EXCELLENCE LOGGING HOLDING LIMITED

Annual Report and Financial Statements for the year ended 31 December 2021

EXLOG
EXCELLENCE LOGGING

Excellence Logging Holding Limited

Company number: 09536399

COMPANY INFORMATION

Registered office address:	25 Moorgate London United Kingdom EC2R 6AY
Bankers:	HSBC Bank UK PLC 2 Queens Road Aberdeen United Kingdom AB15 4ZT
Company number:	09536399
The Board of Directors:	Thomas Joseph Sikorski Bruno Patrick Burban John Michael Lechner William James Wright Mark Simon Dickinson
Independent Auditors:	BDO LLP 55 Baker Street London W1U 7EU
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STRATEGIC REPORT

The Directors present their strategic report and the audited consolidated financial statements of Excellence Logging Holding Limited and its subsidiary companies, together "the Group" or "Excellence Logging Group" or "Exlog" for the year ended 31 December 2021. Excellence Logging Group's main shareholder is Blue Water Energy LLP, a private equity firm specialising in energy related investments.

ABOUT EXCELLENCE LOGGING

What We Do

Founded in 2015, the Excellence Logging Group is a global provider of mud logging ("MLG") and well intervention ("WIN") services to the oil and gas industry. Exlog also provides data and consultancy services ("D&C") to support customer drilling and well service activities. Exlog is positioning itself as an independent leader in MLG and WIN services. Exlog's aim is to challenge conventional thinking, deliver enhanced efficiency and create sustainable value for its customers.

Since its founding, and continuing throughout 2021, the principal activity of the company has been to provide MLG, WIN and D&C services to the oil and gas industry. Mud logging provides critical information on the hydrocarbon content and extraction properties of a well in a cost-effective way, using physical samples of rock and gas produced during drilling. Detailed cuttings analysis, advanced gas detection, and reservoir evaluation services reduce the uncertainty inherent in drilling and completing oil and gas wells, while drilling optimization and hazard mitigation services can minimize unexpected events and wellsite risk while also reducing non-productive time, thus saving costs for our customers.

Exlog has historically provided MLG and WIN services in both conventional hydrocarbon-related activity and specific shale oil/shale gas activities, but this has now been extended to also provide MLG and WIN services to the growing geothermal, gas storage and hydrogen energy transition market segments in onshore Europe, US Land, Africa and Asia. We are in the process of growing market share in the markets where we already operate, and also adapting and expanding our MLG sensing technologies and processes to meet the specific needs of these newer markets.

Exlog WIN services offer a suite of complementary well-related software and data management products and services designed to enhance the productivity and therefore the profitability of wells in producing fields. During the life of all oil and gas wells, production hardware will require maintenance, repair or replacement. Exlog provides light intervention products and services for oil and gas wells using slickline, wireline, coiled tubing and production enhancement systems. These services allow operators to minimize well restrictions but also allow changes or adjustments to downhole equipment, such as valves or pumps, as well as gathering data on downhole pressure, temperature and completion equipment. Exlog also performs heavy fishing operations and wellhead maintenance services.

Exlog D&C services offer trained personnel with access to a suite of complementary well-related software and data management products and services designed to enhance the productivity and therefore the profitability of a wells in producing fields.

Exlog was created through the acquisition of carefully selected MLG and WIN companies in each continent to provide a global footprint, and through continued investment in new product development ("NPD"), to move beyond simple measurement or logging activities and provide analysis services to help improve the activities and performance of our customers. The Group operates in five geographical markets (North America, Latin America, Europe & Africa, Asia, and the Middle East).

Between 2015 and 2021, Excellence Logging achieved organic and inorganic growth by acquiring small- and medium-sized companies specializing in a segment with a strong regional presence. This has helped build a group whose revenues are 52% from MLG and 48% from WIN with a critical mass in revenues reached in 2019 through the acquisition of the MLG segment of Weatherford, which has doubled the size of Excellence Logging and given it a strong presence in the Middle East with key customers such as Saudi Aramco, the Kuwait Oil Company, and the Abu Dhabi National Oil Company.

