

Board of Directors' Report 2020

Company background

Interwell Norway AS is a subsidiary of Interwell AS, and a part of the Interwell Group, and is based at Kvernevik Ring 177 in Stavanger. Interwell's business idea and strategy are to contribute to enhanced efficiency of critical onshore and offshore operations, from the construction phase of a well right through plugging and abandonment. The Company develops and offers sealing and well integrity solutions to help operators achieve the highest possible rate of recovery of hydrocarbons through specialised equipment and services for sale and rental to the global exploration and production (E&P) industry. With a product range consisting of industry-leading niche products within the E&P value chain, the Company's products contribute to considerable and increased value creation for the customers. Interwell's technology continues to deliver alternatives that reduce operational complexity and risk, emissions to the atmosphere and general environmental footprint. Interwell is based on a circular business model where most of the equipment will be reused unless it is permanently installed.

Financial overview

The total revenue in 2020 for Interwell Norway AS was NOK 833.8 million, compared to a similar NOK 873.5 last year. Operating profit was NOK 301.3 million, compared to NOK 355.8 last year.

The decrease in revenue was mainly due to higher regional activity level in the Middle East, Norway and APAC nearly offsetting lower revenues in Europe, Russia, Africa and the Americas. The financial results reflect a combination of higher activity in a demanding competitive landscape and improved operational efficiency compared to the previous year. Interwell Norway's main revenue comes from offshore activities in Norway and Denmark and revenue from sister sale companies in Interwell Group.

The equity ratio at the end of the year was 70,5 % compared to 70,1 % in 2019. The equity ratio for 2020 includes the right to use liability on assets according to the accounting standard for lease agreements (IFRS 16). The lease liability was NOK 50.8 million in 2020 and NOK 64.9 million in 2019.

The net profit after tax for 2020 ended at NOK 223.4 million, compared to NOK 276.2 million in 2019.

The net cash generation from operations in 2020 was NOK 407.1 million, compared to NOK 410.3 million in the previous year. The positive cashflow was primarily reinvested in the upgrade and broadening of tools inventory available for rent, securing an appropriate financial platform for further growth initiatives and allocation group contribution. Investments increased to NOK 175,8 million in 2020, up from NOK 116,8 million in 2019. Investments include investments in Research and Development.

Interwell Norway continues to spend considerable resources on internally funded research and development activities. It is a fundamental strategic decision for the company to remain focused on developing new value-adding technology and bring this to the market. The Company continuously monitors the market needs to be based upon input from the end-users and other relevant stakeholders.

The Board believes that the annual accounts give a fair representation of the Company's assets and liabilities, financial position, and results.

The Financial Statement has been prepared in accordance with the application of simplified international accounting standards per § 3-9 of the Norwegian Accounting Act.

Going concern

The 2020 annual accounts have been prepared on a going concern basis, and the Board of Directors hereby confirm that the going concern assumption was present at the time of approval of the financial statement.

Operational overview

2020 was a challenging year with the Covid-19 pandemic combined with substantial market volatility. The Board is therefore pleased to see that Interwell Norway has maintained healthy financial results coupled with strong operational performance despite a challenging market situation. Interwell's business model has yet again proved to be robust and resilient. The focus has been on the health and safety of employees and while maintaining operational capability and capacity for ongoing and planned operations.

Despite the challenges in 2020, optimism seems to be gradually returning. It is, however, expected that we will see different recovery strategies and customer behaviour. In particular, the energy transition and increased focus on sustainability are impacting market participants. This will likely force E&P operators to proactively focus on sustainability, efficiency improvements and cost reductions. We also see digitalisation as a significant trend where certain operators are investing in transformational initiatives to address the downturn. Interwell Norway is well-positioned to meet these initiatives and will continue to introduce new products and solutions to help and support the energy transition in our industry.

Although Interwell Norway is subject to market and price competition in line with other oil service providers, the Company's product- and service offerings continue to expand and provide value-added solutions to its customers. Furthermore, increased focus on efficiency and reduction of environmental footprint fits well with Interwell Norway's solutions and supports a strong outlook for our business. The Company delivered strong performance and maintained an overall activity level in line with 2019 despite the market contraction caused by Covid-19 and oil-price volatility.

Interwell Norway maintained its market share on the Norwegian Continental Shelf (NCS), which is the traditional home market. The company remain dedicated to serving the NCS which is dominated by a few operators with whom Interwell has a long-lasting relationship and broad product portfolio. Interwell Norway benefit also from the Group who is covered with a solid contract portfolio where the majority are direct contracts with the operators. This enables Interwell to develop products and solutions in close cooperation with end-users, which helps protect the strong position in the NCS market going forward.

In the other markets, Interwell Norway benefits from the operation of sister companies. The activity has demonstrated regional variances, where locations with established organisations seem to have been more robust to handle Covid-related travel restrictions. All in all, the activity has been slightly down from 2019, but the board is pleased with the level of activity during the pandemic.

The Board is very pleased to see that completions-based products continued to gain momentum across a wider geography. A refocused completions strategy was implemented during 2019, leading to revenue from this segment more than doubling in 2020 compared to the previous year. The Company is experiencing significant interest in glass-based technologies and is confident that the growth will continue to be strong for the years to come.

The board expects that in 2021 and 2022 the global markets will pick up again, and when travel restrictions lifted operation will slowly climb back closer to 2018 and 2019 levels.

Credit and liquidity risk

While the fundamental credit risk for Interwell is considered relatively low due to the mix of our customer base with a large influx of large international and government E&P companies in the production phase. It is the Board's view that future scenarios can all be accommodated with its current financing facilities. Interwell is well-financed through a leading Nordic bank, with significant covenant flexibility. Moreover, the Company enjoys a healthy rating in the credit market with relatively low gearing and an established cash management system in place.

Research and development activities

Interwell Norway's leading position as a premium provider of downhole technology is underpinned by a focused program for the development of new products and services to enable more cost-efficient well completions, interventions, workovers and standard P&A operations. The overall technology development in the Company is directed towards continuous improvement of core technologies and

digital solutions. Interwell's technology continues to deliver alternatives that reduce the operational footprint and improve environmental impact.

Organisation and Health, Safety and Work Environment

Interwell Norway is committed to a working culture that promotes a zero-tolerance attitude towards unsafe acts and conditions. The Company has zero-tolerance for any unethical behaviour and actions. Interwell Norway employs 206 people at the end of 2020, which was an increase of 15 people compared to last year.

It is the Board's view that the work environment and relations within the Company are sound with an overall sick leave of 2.3 % and a low level of attrition.

Interwell Norway's continued its high focus on safety and is therefore disappointed to see one LTI during 2020 as zero continues to be the goal. The LTI was caused by an incident in the Stavanger workshop in March 2020, where a test procedure went wrong. The incident was duly investigated with regular updates to the Board, where the root cause was identified, and mitigating actions implemented. No permanent injuries were caused by the LTI, and the individual was back to work shortly after the incident.

Interwell Norway recognises the importance of work and the significant role it plays in the lives of most people, as of 2020 the Company conducted a Work Environment survey and results show a high satisfaction score, which is supported by a low employee turnover. Findings and regional action plans from these surveys have been shared with the employees in town hall meetings

Among Interwell Norway's 206 headcount at year-end, 40 were women. The proportion of women in Interwell Norway was 19,4 %. Interwell's policy is that work of equal value should provide equal pay. Equality between women and men is a company goal, and Interwell Norway has no gender discrimination. When recruiting, both internally and externally, personal qualifications have the highest priority irrespective of gender.

