

# Welltec Manufacturing Center Completions ApS Annual Report

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 25 June 2025

  
Meeting chairperson: Peter Schriettler-Kristensen

# 2024

Welltec®

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# Company profile

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



Our philosophy is to challenge conventional thinking to develop novel products and services. These innovations aim to increase oil and gas recovery, improve sustainability, efficiency, environmental and safety standards. Through our state-of-the-art in-house manufacturing facilities, we engineer, develop, and produce unique technologies that enhance production and recovery rates for our clients.

Our unique Completions technologies provide a new perspective on drilling and completing wells. By adopting a holistic approach, we add

value continuously over the life-cycle of a well. Our solutions:

- Reduce geological uncertainty
- Accelerate first production
- Minimize CAPEX
- Reduce costs
- Simplify plug and abandonment (P&A)

The impact of our approach is immediate, providing substantial savings and boosting cash flow.

Welltec® is a trusted partner to multiple clients within the oilfield and is also successfully aiding clients in the renewable energy market. We provide services and products to operators focused on geothermal energy and carbon capture and storage (CCS) projects.

# Key figures and ratios

## Welltec Manufacturing Center Completions ApS

USD in thousands	2024	2023	2022	2021	2020
<b>Income statement</b>					
Operating profit (EBIT)	23,458	4,486	1,136	1,779	1,924
Net financial expenses	(2,681)	(2,625)	(244)	(512)	(1,470)
Profit before tax	20,777	1,861	892	1,267	454
Net profit for the year	15,762	1,501	784	927	522
<b>Statement of financial position</b>					
Investments in tangible assets	3,333	4,363	3,536	2,708	924
Investments in intangible assets	149,390	322	18	-	339
Equity	90,444	14,682	13,181	12,397	11,470
Total assets	242,844	48,494	45,843	34,344	25,297
<b>Key ratios*</b>					
Return on equity	30.0%	11.0%	6.1%	7.8%	4.6%
ROIC excl. goodwill	28.6%	23.6%	21.4%	22.9%	30.5%
Average number of employees	58	59	50	49	46

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

# Management's review

## Key activities

Welltec is a global technology company that develops and provides efficient, hi-tech solutions for the energy industry. 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 while minimizing operating downtime and footprint.

A key product within the Completion portfolio is the metal expandable packer (MEP) which delivers field-proven, high-performance solutions for well construction, integrity, and zonal isolation in both open and cased hole applications. The Welltec Expandable Anchor (WEA) is a versatile expandable solution for liner hanger applications, bringing reliability, flexibility, and efficiency to the well completion process while also working to simplify Liner Hanger installation, and reduce operational risk. By integrating these advanced technologies into completion designs, operators can maximize reservoir contact and production, all while reducing operational risk and cost. Additionally, our solutions help eliminate sustained casing pressure (SCP) and prevent methane production to the surface, further strengthening environmental and operational performance. Moreover, our unique Completion technologies contribute to environmental stewardship by aiding in the prevention and elimination of methane production to the surface. Methane, being more harmful than CO<sub>2</sub> to the atmosphere, highlights the significant impact of our solutions on reducing greenhouse gas emissions.

## Result 2024 and follow-up on development expectations from last year

The result for the period 1 January - 31 December 2024 was a profit of USD 19,027 thousands with an equity of USD 93,709 thousands. The increase in total gross profit was caused by the effect of the completion business acquisition. On 1 January 2024, the Company acquired the completion business from Welltec A/S, which has increased the activity. As a result of the acquisition, EBIT is significantly higher compared to 2023 and the result for 2024 were better than expected. Net financial expenses were negatively influenced by higher interest expenses and positively influenced by higher exchange rate gains.

## Outlook 2025

The current supply/demand balance in mind, we expect to see a continued demand for completion products. This combined with our leading and high differentiated offerings points towards continued high activity.

For 2025, we expect revenue and results to be at par with 2024.

## Acquisition of completion business from Welltec A/S

The Company acquired the completion business from Welltec A/S on 1 January 2024 at a purchase price of USD 147 million. The assets acquired were inventory, completed development projects, development projects in progress and rights, patents and licenses. The acquisition was accounted for using the acquisition method, whereas goodwill of USD 42.5 million was recognised. Please refer to note 6: Intangible assets.