Exlog has continued its NPD activities designed to complement basic mud logging activities. The aim of is to develop a suite of products and technological support to:

- Improve drilling efficiency to reduce non-productive activities
- Provide formation evaluation services; and
- Improve drilling safety.

Exlog has operations in over 30 countries, employing more than 1,200 people. At the date of this report, Exlog is active in the following countries: Saudi Arabia, Iraq, Kuwait, UAE, Qatar, India, Argentina, Ecuador, Bolivia, Columbia, Oman, Kazakhstan, Italy, Algeria, Turkey, Switzerland, Angola, Congo, USA, Malaysia, Thailand, Myanmar and Indonesia.

Exlog customers include both exploration and production companies and other oilfield service companies. Depending on the service line, customer, and location, our contracts vary in their terms, provisions and scope. Exlog earns revenues under contracts when products are delivered, and services are performed. Typically, Exlog provides products and services at a wellsite where our personnel and equipment may be located together with personnel and equipment of our customer and third parties such as other service providers. Exlog services are usually short-term in nature, day-rate based, and flexible should our customers wish to alter the scope of work.

EXCELLENCE LOGGING HOLDING LIMITED

STRATEGIC REPORT

CHIEF EXECUTIVE OFFICER'S REVIEW

Excellence Logging delivered an improved performance in 2021 as the oil and gas industry moved into the early stages of recovery against a back-drop of challenges relating to the Covid-19 pandemic. Group revenue increased 4% to US $ 91.8 million (2020: US $ 88.3 million) due to higher activity in both mud logging and well intervention businesses. Group EBITDA of $ 13.4 million (2020: US $ 5.6 million) resulted in an EBITDA margin of 14% (2020: 6%). With the increase in the oil price and knock-on impact on rig activity, the Group is seeing an increase in order intake compared to 2021.

As the current early-stage recovery in the MLG and WIN markets evolves, we expect our existing workstream, together with anticipated orders, to drive recovery in our mud logging business to 2019 pre-pandemic levels. Excellence Logging is a global player and well represented in the improving markets of Middle East, Asia, Latin America and Europe and Africa. At the same time, we anticipate the MLG business unit will enter a recovery phase with extra order intake capacity of 25% through our fleet of newer mud logging units that will enable us to win market share and execute projects safely and efficiently without the need for incremental investment. While focus on capital discipline by some of our customers may constrain the upcycle in the parts of the market, a more sustained and stronger level of industry activity, combined with the previous low-level of capital investment by the industry, suggests a more sustained, positive long-term outlook for the market.

This long-term outlook for the energy industry indicates a change in the landscape, enabling a global transition to a more sustainable energy future. However, it is clear the hydrocarbon industry will remain a key component of the energy mix under all likely transition scenarios. We therefore anticipate a sustained demand for our mud logging and well intervention services into the next decade with a growing emphasis on technology and customer service.

Excellence Logging holds sustainability as one of its core values and during the year the Group made an important commitment to environment, social, and governance considerations to respond to climate change and other major global development challenges. A major focus area is to establish a pathway to decarbonise our operations and reduce emissions and energy usage together with protecting the environment through initiatives for waste management and recycling.

On behalf of the Board of Directors, I am grateful to our teams at Excellence Logging for their contributions in the delivery of the Group's performance during another year in which we operated amid a global pandemic.

OPERATING REVIEW

Overview

Exlog's operations continued to be impacted by the Covid-19 pandemic in 2021, but new work practices and the proactive attitude of our Exlog personnel allowed us to deliver projects for customers while preserving our focus on safety and wellbeing.

Group revenue increased by 4% to US $ 91.8 million mainly due to increased WIN activity in Europe and MLG and WIN activity in Latin America. Group EBITDA of US $ 13.4 million (2020: US $ 5.6 million) is net of Covid-19 costs. During the year, most of our operating crews remained on extended rotations, with strict quarantines and testing regimes. Over the course of the year vaccinations were rolled out across the Group and most of our workforce was vaccinated by year end. Our operational bases and sites adopted flexible plant layouts, reflecting local regulations and social distancing. These precautions continued to come at a financial cost in terms of both direct expenses and as indirect costs of unavoidable inefficiencies. However, throughout the year, we remained impressed by the agility and resilience shown by our employees in adapting to the new reality and continuing the safe delivery of projects to our customers.