The Company works to promote equal opportunity and non-discrimination within its business. Interwell employs - and has historically employed - personnel from different nationalities and promotes local content in the subsidiaries. The Company has a tradition of dealing with different nationalities and has built up a sound international understanding and knowledge base over the years. There have been no cases of discrimination reported by the Company. Interwell also aims to provide a workplace where there is no discrimination on grounds of disability.

Sustainability

Interwell Norway acknowledges our responsibilities and is committed to balancing environmental protection with sustainable development. Interwell has a circular business model where most of our equipment - unless permanently installed, will be reused.

Corporate social responsibility (CSR) programs cover all aspects of the organization. From creative solutions to the design of products and how and they are produced, supporting local communities, waste management, energy consumption, business development, procurement, anti-bribery and corruption and fair employment and practices, equality. CSR is present in Interwell's considerations when making strategic decisions, business partner decisions, supplier selection and how it all connects to the Company's vision and values.

The Company has a dedicated sustainability program in place which is integrated with our operations and underpinning the UN Sustainable Development Goals. The Company has through a stakeholder assessment and input along with a benchmarking process identified the Strategic Primary and Secondary Sustainable Development Goals, where Interwell can have a direct and indirect strong and positive impact. The Company is fully committed to acting sustainably, while delivering excellent customer service and solid financial results. In our efforts, we will strive to go beyond the statutory obligations and the Company will continuously update its sustainability goals to reflect the development we see around us.

As of 2020, the parent company Interwell AS is a global signatory member of the UN Global Compact, where the Company is committed to reporting on sustainable practices and policies as a proactive level of commitment and accountability.

Environment

The Company’s operations are not regulated by licenses or decrees however the Company aims at handling environmental concerns per its best ability. The Company has a HSE management system in line with ISO 14001 Environmental Management System. Environmental impacts and aspects are evaluated throughout all processes including Product Life Cycle Management. All Interwell tools are re-usable if and when retrieved.

Integrated Operations product offerings have been part of Interwell Strategic Technology direction over the last 5 years. Interwell delivers standard products supported or remotely operated from Interwell onshore control centre. This reduces customers operational cost and carbon footprint. We are further exploring options to expand our Integrated Operation product range.

Interwell Norway will continue to improve operational sustainability within all disciplines and this is integrated in the annual Sustainability Program.

Anti-Corruption and Bribery

Interwell Norway AS is a part of the Interwell Group corporate governance structure, which is compliant with recognised governance principles, and in compliance with the different regulatory requirements which the business is operating under. The Company has reviewed compliance with various rules and regulations, such as the Norwegian Code of Practice for Corporate Governance. Anti-corruption considerations are integrated into Interwell’s business activities and decisions taking a risk-based approach with regular reporting to several stakeholders.

Statement on the annual accounts and allocation of profit

In the Board’s opinion, the submitted income statement and balance sheet including notes provide a correct representation of the Company’s 2020 result and its financial position at year-end 2020. No events have occurred after the end of the financial year that impacts the assessment of the annual accounts. Interwell Norway posted a net profit of NOK 223 415 348 in 2020 where the Board of Directors is proposing the following allocation:

| | | |
|------------------------------|-----|-------------|
| Net Profit | NOK | 223 415 348 |
| Transferred to other equity: | NOK | 39 530 682 |
| Group Contribution: | NOK | 183 884 666 |

Stavanger, 1. July 2021



Thormod Langballe
Chairman of the Board



Trond Arve Stamnes
Director



Tor Olav Meberg
CEO



interwell

Financial Statement
2020
Interwell Norway AS

Interwell Norway AS

Income Statement

| | Note | 2020 | 2019 |
|--|------------|--------------------|--------------------|
| Operating Revenue | | | |
| Revenue | 10, 14, 16 | 833 859 789 | 873 539 331 |
| Total Operating Revenue | | 833 859 789 | 873 539 331 |
| Operating Expenses | | | |
| Cost of materials consumed | 4 | 158 940 286 | 158 052 230 |
| Payroll Expenses | 3 | 177 781 050 | 174 782 133 |
| Depreciation of Fixed Assets and Intangibles | 2, 3 | 120 105 673 | 86 905 985 |
| Write-down on Fixed Assets and Intangibles | 2, 3 | 22 094 446 | 18 404 291 |
| Other Operating Expenses | 17 | 53 616 265 | 79 578 209 |
| Total Operating Expenses | | 532 537 720 | 517 722 848 |
| Operating Result | | 301 322 069 | 355 816 483 |
| Financial Income and Expenses | | | |
| Other Interest Income | | 1 214 453 | 1 147 373 |
| Other Financial Income | | -216 392 | 1 290 952 |
| Other Interest Expense | 12 | 1 791 226 | 1 314 077 |
| Other Financial Expense | | 22 969 | 83 083 |
| Net Financial Result | | -816 134 | 1 041 164 |
| Net Profit Before Tax | | 300 505 935 | 356 857 647 |
| Tax Expense | 7 | 77 090 587 | 80 693 780 |
| Profit for the Year | 18 | 223 415 348 | 276 163 868 |
| Year End Dispositions | | | |
| Transferred to/from Other Equity | | 39 530 682 | 228 483 704 |
| Group Contribution net tax | | 183 884 666 | 47 680 164 |
| Total allocations | | 223 415 348 | 276 163 868 |

Statement of Comprehensive Income

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Profit for the year | 223 415 348 | 276 163 868 |
| Items that may be subsequently reclassified to profit or loss | | |
| Currency translation differences | 0 | 0 |
| | 0 | 0 |
| Other Comprehensive Income net of tax | 0 | 0 |
| Total comprehensive income for the year | 223 415 348 | 276 163 868 |

Interwell Norway AS

Balance Sheet

31.12.2020

| ASSETS | Note | 2020 | 2019 |
|--|-------------|----------------------|--------------------|
| Fixed Assets | | | |
| Intangible Fixed Assets | | | |
| Research and Development | 1 | 52 698 137 | 40 105 040 |
| Concessions, Patents, Licenses, Trade Marks and Similar Rights | 1 | 9 664 417 | 7 697 841 |
| Deferred Tax Asset | 7 | 22 537 099 | 17 894 555 |
| Total intangible fixed assets | | 84 899 653 | 65 697 436 |
| Tangible Fixed Assets | | | |
| Rental Tools and Equipment | 2 | 231 163 021 | 214 723 180 |
| Right of use asset | 2, 12 | 49 519 457 | 63 219 277 |
| Machinery and Equipment | 2 | 16 623 234 | 11 925 382 |
| Total tangible fixed assets | 16 | 297 305 712 | 289 867 839 |
| TOTAL FIXED ASSETS | | 382 205 365 | 355 565 275 |
| Current Assets | | | |
| Inventories | | | |
| Inventory | 13 | 103 217 963 | 111 529 703 |
| Total inventory | 16 | 103 217 963 | 111 529 703 |
| Receivables | | | |
| Trade Receivables and Accrued Revenue | 8, 11, 16 | 279 478 488 | 312 520 446 |
| Other Receivables | 8, 17 | 548 682 576 | 199 509 619 |
| Total short term receivables | | 828 161 064 | 512 030 065 |
| Cash and Cash Equivalents | 9 | 0 | 0 |
| Total Current Assets | | 931 379 027 | 623 559 768 |
| TOTAL ASSETS | | 1 313 584 392 | 979 125 043 |