## Operating risks

### Supply chain

Welltec may experience constraints, anomalies or interruptions in our supply chain, ultimately restricting Welltec's ability to meet customer expectations. Such constraints may be due to supply chain bottlenecks, delays or disruptions in clearing goods from customs or events restricting Welltec's ability to procure, develop, manufacture new equipment, spare parts or maintain the existing fleet, and could negatively affect our results of operations.

### Catastrophic events

Welltec's business operations could be subject to various catastrophic events, including blow outs, explosions, damage to or loss of third party property, injury to personnel, reputational damage and oil and hazardous substance

spills into the environment, both on and off shore. Such events could, if the impact of such event is not covered by Welltec's insurance or are not subjected to Welltec's contractual indemnification protection, have an adverse effect on Welltec's revenue and profits

## Financial risks

Due to the Company's contracts in Swiss Franc and a few other currencies, its income statement 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 2024 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.

For information about the Company's Environment, Social and Government and data ethics in accordance with section 99a and 99d of the Danish Financial Statement Act please refer to the annual report of Welltec International ApS 2023 CVR no. 30695003, which can be obtained at [www.welltec.com](http://www.welltec.com).

## Intellectual property

As Welltec develops its technologies in-house, our employees are the cornerstone of our business and continued growth. Training is continuously being offered to employees on Welltec's global online learning platform to train employees, support their development and to ensure compliance with Welltec policies. Our on-site Welltec Academy provides extensive in-house training covering operational aspects and legal compliance, tracked for each employee.

## Uncertainty in recognition and measurement

There have been no uncertainty in recognition and measurement.

## Unusual matters

There have been no unusual matters.

## Subsequent events

No material subsequent events 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 2024

**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 2024.

The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2024 as well as of its financial performance for the financial year 1 January to 31 December 2024.

We also believe that the management's 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 25 June 2025

## Executive Board



Peter Hansen  
Chief Executive Officer



Jacob Ole Faurkov  
Executive Officer

# Independent auditor's report

To the shareholder of Welltec Manufacturing Center Completions ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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 2024, 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' International 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 the 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.

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.

# Independent auditor's report continued

- 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 25 June 2025

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



Anders Stig Lauritsen  
State Authorized  
Public Accountant  
mne32800



Henrik Kyhnav  
State Authorized  
Public Accountant  
mne40028

## Income statement

USD in thousands	Note	2024	2023
Total gross profit	2	34,399	5,242
Administrative expenses	2	(10,941)	(756)
Total operating profit (EBIT)		23,458	4,486
Financial income	3	9,130	29
Financial expenses	4	(11,811)	(2,654)
Total profit before tax		20,777	1,861
Income taxes	5	(5,015)	(360)
Total profit for the year		15,762	1,501

## Statement of financial position – assets

USD in thousands	Note	31 Dec. 2024	31 Dec. 2023
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill		14,015	-
Acquired rights, patents and licenses		110,988	281
Completed development projects		6,450	-
Development projects in progress		2,750	-
Total intangible assets	6	134,203	281
<b>Tangible assets</b>			
Leasehold improvements		1,481	1,070
Plant and equipment		1,057	2,659
Other fixtures and fittings		6,239	5,627
Right-of-use assets		4,798	4,896
Total tangible assets	7	13,575	14,252
<b>Other non-current assets</b>			
Other receivables		727	694
Total other non-current assets		727	694
Total non-current assets		148,505	15,227

USD in thousands	Note	31 Dec. 2024	31 Dec. 2023
<b>Current assets</b>			
<b>Inventory</b>			
Raw materials		11,892	9,673
Goods under construction		5,553	5,382
Finished goods		8,980	7,552
Total inventories		26,425	22,607
<b>Receivables</b>			
Trade receivables		5,207	-
Receivables from group enterprises		41,022	8,907
Current tax receivable from group enterprises		20,892	-
Other receivables		633	1,604
Prepayments	8	160	149
Total receivables		67,914	10,660
Total current assets		94,339	33,267
Total assets		242,844	48,494