The Business Environment

The demand for our services is primarily influenced by the cycles of the oil and gas industry, and in particular, the willingness of oil and gas companies to spend on operational activities as well as exploration and production (E&P) capital projects.

	Brent Oil (i)	North American Rig count (ii)	International Rig Count (ii)
31 March 2022	116.58	824	827
31 Dec 2021	77.24	606	755
31 Dec 2020	51.80	522	825
31 March 2020	22.74	705	1,059
31 Dec 2019	66.23	1,077	1,098
31 Dec 2018	53.80	1,223	988

(i) Price per barrel of Brent crude oil – source: Trading Economics
(ii) Average rig count – source: Baker Hughes Rig Count. International rig count excludes US and Canada rig counts

The year opened with low activity levels driven by the impact of the Covid pandemic and its new variants. The business continued to focus on streamlining its resources and activities and continuing to deliver cash savings to safeguard the business and protect the balance sheet, while ensuring crews and equipment were ready for the uptick in oil and gas activity that started mid-year and gained momentum through the second half of 2021.

Competitive landscape

Exlog has two types of MLG competitor. These comprise independent companies and integrated service companies. In the first category are independent operators such as Geolog International, an Italian company operating solely in the MLG market. The second category includes integrated and multi-service companies such as Schlumberger, Halliburton, and Baker Hughes. These companies have their own MLG segments, but this activity represents less than 1% of their revenue. Therefore, this segment is underdeveloped and almost invisible in these large groups, with little to no investment in innovation, which has commoditised the market over time and has also decreased the quality of services. Excellence Logging was created in 2015 to take advantage of the inefficiency in this niche market.

We believe that we have a competitive advantage in terms of performing MLG and WIN services efficiency. Exlog is well placed to push innovation, both from a business and technological model perspective, and continues to make progress in reducing the cost of production to help customers make oil and gas developments viable at significantly lower breakeven prices. Our mud logging and well intervention activities are intended to provide service through the life span of an oil and gas field. Thus, over the longer term, we believe that fundamentals for our business remain favourable as the need for prolongation of well life in oil and gas production is the primary driver of demand for our services.