Interwell Norway AS

Balance Sheet

31.12.2020

| EQUITY AND LIABILITIES | Note | 2020 | 2019 |
|--------------------------------------|-------------|----------------------|--------------------|
| Shareholder's Equity | | | |
| Share Capital | 5 | 1 800 000 | 1 800 000 |
| Share Premium | 4 | 57 050 036 | 57 050 036 |
| Total contributed equity | | 58 850 036 | 58 850 036 |
| Retained Earnings | | | |
| Other Equity | 4 | 868 163 556 | 627 684 985 |
| Total Retained Earnings | | 868 163 556 | 627 684 985 |
| TOTAL EQUITY | 4 | 927 013 592 | 686 535 021 |
| Other non current liabilities | | | |
| Non current lease liability | 12 | 35 546 981 | 48 995 068 |
| Total non-current liabilities | | 35 546 981 | 48 995 068 |
| Current Liabilities | | | |
| Current lease liability | 12 | 15 219 588 | 15 916 276 |
| Current intercompany debt | | 235 749 576 | 61 128 415 |
| Trade payables | 8 | 52 654 616 | 68 376 554 |
| Tax payable | 7 | 9 268 847 | 57 924 482 |
| Public duties payable | | 12 435 775 | 12 096 459 |
| Other current liabilities | | 25 695 417 | 28 152 768 |
| Total current liabilities | | 351 023 819 | 243 594 954 |
| TOTAL LIABILITIES | | 386 570 800 | 292 590 022 |
| TOTAL EQUITY AND LIABILITIES | 19 | 1 313 584 392 | 979 125 043 |

Board of Directors Interwell Norway AS

1st July 2021


Thormod Langballe
Chairman


Trond Arve Starnes
Director


Tor Olav Meberg
CEO

CASHFLOW STATEMENT

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Cash flow from operation | | |
| Net profits before tax | 300 505 935 | 356 857 647 |
| <i>Adjusted for</i> | | |
| Paid tax in period | -61 332 562 | -23 423 858 |
| Depreciations and amortisations | 104 276 105 | 86 905 985 |
| Write down fixed assets | 22 094 446 | 18 404 291 |
| - Gain / loss disposal of fixed assets | 13 687 635 | -25 330 217 |
| <i>Change in working capital</i> | | |
| Change in inventory | 8 311 740 | 6 088 467 |
| Change in Accounts receivable | 33 041 958 | 4 524 383 |
| Change in Accounts payable | -15 721 938 | 584 872 |
| Change in other working capital items | 2 281 493 | -14 311 354 |
| Net cash flow from operation | 407 144 812 | 410 300 216 |
| Cash flow from investment activities | | |
| Net proceeds from sale of fixed assets | 0 | 0 |
| Net payments from purchase of fixed assets | -175 755 552 | -116 853 600 |
| Share purchase | 0 | 0 |
| Net Cash flow from investment activities | -175 755 552 | -116 853 600 |
| Cash flow from financing activities | | |
| Proceeds from increase in long term intercompany debt | 0 | 0 |
| Change current intercompany cashpool | -154 431 280 | -226 077 194 |
| Lease payments principal part | -15 829 568 | -15 916 276 |
| Paid Dividend | 0 | 0 |
| Net group contribution | -61 128 411 | -53 871 404 |
| Net cash flow from financing activities | -231 389 259 | -295 864 874 |
| Net change in cash and cash equivalents | 0 | -2 418 258 |
| Balance of cash and cash equivalents at beginning of period | 0 | 2 418 258 |
| Balance of cash and cash equivalents at end of period | 0 | 0 |
| Available Credit facility at year end | 50 000 000 | 50 000 000 |

Accounting principles

The annual accounts have been prepared in accordance with simplified application of International Financial Accounting Standards according to § 3-9 of the Norwegian Accounting Act.

Interwell Norway AS applied and got approval from Tax authorities to file the Financial Statements in English.

In 2020 Interwell Norway converted from Norwegian Accounting Principles (NGAAP) to International Financial Accounting Standards (IFRS). The company has selected to apply simplified IFRS, and allow for group contribution and dividend to be recorded in the accounts prior to decision date. See note 19 for additional information.

Functional and presentation currency is Norwegian kroner.

Exemption in simplified IFRS

Company has elected to record proposed dividend and group contribution in the balance sheet at year end.

Use of estimates

Preparation of the accounts in accordance with the Accounting Act requires the use of estimates. Further, application of the company's accounting principles requires that management exercise judgment. Areas that to a large extent include such discretionary judgments, a high degree of complexity, or areas where assumptions and estimates are significant to the annual accounts, are described in the notes.

Revenue

The Company's operations are mainly concentrated around rental of assets and sale of goods. Revenues from rental operations are based on day rates and the company recognizes revenue over the contracted rental period, which coincides with the transfer of the performance obligation to the customer. Included in revenue is the net gain/loss from sale of rental assets that are considered a part of ordinary operations.

Revenue from sale of goods is recognised when the goods have been transferred to the buyer, and the performance obligation is completed. Allocations for expected guarantee work are recorded as cost and allocation for liabilities.

Revenue from retainers, availability fees or similar types of services are recorded at the completion of the delivery period.

Classification of balance sheet items

Assets destined for permanent ownership or use are classified as fixed assets. Assets related to the goods circulation are classified as current assets. Receivables are classified at large as current assets if they are to be repaid within one year. For debts, analogue criteria are applied.

Measurement of fair value

The Company measures certain assets and liabilities at fair value for the purposes of recognition or disclosure. Non-recurring fair value measurement is used for transactions, such as business combinations, contingent consideration and other non-routine transactions.

Purchase cost

Purchase costs for assets includes the purchasing price, with deduction of bonuses, discounts and similar, and with the addition of purchase costs (freight, duties, public dues which are not refunded, and any other direct purchase costs).

Purchases paid in foreign currencies are entered in the balance sheet at the exchange rate applying on the date of transaction.

Intangible assets

Development expenses and patent costs are recognized in the balance sheet to the extent a future financial advantage can be identified relating to the development of an identifiable intangible asset, and the costs can be reliably measured. In the opposite case, such costs are charged to profits on a continuous basis. Development recognized in the balance sheet is depreciated linearly across the economic life.

Tangible fixed assets

Fixed assets are recognized and depreciated linearly at residual value across the expected useful life of the asset. In the event of a change to the depreciation plan, the effects are distributed across the remaining depreciation period (breakpoint method). Maintenance of operating assets is charged to profit and loss on a continuous basis as operating costs. Upgrading and repair are added to the cost price of the operating asset, and depreciated concurrently with the operating asset. The separation between maintenance and repair is estimated with basis in the condition of the operating asset at the point of purchase.

Depreciation and impairment of fixed assets

Fixed assets are recognized and depreciated linearly at residual value across the expected useful life of the asset.

If indicated that a fixed asset recognized in the balance sheet has a higher value than fair value, an impairment test is performed. The test is conducted for the lowest level of fixed assets which have independent cash flows. If the value recognized in the balance sheet is higher than both the sales value and recoverable values (present value at continued use/ownership), depreciation is made to the highest of sales value and recoverable amount.

Previous impairments, with the exception of impairment of goodwill, are reversed if the assumptions for impairment are no longer present.

Inventory

Inventory are assessed at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials and direct labour. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Receivables

Accounts receivable are recognized in the balance sheet after deduction of expected loss allocations. Allocations for losses are made on basis of an individual evaluation of the accounts receivable, and an additional allocation to cover other, anticipated losses.