## Statement of financial position – liabilities

USD in thousands	Note	31 Dec. 2024	31 Dec. 2023
<b>Equity</b>			
Share capital	9	122	122
Reserve for development projects		7,176	-
Retained earnings		83,146	14,560
<b>Total equity</b>		<b>90,444</b>	<b>14,682</b>
<b>Provisions</b>			
Deferred tax	10	26,767	289
<b>Total provisions</b>		<b>26,767</b>	<b>289</b>
<b>Non-current liabilities</b>			
Lease commitments		2,872	3,527
Loans from group enterprises		106,410	8,747
Other payables		342	438
<b>Total non-current liabilities</b>	11	<b>109,624</b>	<b>12,712</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities		1,165	1,145
Current tax liabilities to group enterprises		-	879
Trade payables		4,644	6,039
Payables to group enterprises		9,658	12,169
Other payables		542	579
<b>Total current liabilities</b>	11	<b>16,009</b>	<b>20,811</b>
<b>Total liabilities</b>		<b>152,400</b>	<b>33,523</b>
<b>Total equity and liabilities</b>		<b>242,844</b>	<b>48,494</b>

## Statement of changes in equity

USD in thousands	Share capital	Reserve for development projects	Retained earnings	Total
Total equity at 1 January 2024	122	-	14,560	14,682
Capital injection	-	-	60,000	60,000
Development costs for the year	-	7,176	-7,176	-
Net profit for the year	-	-	15,762	15,762
<b>Total equity at 31 December 2024</b>	<b>122</b>	<b>7,176</b>	<b>83,146</b>	<b>90,444</b>

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# 1. Accounting policies

## Basis of accounting

The financial statements for 2024 are presented in accordance with the Danish Financial Statements Act for reporting class middle size C.

The accounting policies are unchanged compared to previous year.

The Financial Statements for 2024 are presented in thousands US dollar (USD), which also is the functional currency. The applied currency rate to Danish Kroner at 31 December 2024 is 7.14 (2023: 6.74).

The financial statements do not include a cash flow statement according to the Danish Financial Statement Act art. 86:4. The cash flow statement is included in the 2024 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 and equipment, 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 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 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.

### Production expenses

Production expenses comprises direct- and indirect expenses incurred to realize revenue, development- and engineering expenses that are not capitalized including salaries, depreciation, amortization and impairment losses.

### Administrative expenses

Administrative expenses comprise expenses 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 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.

### 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 combina-

# 1. Accounting policies

## Continued

tion, 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.

### Statement of financial position

#### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straightline basis over its useful life, which is assessed at 14 years. The useful life time of 14 years is justified by the Company's expectations based on the business case of the acquired Completion business in 2024. The acquisition included patents related to developed products. Those patents had an average remaining life time of 14 years and is considered a major contributor to the recognized goodwill.

Development projects on clearly defined and identifiable service equipment and processes are recognized as intangible assets if it is probable that the service equipment or process will generate future financial benefits for the Group, and the development costs of each asset can be measured reliably. Other development costs are recognized as costs in the income statement as incurred.

On initial recognition, development costs are measured at cost. The cost of development projects comprises costs such as salaries and other costs that are directly attributable to the development projects and are needed to complete the project, calculated from the time at which the development project first meets the specific criteria for being recognized as an asset.

Completed development projects are amortized on a straight-line basis using the estimated useful lives of the assets. The amortization period is 5 years. For development projects protected by intellectual property rights, the maximum amortization period is the remaining duration of the relevant rights, however, no more than 14 years.

Development projects and other intangible assets are written down to their recoverable amounts. Development projects in progress are tested at least once a year for impairment. Borrowing costs to finance the investments in development projects are recognized in cost of these assets if such expenses relate to qualifying assets for which their development period last longer than 12 months.

Other borrowing costs are included in finance expenses in the statement of comprehensive income.