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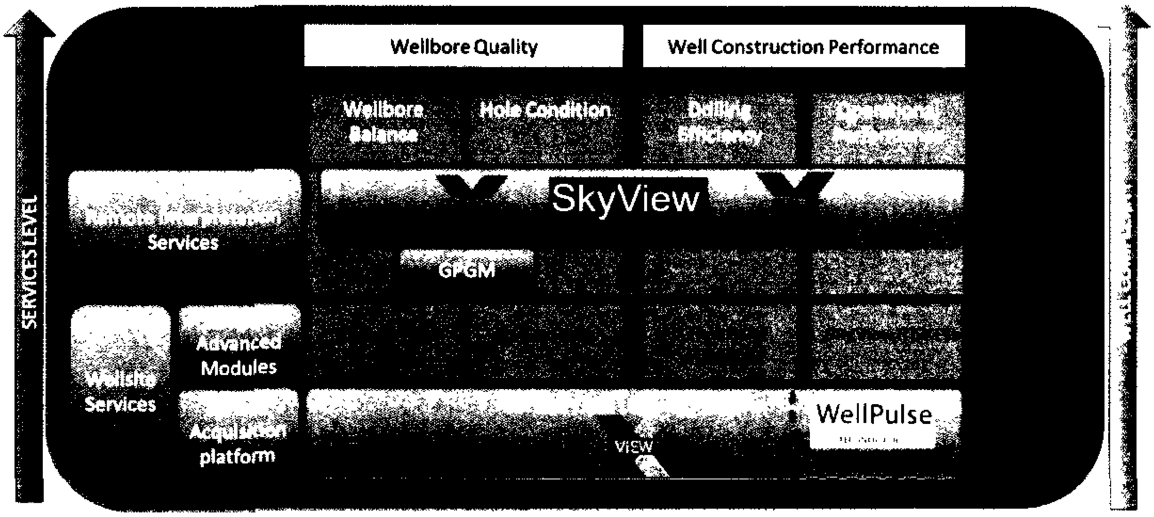
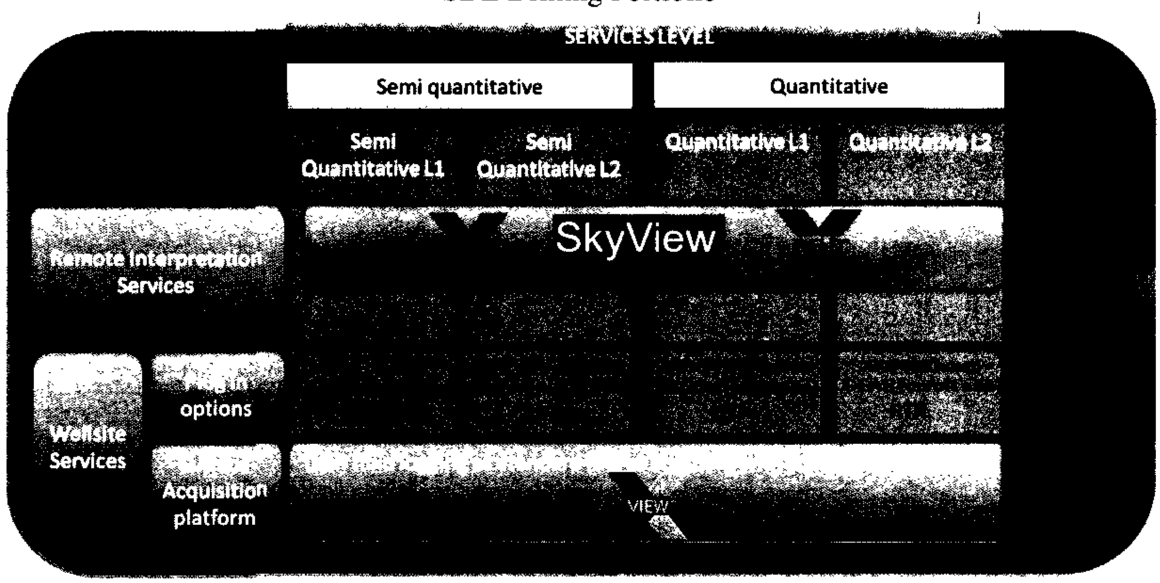
Technology:

Excellence Logging has built a service portfolio for Drilling and Formation Evaluation allowing the company to address all current customer challenges within the MLG scope of work. Its service portfolio in MLG is shown below.



SDL Drilling Portfolio



SDL Formation Evaluation Portfolio

Xview is the core acquisition system of Exlog MLG services. It is the first layer of data acquisition allowing Exlog MLG crews to deliver standard services as well as acquire and process critical parameters at the wellsite. Xview is platform-based and allows advanced modules for specific customer demands to be added on demand for ease of deployment.

WellPulse is Exlog's system and trademark used exclusively for sales of system equipment. It clearly differentiates between the service brand and the sales brand and its associated features.