Other receivables, including current receivables, are recognized at the lowest of nominal value and fair value. Fair value is the present value of expected, future payments. Allocation for losses is assessed in the same way as accounts receivable.

Foreign currency

Transactions made in foreign currency are converted at the rate applicable on the date of transaction. Receivables and liabilities in foreign currency are valued with basis in the rate that applies at the end of the accounting year. Currency gains and losses related to sale and purchases of goods in foreign currency are recognized as other financial income and other financial expenses.

Pensions

The group has a (secured) pension scheme for employees. The company's present scheme is contribution-based. All costs incurred are recorded through profit and loss statement. Any liabilities for incurred cost not paid are included in current accruals.

Taxes

Tax in the income statement includes both payable tax for the period and changes to deferred tax. Deferred tax is calculated with basis of the temporary differences that exist between accounting values and tax values, plus any tax loss to be carried forward at the end of the accounting year. Tax-increasing or tax-reducing reducing temporary differences that reverse or that may reverse during the period are offset. The entry of deferred tax advantage on net tax-reducing differences that are not offset, and loss carried forward, are justified by assumed future earnings. Deferred tax and tax advantage that may be recognized in the balance sheet are entered net within the same tax regime.

Cash flow statement

The cash flow statement is prepared with basis in the indirect method. Cash and cash equivalents include cash and bank deposits.

Lease agreements

The group's leasing activities and how these are accounted for under IFRS 16

Interwell Norway AS leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 7 years.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with the long term group financing rate and adjust for credit risk for leases which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs if any.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small

Note 1 Intangible Assets

| | Research and Development | Patents | Total |
|----------------------------------|--------------------------|------------------|-------------------|
| Purchase cost pr. 01.01. | 123 208 789 | 8 617 102 | 131 825 891 |
| Additions | 18 536 239 | 2 386 186 | 20 922 425 |
| Disposals | 0 | 0 | 0 |
| Purchase cost pr. 31.12. | 141 745 028 | 11 003 288 | 152 748 316 |
| Accumulated depreciation 01.01 | 83 103 749 | 919 261 | 84 023 010 |
| Impairment | 0 | 0 | 0 |
| Accumulated depreciation 31.12 | 89 046 891 | 1 338 871 | 90 385 762 |
| Net book value pr. 31.12. | 52 698 137 | 9 664 417 | 62 362 554 |
| Depreciation in the year | 5 943 142 | 419 610 | 6 362 751 |
| Impairment | 0 | 0 | 0 |
| Estimated useful life | 3- 10 years | 3- 10 years | |
| Depreciation plan | Linear | Linear | |

The Company has capitalized expenses for research and development where the criterias for recognition are met.

Research and development is related to research on technology within existing types of products where management believes there is a likely potential to succeed in developing a commercial product.

Note 2 Fixed assets

| | Right of use asset | Rental Tool and Equipment | Machinery and equipment | Total fixed assets |
|---|--------------------|---------------------------|-------------------------|--------------------|
| Purchase cost 01.01. | 75 671 985 | 644 646 906 | 45 337 662 | 765 656 553 |
| Additions | 2 129 748 | 146 587 719 | 8 245 408 | 156 962 875 |
| Disposals | 0 | 82 749 496 | 0 | 82 749 496 |
| Exchange Differences | 0 | 0 | 0 | 0 |
| Purchase cost 31.12. | 77 801 733 | 708 485 129 | 53 583 070 | 839 869 932 |
| Accumulated depreciation 01.01. | 0 | 429 991 870 | 33 344 135 | 463 336 005 |
| Accumulated write downs | 0 | 0 | 0 | 0 |
| Disposals/Impairment | 0 | -69 061 860 | 0 | -69 061 860 |
| Reclass | 0 | 0 | 0 | 0 |
| Exchange Differences | 0 | 0 | 0 | 0 |
| Accumulated depreciation and write downs 31.12. | 28 282 276 | 477 322 108 | 36 959 836 | 542 564 220 |
| Net book value 31.12. | 49 519 457 | 231 163 021 | 16 623 234 | 297 305 712 |
| Depreciation in the year | 15 829 568 | 94 297 653 | 3 615 701 | 113 742 922 |
| Write-offs in the year | 0 | 0 | 0 | 0 |
| Impairment in the year (reversal) | 0 | 22 094 446 | 0 | 22 094 446 |
| Expected useful life | 1-3 years | 3-5 years | 3-8 years | 2-10 years |
| Depreciation plan | Linear | Linear | Linear | Linear |

The aquisition cost of "Right of Use Asset" has been calculated based on the value and Right To Use assets at implementation date of transition to simplified IFRS.

Note 3 Wage Expenses, Number of Employees, Remunerations, Loans to Employees etc.

| Wage Expenses | 2020 | 2019 |
|------------------|--------------------|--------------------|
| Wages | 138 751 386 | 136 627 625 |
| Payroll Tax | 21 024 106 | 20 320 774 |
| Pension Expenses | 8 362 343 | 4 821 152 |
| Other Benefits | 9 643 215 | 13 012 581 |
| Total | 177 781 050 | 174 782 133 |

| | | |
|--------------------------------------|-----|-----|
| Full time employees at year end were | 206 | 191 |
|--------------------------------------|-----|-----|

Mandatory Occupational Pensions

Interwell Norway AS are covered by the Mandatory Occupational Pensions Act have established pension schemes which meet the statutory requirements

| Management Remuneration | CEO | Board of Directors |
|-------------------------|------------------|--------------------|
| Wages including bonus | 2 431 531 | 0 |
| Pension Expenses | 99 454 | 0 |
| Fees | 0 | 0 |
| Other Benefits | 0 | 0 |
| Total | 2 530 985 | 0 |

The CEO is not entitled to any severance payment or similar bonuses.
Interwell Norway AS did not make any payments to the Board of Directors.

Main principles for the company's executive salary policy

The principles and systems for remuneration of the company's executive management are determined by the CEO in Interwell AS. CEO in parent performs an annual evaluation of the CEO's salary and conditions, as well as the performance-based pay scheme for the executive management. Management salaries in Interwell Norway AS are determined by the following main principles:

Executive management's remuneration packages should be competitive, but not salary leading. The company should attract and retain talented management.

Executive management remuneration packages should be motivating – the salary should be such that it motivates extra effort for the continuous improvement of the business and the company's results

The salary system should be understandable and acceptable, both internally and externally

The salary system should be flexible, where changes can be made when necessary

The salary system should promote cooperation

Loans, Guarantees etc.

There are no loans or guarantees for the benefit of shareholders, board members or related parties.

Expensed Remuneration to Auditor

(All amounts excluding VAT)

| | 2020 | 2019 |
|--|----------------|----------------|
| Statutory Audit | 735 000 | 533 000 |
| Other Attestation Services | 0 | 0 |
| Tax Consultancy (incl. tech. assistance with tax papers) | 0 | 190 000 |
| Other Assistance | 187 503 | 73 205 |
| Total remuneration | 922 503 | 796 205 |

Note 4 Equity

| Changes in Equity for the Year | Share Capital | Share Premium | Other Equity | Total |
|--------------------------------|------------------|-------------------|--------------------|--------------------|
| Equity 1.1 | 1 800 000 | 57 050 036 | 627 684 985 | 686 535 021 |
| Profit for the year | 0 | 0 | 223 415 348 | 223 415 348 |
| Group contribution received | | | 200 000 000 | 200 000 000 |
| Group contribution provided | | | -183 884 668 | -183 884 668 |
| Other changes | | | 947 891 | 947 891 |
| Equity 31.12. | 1 800 000 | 57 050 036 | 868 163 556 | 927 013 592 |

Note 5 Share Capital and Shareholder's Information

Share Capital consists of

| | Number | Nominal Value | Book value |
|-----------------|----------------|---------------|------------------|
| Ordinary Shares | 150 000 | 12,00 | 1 800 000 |
| Total | 150 000 | | 1 800 000 |

All shares are owned by Interwell AS. Interwell Norway AS is part of the Interwell AS group.