#### Other intangible assets

Acquired intellectual property rights in the form of knowhow, patents and licenses are measured at cost less accumulated amortization and impairment losses. Patents are amortized over their remaining duration, usually 14 years, and licenses are amortized over the term of the agreement. If the actual useful life is shorter than the remaining duration and the term of the agreement, respectively, amortization is made over such shorter useful life. Separable intangible assets acquired through business combinations are brand and technology.

#### Tangible assets

Leasehold improvements, 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.

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.

# 1. Accounting policies

## Continued

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 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.

### 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.

### Trade receivables

On initial recognition, trade receivables are measured at their transaction price and subsequently at amortized cost, which usually equals nominal amount less lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix based on historically information about the debtor's realized losses adjusted for general economic conditions in the market. The Company recognizes a provision for expected credit losses. Trade receivables are written of, when the Company gets information about a debtor's severe financial status.

### Other receivables

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

### Prepayments

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

### Other financial liabilities

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

### Business combinations

The acquisition method of accounting is used to account for all business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of an acquisition over the fair value of the net identifiable assets acquired is recorded as goodwill. Any negative balance is recognised in the income statement at the date of acquisition.

Positive and negative balances from an acquisition emerged as a result of changes in the recognition and measurement of net assets are adjusted up to 12 months after the date of acquisition. Such adjustments are also reflected in the value of goodwill or negative goodwill, including amortisation already charged. In addition, the change in contingent consideration in the value of goodwill or negative goodwill is also adjusted.

### Definitions

EBITA is defined as earnings before interest, taxes, depreciations, amortizations and impairments on fixed assets (excluding goodwill).

Average invested capital excl. goodwill is defined as the average sum of networking capital, tangible assets and intangible assets excl. goodwill.

### ROIC excl. goodwill

EBITA

Average capital investment

### Return on equity

Profit / (loss) for the year x 100

Average equity

## 2. Staff expenses

USD in thousands	2024	2023
Breakdown of staff expenses:		
Wages and salaries	5,226	4,907
Payment to defined contribution pension plans	462	383
Other social security expenses	1,583	562
Total staff expenses	7,271	5,852
Recognition of staff costs in the income statement:		
Production expenses	7,220	5,787
Administrative expenses	51	65
Total	7,271	5,852
Average number of employees	58	59

### 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 2024 and 2023. The remuneration is paid by Welltec A/S.

## 3. Financial income

USD in thousands	2024	2023
Exchange rate gains	9,130	29
Total financial income	9,130	29

## 4. Financial expenses

USD in thousands	2024	2023
Interest expenses	349	1,100
Interest expenses to group enterprises	10,720	640
Exchange rate losses	715	914
Other financial expenses	27	-
Total financial expenses	11,881	2,654

## 5. Income taxes

USD in thousands	2024	2023
Current tax	(21,504)	518
Adjustment in corporation tax previous years	44	(76)
Change in deferred tax	26,486	49
Adjustment in deferred tax previous years	(11)	(131)
Total	5,015	360
Breakdown of tax:		
Total profit before tax	20,777	1,861
Reconciliation of income taxes:		
Danish corporation tax	4,571	409
Non-taxable income and non-deductible expense	(9)	-
Adjustments to previous years	33	-
Other adjustments	420	(49)
Total income taxes	5,015	360

## 6. Intangible assets

USD in thousands	Goodwill	Acquired rights, patents and licenses	Completed development projects	Development projects in progress	Total
Costs at 1 January 2024	-	1,928	-	-	1,928
Additions	-	1,457	1,711	2,174	5,342
Additions from acquisition of WCS business	15,093	117,849	8,354	2,752	144,048
Transfer	-	-	2,058	(2,058)	-
Disposal	-	(3)	-	-	(3)
Exchange rate adjustment	-	472	469	(118)	823
Costs at 31 December 2024	15,093	121,703	12,592	2,750	152,138
Amortization and impairment losses at 1 January 2024	-	1,647	-	-	1,647
Amortization for the year	1,078	8,965	5,846	-	15,889
Disposal	-	(3)	-	-	(3)
Exchange rate adjustment	-	106	296	-	402
Total amortization and impairment losses at 31 December 2024	1,078	10,715	6,142	-	17,935
Total carrying value at 31 December 2024	14,015	110,988	6,450	2,750	134,203

Development projects relate to the development of new completion products as well as development of new versions of the Company's existing products.