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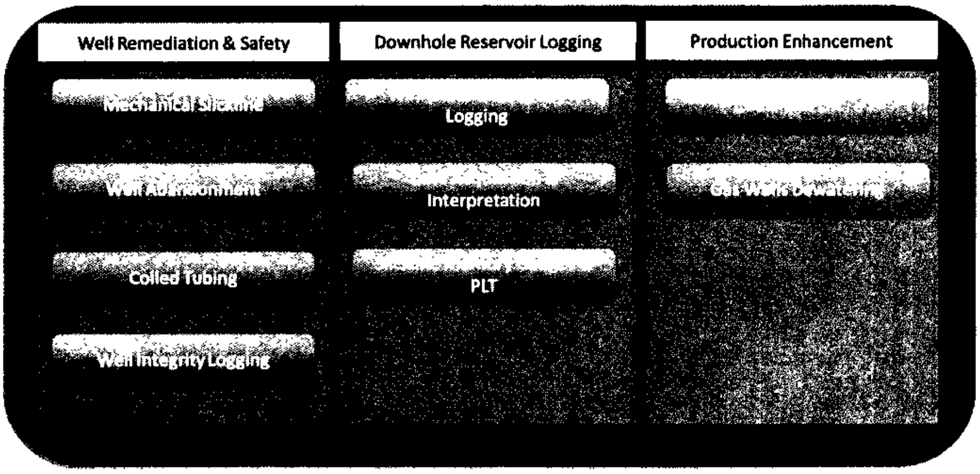
WellPulse has been developed on the same core system as Xview, but without advanced functionalities. It has the benefit of streamlining future technical development and software updates but also offers the possibility to sell options should it be required in certain sales package.

SkyView is Excellence Logging's digital platform. It allows customers to connect remotely to wellsite operations and visualize ongoing operations in real time. It is also used to deliver real-time support and data quality control (Xcheck) as well as advanced support and remote data interpretation (Xfield) when the customer does not have this capability.

Excellence Logging's Formation Evaluation portfolio can address the most advanced demands within the MLG scope and is platform-based around a common hardware architecture. The SAFE formation fluid logging service has been designed around a common platform that can be upgraded in real time when drilling through reservoir zones for better fluid characterisation. It also has the benefits of avoiding the deployment of multiple types of equipment, both standard and advanced, and of training our operators on a single system. Excellence Logging's SAFE technology also allows the detection of non-hydrocarbon components. This is of particular importance as an increasing trend is being observed toward the characterisation of fluid for non-hydrocarbon content such as helium, hydrogen and sulphur compounds. It also allows Exlog to deploy its technology in alternative energy environments such as natural hydrogen and geothermal wells where associated hydrogen detection is required. Exlog's Well Intervention service line comprises three main activities:

- Well Remediation and Abandonment
- Downhole Reservoir Logging
- Production Enhancement

These activities are performed on producing wells. They allow the diagnosis of well issues and the performance of remedial actions ranging from the most simple (mechanical slickline) to more advanced activities (coiled tubing). Downhole Reservoir Logging involves measurements performed in the well to acquire different well and reservoir parameters such as temperature, pressure, tubing/casing wear, and fluid type. Production Enhancement generally involves surface equipment which is used to increase the production of the well.



Well Intervention Portfolio

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Divestment

Excellence Logging signed a definitive agreement to sell its mud logging business (mainly MLG equipment) within the territory of France to Elyteq, effective as of October 1, 2021. The strategic decision was made in the interest of the company shareholders and allows the divested business to focus on service delivery and profitability for the domestic and extremely cyclical French mud logging activity. The proceeds from the sale are being used to support Excellence Logging growth in other countries within its international footprint. This divesture was purely opportunistic, and Excellence Logging continues to seek new opportunities to grow through potential strategic acquisition or combination.

Performance

In 2021, Exlog reported revenues of US $ 98.1 million (2020:US $ 88.3 million), net operating loss of US $ 2.7 million (2020: loss US $ 12.8 million) and EBITDA of US $ 13.4 million (2020:US $ 5.6 million), supported by improving oil and gas prices and increased activities in the well intervention market. The Covid-19 pandemic continued to have an adverse impact on the Group's results, particularly the MLG business unit, which felt the impact of the reduced drilling activity as customers reined in their capital expenditure budgets to conserve cash. The MLG business unit experienced a dip in demand in the first half of 2021 that was followed by a small recovery associated with the early stages of a more general recovery in the oil and gas industry in the second half of the year. The WIN business continued to make progress with a 26% increase in revenues with activity increases in Europe and Africa, and Argentina. Due to Covid-19 effects, however, Exlog incurred incremental net costs related to logistical and operational inefficiencies such as social distancing at onshore bases, quarantining of crews, and problems with the international transit of equipment and crew. In a year characterised by uncertainty and exceptional operational challenges, we generated positive operating cash flow through better working capital management, while safeguarding the health of our people.