Note 6 Group Accounts

Interwell Norway AS is a part of the Interwell AS group. Parent company Interwell AS prepares consolidated accounts.

Interwell AS has the following business address:

Kvernevik Ring 177

4048 Hafrsfjord

Norway

Note 7 Tax

Calculation of Deferred Tax Liability/Tax Asset

| Temporary Differences | Change | 2020 | 2019 |
|--|--------------------|---------------------|--------------------|
| Fixed Assets and intangible assets | -18 886 058 | -94 881 292 | -75 995 234 |
| Inventory | -969 303 | -6 312 957 | -5 343 654 |
| Leasing | -1 247 112 | -1 247 112 | 0 |
| Accrued revenue | 158 556 | -549 683 | -708 239 |
| Net Temporary Differences | -20 943 917 | -102 991 044 | -82 047 127 |
| Loss Carried Forward | | 0 | 0 |
| Changes not included in deferred tax calculation | -158 556 | 549 683 | 708 239 |
| Basis of Deferred Tax Liability | -21 102 473 | -102 441 361 | -81 338 888 |

| | | | |
|---|-------------------|--------------------|--------------------|
| Deferred Tax Liability (- asset) | -4 642 544 | -22 537 099 | -17 894 555 |
| Effect of change in tax rate | | 0 | 0 |
| Deferred tax / (Deferred tax asset in balance) | -4 642 544 | -22 537 099 | -17 894 555 |

Nominal Tax rate 22 % 22 %

| Basis of Tax Payable | 2020 | 2019 |
|---|--------------------|--------------------|
| Pre Tax Profits | 300 505 936 | 356 857 647 |
| Expenses not deductible for tax purposes | -11 506 442 | 293 257 |
| Net taxable profits | 288 999 494 | 357 150 904 |
| Change in Temporary Differences | 20 943 917 | 15 569 329 |
| Basis of Tax Payable in Income Statement | 309 943 411 | 372 720 233 |

| Tax expense | 2020 | 2019 |
|---|-------------------|-------------------|
| Calculated tax payable on profits in Norway | 68 187 550 | 81 998 451 |
| Tax payable abroad | 18 932 700 | 10 509 680 |
| Changes in deferred tax | -4 642 544 | -3 460 445 |
| Tax paid abroad | 1 607 000 | 1 761 707 |
| Tax paid not reclaimable | 11 793 212 | 0 |
| Tax credit reclaimed | -20 539 700 | -10 509 680 |
| Changes in prev. year tax expense | 1 752 369 | 394 067 |
| Tax cost expensed | 77 090 587 | 80 693 780 |

| Current tax balance | 2020 | 2019 |
|---|------------------|-------------------|
| Calculated tax payable on profits | 68 187 550 | 81 998 451 |
| Group contribution | -51 864 907 | -13 448 251 |
| Reduction from government grants | -38 334 | -116 038 |
| Tax paid abroad reclaimed in Norway | -6 229 966 | -10 509 680 |
| Prepaid tax paid | -785 496 | 0 |
| Conversion Difference Relating to Taxes | 0 | 0 |
| Net tax payable / (receivable) | 9 268 847 | 57 924 482 |

Taxes in Percentage of calculated pre-tax profits 3,0 % 15,5 %

Nominal tax rate

| | | |
|--|--------------|---------------|
| Tax at nominal rate | 22,0 % | 22,0 % |
| Effect from permanent and temporary differences | -19,0 % | -6,5 % |
| Tax cost according to Profit and Loss Statement | 3,0 % | 15,5 % |

Note 8 Balance with group companies and other receivables

| Amounts that are included in Accounts receivable 31.12 | 2020 | 2019 |
|--|--------------------|--------------------|
| Interwell UK Ltd. | 656 983 | 48 985 018 |
| Interwell US LLC | 1 833 908 | 23 211 458 |
| Interwell Middle East | 37 575 719 | 115 565 923 |
| Interwell KSA | 115 727 855 | 4 049 805 |
| Interwell AS | 0 | 187 153 |
| Interwell Oman | 9 089 987 | 7 810 878 |
| Interwell Australia | 8 469 115 | 6 839 152 |
| Interwell Malaysia | 15 533 776 | 22 197 857 |
| Interwell P&A AS | 1 263 005 | 180 020 |
| FX adjustment | -32 043 | 2 941 304 |
| Total receivable | 190 118 305 | 231 968 568 |

| Amounts that are included in Accounts Payable 31.12 | 2020 | 2019 |
|---|-------------------|-------------------|
| Interwell UK Ltd | 127 290 | 1 261 791 |
| Interwell Oman | 0 | 20 302 |
| Interwell Middle East | 281 790 | 412 404 |
| Interwell KSA | 9 767 | 0 |
| Interwell AS | 13 156 835 | 15 356 760 |
| Interwell Australia | 25 298 | 15 320 |
| Interwell Malaysia | 8 222 | 80 130 |
| Interwell P&A AS | 0 | 0 |
| Interwell US Ltd. | 17 119 | 59 734 |
| FX adjustments | 0 | -21 525 |
| Total Accounts Payable | 13 626 321 | 17 184 916 |

| Amounts that are included in other current receivables | 2020 | 2019 |
|--|--------------------|--------------------|
| Group bank account net receivable | 331 508 054 | 177 076 775 |
| Group contribution | 200 000 000 | 0 |
| Total other current receivables | 531 508 054 | 177 076 775 |

Note 9 Restricted cash and cash equivalents, multi currency cash pool agreement.

The company holds bank guarantee for tax withholding account. The Tax Withholding at year end is covered by the guarantee.

Note 10 Operating Revenue

| Geographical Distribution | 2020 | 2019 |
|---------------------------|--------------------|--------------------|
| Norway | 368 848 973 | 263 396 180 |
| Europe* | 103 239 341 | 270 713 178 |
| Russia/Caspian | 39 719 275 | 92 019 129 |
| Middle East | 225 195 882 | 131 159 222 |
| Americas | 36 452 691 | 64 432 043 |
| Asia/Pacific | 60 403 627 | 51 819 579 |
| Total | 833 859 789 | 873 539 331 |

* Revenue in Africa is included in UK which sort under Europe.

Interwell Norway's revenue in Norway, Europe and Russia is primarily offshore activities. The remaining revenue is rental and sale revenue to companies in the Interwell AS group.

Note 11 Accrued revenue

Accrued revenue is presented in Accounts Receivable

At year end Interwell Norway has accrued NOK 39 233 971 as external revenue. Corresponding accrual for previous year was NOK 33 019 254 as accrued revenue. All accrued revenue are related to external customers and not intercompany.

