463	6,395	1,493	8,351
Total carrying value at 31 December 2020	741	3,554	1,795	6,090

7. Tangible Assets continued

Right-of-use assets in the statement of financial position

USD thousands	Land and buildings	Plant, equipment and fleet	Other fixtures, fittings, tools & equipment	2020
Demerger - balance 1 January	6,381	2,563	29	8,973
Transfer to tangible assets	(829)	(1,706)	-	(2,535)
Additions and remeasurements during the year	124	134	18	276
Depreciation for the year	(483)	(304)	(13)	(800)
Disposal for the year	(28)	-	(19)	(47)
Total carrying value at 31 December	5,165	687	15	5,867

8. Pre-payments

USD in thousands	2020
Pre-paid production costs	51
Total pre-payments	51

9. Share Capital

USD in thousands	2020
Demerger - capital injection 1 January	122
Total share units 31 December	122

The share capital consists of 750,000 units of DKK 1 / USD 0.15. All shares are fully paid.

No dividend was paid out in 2020 and no dividend is proposed related to the financial year 2020.

10. Deferred Tax Assets and Liabilities

USD in thousands	2020
Demerger - deferred tax 1 January	612
Change in deferred tax for the year	(368)
Total deferred tax assets (-) / liabilities 31 December	244
Deferred tax breakdown:	
Intangible assets	149
Tangible assets	96
Current and non-current liabilities	(1)
Total deferred tax assets (-)/liabilities 31 December	244
Deferred tax is recognized in the statement of financial position with:	
Deferred tax assets	-
Deferred tax liabilities	244
Total deferred tax assets (-)/liabilities 31 December	244

The Company does not recognize deferred tax assets that are unlikely to be realized or otherwise exposed to major risk or uncertainty.

11. Current and Non-Current Financial Liabilities

Maturity dates for financial liabilities

	2020			
USD in thousands	Less than 1 year	Between 1 and 5 years	Later than 5 years	Total
Finance lease commitments	564	2,650	3,122	6,336
Total financial liabilities	564	2,650	3,122	6,336

All debt is measured at amortized cost. The amounts in the table above are exclusive of interest.

12. Proposed appropriation of net profit/(loss)

USD in thousands	2020
Retained earnings	522
Total	522

13. Assets charged and contingent Liabilities

The Company is jointly taxed with the Welltec Group. The companies within the Group are severally liable for tax in 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.

14. Related Parties

Welltec Manufacturing Center Completions ApS' related parties:

1. JH Holding, Allerød, 2018 ApS, Bredgade 25.2, 1260 Copenhagen K, Denmark. Jørgen Hallundbæk is the ultimate controlling party.
2. 7 Industries Holding B.V., Van Heuven Goedhartlaan 13D, 1181 LE, Amstelveen, The Netherlands (owns more than 5%)
3. Exor N.V., Gustav Mahlerplein 25, 1082 Amsterdam, The Netherlands (owns more than 5%)
4. Members of the Parent Company's Executive Management and Board of Directors as well as close relatives of these members
5. 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 §98c art. 3.

15. Events after the balance sheet date

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