Future Developments

In 2021, the global oil demand recovered from a ten-year low in 2020 but remained below the pre-pandemic level of 100 million b/d. The recovery was supported by stimulus packages and progressive vaccination across the globe, which led to considerable growth in consumption and international travel as restrictions were eased. From the supply side, OPEC increased production to rebalance the market, but several years of under-investment in new supply resulted in a tightness in the market and kept oil prices elevated in 2021. In 2022, oil and gas companies are reinventing themselves and practicing capital discipline, focusing on debt management, embracing the energy transition, and transforming business models to boost environmental, social and governance (ESG) performance. The long-term outlook for the energy industry indicates a change in the landscape enabling a global transition to a more sustainable future. However, it is clear the hydrocarbon industry will remain a key component of the energy mix under all likely transition scenarios. Exlog is well placed for this having successfully navigated the sharp market downturn, and with near-term visibility improving, we look forward with optimism to the reduction of Covid-19's impact on society and benefit from a recovery in the oil and gas market. The outlook for 2022 and beyond is more positive as demand for oil recovers and supply constraints due to underinvestment in new supply causing a tightening in the market and hence Brent crude oil prices seem more likely to remain in the US $ 60- US $ 90 per barrel bracket. On this basis, Exlog now expects a rise in drilling activities in Saudi Arabia, Oman and Latin America. At the time of writing, the war initiated by Russia in Ukraine has had little direct impact on operations, as Exlog does not have any operations in Russia or Ukraine. However, with countries imposing sanctions on Russia and seeking alternative supplies, this could have an indirect impact as output needs drive increases elsewhere. We currently

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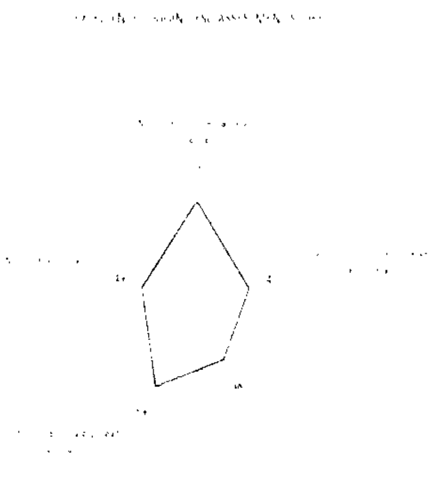
expect that revenue in 2022 will be in the range of US $ 104 - 106 million, driven by an increase in activity levels with a consequential improvement in EBITDA and cash generation.

Environmental Social Governance (ESG)

As global demand for energy increases, Excellence Logging's business outlook is improving, and we are now starting to turn our focus away from simply ensuring our viability. We are now a growing company, and we want to offer more to the communities in which we work to respond to climate change and other major global development challenges.

Excellence Logging seeks to make a positive impact on sustainable development within its industry and its community through the application of its technologies, operations, processes and practices to the projects on which it works. The Excellence Logging Environmental, Social and Governance (ESG) Charter expresses this ambition and establishes measurable targets. The Charter is built on the structure proposed by the industry association International Petroleum Industry Environmental Conservation Association (IPIECA) in support of the United Nations Sustainable Development Goals. Five modules make up the Exlog Charter: Governance and Business Ethics; Climate Change and Energy Usage; The Environment; Safety, Health and Security; and Social Commitment.

A first assessment of our position took place late in 2021, based on our principal investor's 2021 ESG report. This determined a baseline for each of the ESG pillars as defined in the requirements of ODP IPIECA 437, 4th edition 2020



Action plans have been prepared in accordance to the assessment result:

- **Governance and Business Ethics: 71%**
  - ➤ Prepare an Energy Consumption Policy in 2022 with targets
  - ➤ Prepare online IMS/ESG training package
  - ➤ Review Policies & Standards, incorporating ESG OGP 437 relevant topics
- **Climate Change and Energy: 47%**
  - ➤ Weakness primarily monitoring and reporting energy / water consumption and footprint
  - ➤ Define the overall approach versus a global ISO certification
  - ➤ Several topics such as 'wellsite water and flaring' are under Excellence Logging control
- **Environment: 38%**
  - ➤ Weakness again concerning energy / water consumption, waste management and recycling.