Note 12 Leases

| Right of use (ending balance) | 2020 | 2019 |
|--|-------------------|-------------------|
| Industrial unit | 48 452 218 | 61 856 781 |
| Leasing car | 120 825 | 154 252 |
| Leasing Forklift / Truck | 469 996 | 600 023 |
| Leasing office equipment | 100 758 | 128 633 |
| Leasing workshop equipment | 295 236 | 376 915 |
| Staff House | 80 424 | 102 674 |
| Total right of use assets at year end | 49 519 457 | 63 219 277 |

| Lease liabilities (ending balance) | 2020 | 2019 |
|--|-------------------|-------------------|
| Industrial unit | 49 672 452 | 63 512 380 |
| Leasing car | 123 868 | 158 380 |
| Leasing Forklift / Truck | 481 833 | 616 083 |
| Leasing office equipment | 103 296 | 132 076 |
| Leasing workshop equipment | 302 671 | 387 003 |
| Staff House | 82 449 | 105 422 |
| Total right of use liability's calculated at year end ¹⁾ | 50 766 569 | 64 911 344 |

¹⁾ Of the total balance at year end NOK 16 298 094 is due within one year and classified as current liability. Applied weighted average discount rate at the date of initial application was 3,49%

In "Other Interest Expense" in P&L a total of NOK 1 716 092 has been expensed in 2020.

Maturity analysis, undiscounted cash flow

| | Less than 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years |
|----------------------------|---------------------|-------------------|-------------------|------------------|-----------|
| Industrial unit | 14 573 518 | 14 735 104 | 14 826 682 | 4 937 065 | - |
| Forklift / Truck | 259 085 | 210 911 | - | - | - |
| Leasing workshop equipment | 122 692 | 125 061 | 37 517 | 9 966 | - |
| Leasing Car | 108 161 | 12 665 | - | - | - |
| IT Hardware | - | - | - | - | - |
| Total | 15 063 456 | 15 071 076 | 14 864 199 | 4 947 031 | - |

Expenses related to contracts with exception for short term leases that is not included in the above calculation.

| | 2020 | 2019 |
|---|------------------|------------------|
| Industrial unit | 1 198 259 | 1 477 457 |
| Workshop equipment etc - short term lease | 468 411 | 648 723 |
| Rental cars / trucks / forklifts | 68 894 | 87 898 |
| Other rental expenses | 100 694 | 35 992 |
| Total | 1 836 258 | 2 250 070 |

Note 13 Inventory

| | 2020 | 2019 |
|-----------------------------|--------------------|--------------------|
| Raw materials & components | 109 530 920 | 116 873 357 |
| Impairment / obsolete goods | -6 312 957 | -5 343 654 |
| Total | 103 217 963 | 111 529 703 |

Note 14 Intercompany transactions

| Transaction between group companies: | 2020 | 2019 |
|--|--------------------|--------------------|
| a) Revenue from sale and services rendered | | |
| - Interwell AS | 1 156 558 | 0 |
| - Interwell US LLC | 36 452 691 | 58 249 400 |
| - Interwell Limited (UK) | 67 370 731 | 131 932 135 |
| - Interwell Middle East FZE | 16 717 086 | 131 351 284 |
| - Interwell KSA | 180 198 037 | 3 453 958 |
| - Interwell LLC Oman | 29 090 759 | 22 822 140 |
| - Interwell Australia | 38 804 912 | 41 752 682 |
| - Interwell P&A AS | 3 604 963 | 0 |
| - Interwell Malaysia | 21 598 715 | 10 700 952 |
| Total Revenue from sale and services rendered | 394 994 452 | 400 262 551 |
| b) Purchase of goods and services | | |
| - Interwell Limited (UK) | 3 221 272 | 2 083 034 |
| - Interwell US LLC | 4 210 635 | 319 006 |
| - Interwell Middle East FZE | 4 257 455 | 975 082 |
| - Interwell Oman | 2 578 171 | 71 119 |
| - Interwell KSA | 17 546 771 | 0 |
| - Interwell P&A | 409 617 | 181 722 |
| - Interwell AS | 14 049 612 | 15 362 259 |
| - Interwell Malaysia | 932 674 | 41 232 |
| - Interwell Australia | 2 316 655 | 14 968 |
| Total Purchase of goods and services | 49 522 862 | 19 048 422 |

Note 15 Related-Party Transactions

Senior Management remuneration is described in note 13, and inter-group balances are described below.

The group companies transact with each other, and all transactions are conducted on arm's length basis at market prices.

Note 16 Guarantees and pledged security

Interwell Norway AS is a member of the consolidated cash pool with Interwell AS.

As of year end the following assets were pledged as security towards the cash pool:

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Fixed Assets | 297 305 712 | 226 648 562 |
| Accounts Receivable | 240 244 517 | 279 501 192 |
| Inventory | 103 217 963 | 111 529 703 |
| Total value asset pledged as security | 640 768 192 | 617 679 457 |

In addition the following bank guarantees are provided as security on leaseholds and contract obligation.

The Company has provided a guarantee of NOK 2 947 000 in favour of Hagen Rent Corporation for the leasehold in Stavanger.

The Company has provided a guarantee of CAD 471 848 equivalent of NOK 3 178 522 to Encana Corporation for tool deliveries.

The Company has provided a guarantee of NOK 1 737 492 to Grilstadkjæra 1 AS for the leaseholds in Trondheim.

In addition Interwell Norway AS has provided a guarantee to Stavanger Municipality Tax Authorities for payroll tax withholding of NOK 10 000 000.

Note 17 Government Grants

The company has recorded NOK 38 344 as income from government grant from "Skattefunn" a Norwegian Research & Development scheme in 2020. Corresponding amount for 2019 was NOK 116 038.

In both years Interwell Norway has had projects that meet the requirements for funding. Amount received is recorded as a cost reduction on the different projects. If the project is a CAPEX project, the amount is recorded as a reduction of the CAPEX amount.

Note 18 Risks**Market Outlook**

The Board expect the current market conditions to continue, where E&P investments and budgets are tight and impacted by volatile oil prices and the operators own cost-reduction programs. Based on this, the Company expect the current market situation to continue to be challenging also into 2021 coupled with interesting market opportunities for niche players like Interwell. Key priorities for the Company are to remain focused on continuously improving the operations and at the same time introduce new technology and product solutions to the market.

With the current adverse development in the oil price, combined with the corona pandemic, Interwell is closely monitoring the market situation and assess any impact for the operation.

Market and credit risk

As a supplier to the global oil and gas industry Interwell is affected by global macro-economic cycles governing energy supply and demand, and indirectly the Interwell Norway's products and services. Interwell is directly affected by the customers operating expenditures, and only to a limited extent affected by their capital expenditures. The customers are predominantly large E&P companies in the production phase, which historically have been secure payers. The Company therefore consider the credit risk to be limited, although the Company regularly review internal procedures to stay abreast with and increasing business complexity and international growth.

Liquidity risk

Interwell Norway's operational cash flow sustained activities in 2020 at 2019 levels despite the covid downturn, as well as paying dividends to shareholders. The liquidity risk is considered limited, as it is expected that the investments will generate positive cash flow in the years to come. Although the growth strategy and investment pace may create a pressure on liquidity in the short term, the Company's view is that it controls the liquidity risk itself. Interwell is well financed through a leading Nordic bank, with significant covenant flexibility. Moreover, the Company enjoys a healthy rating in the credit market with relatively low gearing and an established cash management system in place.