## 7. Tangible assets

USD in thousands	Leasehold improvement	Plant and equipment	Other fixtures and fittings	Total
Costs at 1 January 2024	2,145	11,776	9,858	23,779
Additions	1,038	27	2,211	3,276
Transfer	-	(541)	541	-
Disposal	(300)	(625)	(355)	(1,280)
Exchange rate adjustment	2	29	206	237
Total costs at 31 December 2024	2,885	10,666	12,461	26,012
Depreciation and impairment losses at 1 January 2024	1,075	9,117	4,231	14,423
Depreciation for the year	613	956	2,192	3,761
Disposal	(300)	(483)	(275)	(1,058)
Exchange rate adjustment	16	19	74	109
Total depreciation and impairment losses at 31 December 2024	1,404	9,609	6,222	17,235
Total carrying value at 31 December 2024	1,481	1,057	6,239	8,777

### Right-of-use assets

USD thousands	Land and buildings	Plant, equipment and fleet	Total
Balance 1 January 2024	4,770	126	4,896
Additions and remeasurements during the year	(415)	472	57
Exchange rate adjustment	409	258	667
Depreciation for the year	(697)	(125)	(822)
Total carrying value at 31 December 2024	4,067	731	4,798

## 8. Prepayments

USD in thousands	2024	2023
Prepaid production costs	160	149
Total prepayments	160	149

## 9. Share capital

USD in thousands	2024	2023
Share units 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 2024 and 2023 and no dividend is proposed related to the financial year 2024.

## 10. Deferred tax assets and liabilities

USD in thousands	2024	2023
Deferred tax 1 January	(289)	(360)
Change in deferred tax for the year	(26,486)	71
Adjustment of deferred tax previous years	11	-
Exchange rate adjustments	(3)	-
Total deferred tax liabilities 31 December	(26,767)	(289)
Deferred tax breakdown:		
Intangible assets	(26,679)	(62)
Tangible assets	81	(167)
Right-of-use assets	(1,056)	(1,077)
Current and non-current liabilities	888	1,028
Other items	(1)	(11)
Total deferred tax liabilities 31 December	(26,767)	(289)
Deferred tax is recognized in the statement of financial position with:		
Deferred tax assets	-	-
Deferred tax liabilities	(26,767)	(289)
Total deferred tax liabilities 31 December	(26,767)	(289)

## 11. Current and non-current financial liabilities

USD in thousands	2024			Total
	Less than 1 year	Between 1 and 5 years	Later than 5 years	
Lease commitments	1,165	2,667	205	4,038
Loans from group enterprises	-	106,410	-	106,410
Trade payables	4,644	-	-	4,644
Other payables	541	-	342	883
Payables to group enterprises	9,658	-	-	9,658
Total financial liabilities	16,008	109,077	547	125,632

USD in thousands	2023			Total
	Less than 1 year	Between 1 and 5 years	Later than 5 years	
Lease commitments	1,145	3,527	-	4,672
Loans from group enterprises	-	-	8,747	8,747
Trade payables	6,039	-	-	6,039
Other payables	579	-	-	579
Payables to group enterprises	12,169	-	438	12,169
Total financial liabilities	19,932	3,527	9,185	32,644

## 12. Proposed appropriation of net profit

USD in thousands	2024	2023
Retained earnings	15,762	1,501
Total	15,762	1,501

## 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.

The company is a guarantor, together with other subsidiaries, covering Welltec International ApS' 8.25% Senior Secured Notes. The notes have a principal amount of USD 234,830 thousands, of which Welltec International ApS holds a principal amount of USD 72,148 thousands as treasury notes as of 31 December 2024. Further, the company is a guarantor, together with other subsidiaries, covering Welltec International ApS' Revolving Credit Facility (RCF). The total available credit facility amounts to USD 40,000 thousands. As of 31 December 2024, USD 31,653 thousands remains available under the credit facility.

## 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).

## 15. Events after the balance sheet date

No subsequent events have occurred, which may materially affect the financial statements for 2024.