Note 19 IFRS conversion

For all periods up to and including the year ended 31 December 2019, Interwell Norway AS prepared its financial statements in accordance with Norwegian accounting standards and guidelines for good accounting practice (Norwegian GAAP/NGAAP). The financial statements, for the year ended 31 December 2020, are the first Interwell Norway AS has prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and specifically in accordance with IFRS 1 First-Time Adoption of International Financial Reporting Standards. Interwell Norway has adopted the simplified IFRS.

Equity reconciliations from NGAAP reported figures are given below for the 1 January 2019 transition to simplified IFRS and the 31 December 2020 statement of financial position, which is the last period-end presented in the entity's most recent annual report using NGAAP.

Accordingly, Interwell Norway AS has prepared financial statements which comply with IFRS as adopted by the EU applicable for periods beginning on or after 1 January 2020 as described in the accounting policies.

In preparing these financial statements, Interwell Norway's IFRS opening balance sheet was prepared as of 1 January 2019, the date of transition to IFRS using the same accounting principles as were applicable for the 2020 IFRS reporting. The IFRS conversion for the 2019 opening balances and 2019 and 2020 statements of comprehensive income are a conversion of the Interwell Norway AS NGAAP financial statements.

This rest of this note disclosure explains the IFRS 1 practical expedients applied by Interwell Norway in their conversion to IFRS, gives an overview of the principal adjustments made by Interwell in restating the NGAAP 1 January 2019 and 31 December 2019 and 31 December 2020 balance sheets and 2019 and 2020 income statements, and concludes with a detailed discussion of the NGAAP to IFRS adjustments as presented in the tables (table notes A). In accordance with IFRS 1.24(a)-(c) tables are included giving a reconciliation for the opening IFRS balance at 1 January 2019 (date of transition to IFRS), 31 December 2020 (the end of the latest period presented in the Interwell Norway's most recent NGAAP annual report), and a reconciliation of comprehensive income for 2020 which is the latest period in the Interwell Norway most recent annual report. Each of these tables gives the reconciliation from the NGAAP financial statement as a starting point to the IFRS balance sheet or income statement line items amount.

IFRS 1 applied exemptions

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 2020 year ends retrospectively. The general requirement of IFRS 1 is full retrospective application. Interwell Norway has only operating leases. The operating leases recognized under NGAAP were expensed as the payments were made. Under IFRS 16 these leases are required to be accounted for as financial leases, so there is a conversion to IFRS difference for the lease agreements. Revenue recognition under NGAAP versus under IFRS 15 is consistent related to the timing of revenue recognition.

All leases are recognized at transition using the IFRS 1 practical expedients granted in IFRS 1.D9-D9E. Interwell uses the incremental borrowing rate (IBR) at transition date, and the lease liabilities are measured as the value of the remaining lease liabilities discounted using the IBR. The right-of-use assets at transition to IFRS are recognized at the same amount as the lease liabilities.

NGAAP to IFRS differences

In adopting IFRS as of 1 January 2020 with a transition date of 1 January 2019, the following measurement and recognition differences between NGAAP and IFRS were identified and taken into account during the conversion process for the balance sheet dates of 1 January 2019 and 31 December 2019 and 31 December 2020, as well as for the 2019 and 2020 fiscal years. There are no other identified material differences related to measurement and recognition other than those listed below.

Differences related to IFRS 16 Leases:

Under NGAAP leases were either recognized as operating leases with the expense recognized as part of operating expenses at the time of the cash payments or as financial leases but with a different measurement basis than required by IFRS 16. All leases, except leases defined to be of low-value, are now recognized by Interwell Norway as a financial lease measured in accordance with IFRS 16. At 1 January 2019 (transition to IFRS) lease liabilities are measured at the discounted value of the future estimated lease payments from 1 January 2019 to the end of the lease term using a discount rate based on the Interwell entity's incremental borrowing rate (IBR). At transition to IFRS the right-of-use assets are measured at the same amount as the lease liability. The right-of-use assets are amortized over the useful life of the asset or the lease term, whichever is longer.

NGAAP to IFRS financial statements

The tables shown below give the NGAAP to IFRS reconciliations for the conversion to IFRS as of 1 January 2019 (transition opening balances) and 31 December 2020 (last reported NGAAP end-of-period balances), as well as the NGAAP-IFRS adjustments for comprehensive income for 2020. The note references in the tables refer to the following NGAAP-IFRS adjustments and reclassifications:

Note A – All leasing contracts under IFRS are recognised as financial leases, as opposed to under NGAAP where the leases were accounted for as operational leases. This creates a difference in the statement of profit or loss where the NGAAP operating lease expense was recognised as part of operating expenses (and is reversed out of operating expenses under IFRS) and instead under IFRS there is a recognition of the right-of-use assets amortisation as part of operating expenses and the interest expense on the lease liability is recognised as part of financial expenses. In the 1 January 2019 transition to IFRS statement of financial position lease liabilities are recognised at their net present value and the right-of-use asset at the same amount. The associated deferred tax impact is deemed immaterial and is therefore not recognised. In the 31 December 2020 IFRS statement of financial position lease liabilities and right-of-use asset are recognised as an IFRS – NGAAP adjustment.

Reconciliation of Assets, Liabilities and Equity 31.12.2018 (01.01.2019)

| ASSETS | IFRS Adjustment # | NGAAP 31.12.2018 | NGAAP Reclassification | Effect of transition to IFRS | IFRS 01.01.2019 |
|--|-------------------|--------------------|---------------------------|---------------------------------|--------------------|
| Fixed Assets | | | | | |
| Intangible Fixed Assets | | | | | |
| Research and Development | | 43 170 171 | 0 | 0 | 43 170 171 |
| Concessions, Patents, Licenses, Trade Marks and Similar Rights | | 5 375 978 | 0 | 0 | 5 375 978 |
| Technology | | 0 | 0 | 0 | 0 |
| Deferred Tax Asset | | 14 434 110 | 0 | 0 | 14 434 110 |
| Total intangible fixed assets | | 62 980 259 | 0 | 0 | 62 980 259 |
| Tangible Fixed Assets | | | | | |
| Land, buildings and other real property | | 0 | 0 | 0 | 0 |
| Rental Tools and Equipment | | 160 320 673 | 0 | 0 | 160 320 673 |
| Right of use asset | A | 0 | 0 | 75 671 985 | 75 671 985 |
| Machinery and Equipment | | 9 428 858 | 0 | 0 | 9 428 858 |
| Total tangible fixed assets | | 169 749 531 | 0 | 75 671 985 | 245 421 516 |
| TOTAL FIXED ASSETS | | 232 729 790 | 0 | 75 671 985 | 308 401 775 |
| Current Assets | | | | | |
| Inventories | | | | | |
| Inventory | | 117 618 170 | 0 | 0 | 117 618 170 |
| Total inventory | | 117 618 170 | 0 | 0 | 117 618 170 |
| Receivables | | | | | |
| Trade Receivables and Accrued Revenue | | 317 044 829 | 0 | 0 | 317 044 829 |
| Other Receivables | | 20 794 373 | 0 | 0 | 20 794 373 |
| Called up share capital allotted, not paid | | 0 | 0 | 0 | 0 |
| Total short term receivables | | 337 839 202 | 0 | 0 | 337 839 202 |
| Shares in group companies | | 0 | 0 | 0 | 0 |
| Listed investments | | 0 | 0 | 0 | 0 |
| Listed bonds | | 0 | 0 | 0 | 0 |
| Other listed financial instruments | | 0 | 0 | 0 | 0 |
| Other financial instruments | | 0 | 0 | 0 | 0 |
| Total investments | | 0 | 0 | 0 | 0 |
| Cash and Cash Equivalents | | 2 418 257 | 0 | 0 | 2 418 257 |
| Total Current Assets | | 457 875 629 | 0 | 0 | 457 875 629 |
| TOTAL ASSETS | | 690 605 419 | 0 | 75 671 985 | 766 277 404 |

| EQUITY AND LIABILITIES | IFRS Adjustment # | 31.12.2018 | NGAAP Reclassification | Effect of transition to IFRS | IFRS 01.01.2019 |
|---------------------------------------|--------------------------|--------------------|-----------------------------------|---|------------------------|
| Shareholder's Equity | | | | | |
| Share Capital | | 1 800 000 | 0 | 0 | 1 800 000 |
| Share Premium | | 57 050 036 | 0 | 0 | 57 050 036 |
| Other contributed reserves | | 0 | 0 | 0 | 0 |
| Total contributed equity | | 58 850 036 | 0 | 0 | 58 850 036 |
| Retained Earnings | | | | | |
| Other Equity | A | 400 893 348 | 0 | -1 692 067 | 399 201 281 |
| Loss carried forward | | | | | |
| Total Retained Earnings | | 400 893 348 | 0 | -1 692 067 | 399 201 281 |
| Non Controlling Interests | | 0 | 0 | 0 | 0 |
| TOTAL EQUITY | | 459 743 384 | 0 | -1 692 067 | 458 051 317 |
| Provisions | | | | | |
| Deferred Tax Liability | | 0 | 0 | 0 | 0 |
| Pensions | | 0 | 0 | 0 | 0 |
| Total provisions | | 0 | 0 | 0 | 0 |
| Convertible loans | | 0 | 0 | 0 | 0 |
| Bonds | | 0 | 0 | 0 | 0 |
| Other Long Term Loans | | | | | |
| Liabilities to Financial Institutions | | 0 | 0 | 0 | 0 |
| Liabilities to group companies | | 0 | 0 | 0 | 0 |
| Non Current lease liability | A | 0 | 0 | 61 447 776 | 61 447 776 |
| Total non-current liabilities | | 0 | 0 | 61 447 776 | 61 447 776 |
| Current Liabilities | | | | | |
| Current lease liability | A | 0 | 0 | 15 916 276 | 15 916 276 |
| Current intercompany debt | | 102 871 824 | 0 | 0 | 102 871 824 |
| Trade payables | | 67 791 682 | 0 | 0 | 67 791 682 |
| Tax payable | | 22 185 583 | 0 | 0 | 22 185 583 |
| Public duties payable | | 11 181 286 | 0 | 0 | 11 181 286 |
| Dividends | | 0 | 0 | 0 | 0 |
| Other current liabilities | | 26 831 660 | 0 | 0 | 26 831 660 |
| Total current liabilities | | 230 862 035 | 0 | 15 916 276 | 246 778 311 |
| TOTAL LIABILITIES | | 230 862 035 | 0 | 77 364 052 | 308 226 087 |
| TOTAL EQUITY AND LIABILITIES | | 690 605 419 | 0 | 75 671 985 | 766 277 404 |

Reconciliation of Assets, Liabilities and Equity 31.12.2020

| ASSETS | IFRS Adjustment # | NGGAP 31.12.2020 | NGAAP Reclassification | Effect of transition to IFRS | IFRS 31.12.2020 |
|--|-------------------|----------------------|---------------------------|---------------------------------|----------------------|
| Fixed Assets | | | | | |
| Intangible Fixed Assets | | | | | |
| Research and Development | | 52 698 137 | 0 | 0 | 52 698 137 |
| Concessions, Patents, Licenses, Trade Marks and Similar Rights | | 9 664 417 | 0 | 0 | 9 664 417 |
| Deferred Tax Asset | | 22 537 099 | 0 | 0 | 22 537 099 |
| Total intangible fixed assets | | 84 899 653 | 0 | 0 | 84 899 653 |
| Tangible Fixed Assets | | | | | |
| Rental Tools and Equipment | | 231 163 021 | 0 | 0 | 231 163 021 |
| Right of use asset | A | 0 | 0 | 49 519 457 | 49 519 457 |
| Machinery and Equipment | | 16 623 234 | 0 | 0 | 16 623 234 |
| Total tangible fixed assets | | 247 786 255 | 0 | 49 519 457 | 297 305 712 |
| TOTAL FIXED ASSETS | | 332 685 908 | 0 | 49 519 457 | 382 205 365 |
| Current Assets | | | | | |
| Inventories | | | | | |
| Inventory | | 103 217 963 | 0 | 0 | 103 217 963 |
| Total inventory | | 103 217 963 | 0 | 0 | 103 217 963 |
| Receivables | | | | | |
| Trade Receivables and Accrued Revenue | | 279 478 488 | 0 | 0 | 279 478 488 |
| Other Receivables | | 548 682 576 | 0 | 0 | 548 682 576 |
| Total short term receivables | | 828 161 064 | 0 | 0 | 828 161 064 |
| Cash and Cash Equivalents | | 0 | 0 | 0 | 0 |
| Total Current Assets | | 931 379 027 | 0 | 0 | 931 379 027 |
| TOTAL ASSETS | | 1 264 064 935 | 0 | 49 519 457 | 1 313 584 392 |
| EQUITY AND LIABILITIES | | | | | |
| Shareholder's Equity | | | | | |
| Share Capital | | 1 800 000 | 0 | 0 | 1 800 000 |
| Share Premium | | 57 050 036 | 0 | 0 | 57 050 036 |
| Other contributed reserves | | 0 | 0 | 0 | 0 |
| Total contributed equity | | 58 850 036 | 0 | 0 | 58 850 036 |
| Retained Earnings | | | | | |
| Other Equity | A | 869 410 668 | 0 | -1 247 112 | 868 163 556 |
| Loss carried forward | | | | | |
| Total Retained Earnings | | 869 410 668 | 0 | -1 247 112 | 868 163 556 |
| Non Controlling Interests | | 0 | 0 | 0 | 0 |
| TOTAL EQUITY | | 928 260 704 | 0 | -1 247 112 | 927 013 592 |
| Other Long Term Loans | | | | | |
| Non Current lease liability | A | 0 | 0 | 35 546 981 | 35 546 981 |
| Total non-current liabilities | | 0 | 0 | 35 546 981 | 35 546 981 |
| Current Liabilities | | | | | |
| Current lease liability | A | 0 | 0 | 15 219 588 | 15 219 588 |
| Current intercompany debt | | 235 749 576 | 0 | 0 | 235 749 576 |
| Trade payables | | 52 654 616 | 0 | 0 | 52 654 616 |
| Tax payable | | 9 268 847 | 0 | 0 | 9 268 847 |
| Public duties payable | | 12 435 775 | 0 | 0 | 12 435 775 |
| Dividends | | 0 | 0 | 0 | 0 |
| Other current liabilities | | 25 695 417 | 0 | 0 | 25 695 417 |
| Total current liabilities | | 335 804 231 | 0 | 15 219 588 | 351 023 819 |
| TOTAL LIABILITIES | | 335 804 231 | 0 | 50 766 569 | 386 570 800 |
| TOTAL EQUITY AND LIABILITIES | | 1 264 064 935 | 0 | 49 519 457 | 1 313 584 392 |