Several local actions ongoing or identified

- **Safety, Health & Security: 59%**
  - ➤ ERP (Emergency Response Plan) is in place but needs to be reinforced and assessed
  - ➤ Location Security to be improved (e g., access control)
  - ➤ IT Security and assessment of the IT recovery plan needed
- **Social: 49%**
  - ➤ Diversity (nationality, gender) and related actions to improve
  - ➤ Employee retention initiatives implemented
  - ➤ Identify and deliver local actions within local communities

The overall ESG score is 56% (to be benchmarked with Ecovadis survey which took place at the same time with a score of 54%

Our goal is now to contribute in a meaningful manner to each of the projects we undertake with management actioning and measuring progress within the scope of each of the five modules. To this end, we will start by carefully selecting and then gradually building on those projects that have greatest impact around the world.

Initially the projects will be selected by the Exlog ESG Committee from those suggested by our employees and management worldwide. Project selection will be made as a function of the impact we expect the project to make within an initial five-year period. We will then add other projects to our ESG leadership portfolio over the same period by targeting a minimum of two projects per geographic region that contribute meaningfully to sustainable development initiatives.

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FINANCIAL REVIEW

The primary key performance indicators used by the Group to assess its performance include revenue, adjusted earnings before interest, tax, depreciation and amortization (EBITDA) and net debt.

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Revenue	91,826	88,345
EBITDA	**13,433**	**5,635**
Depreciation, amortization, inventory charges	(16,156)	(18,450)
Net operating loss	**(2,723)**	**(12,815)**
Impairment	-	(4,104)
Restructuring costs	-	(2,000)
Foreign exchange gain / (loss)	2,265	(3,312)
Loss on disposal of assets	98	(292)
Net finance costs	(5,181)	(4,303)
Net loss before tax	**(5,541)**	**(26,826)**
Taxation	(3,452)	(1,189)
Net loss	**(8,993)**	**(28,015)**

Revenue

Group revenue for the year ended 31 December 2021 was US $ 91.8 million (2020: US $ 88.3 million), an increase of 4%. This was supported by improving oil and gas prices and activity. The year-on-year increase was mainly due to increased WIN activity in Europe and Africa and MLG and WIN activity in Latin America. The MLG business unit in North America underperformed in part due to Covid-19 and operators applying capital disciplines in an uncertain oil price environment.

EBITDA

EBITDA was US $ 13.4 million (2020: US $ 5.6 million) equivalent to a margin of 14% which is an 8% improvement on 2020 and reflects a streamlining of the cost base and is net of Covid-19 costs incurred because of strict quarantine and testing regimes.

Net operating loss

Net operating loss, excluding impairment and restructuring charges, for the year ended 31 December 2021, was US $ 2.7 million (2020: US $ 12.8 million). As noted above, activity levels slightly improved during the year increasing Group revenue together with a cost reduction programme to align the size of our resource base to the new reality of Covid-19 during the year.

Net loss

Net loss was US $ 9.0 million (2020: US $ 28.0 million). The net loss in 2021 was primarily due to:

- The net operating loss of US $ 2.7 million.
- Foreign exchange gains of US $ 2.3 million. The strengthening of the $ against the € resulted in an exchange gain on the € loan facility together with a revaluation of the Angolan Kwanza due to higher oil prices. This was offset by a devaluation of the peso in Argentina which remains a hyperinflationary economy, and in Colombia resulting in exchange losses.
- Net finance costs were US $ 5.2 million on the term loan facility and € loan facility.

Cash and Net debt

The Group's liquidity remained stable. The Group held cash and cash equivalents of US $ 7.1 million (2020: US $ 9.1 million) and had borrowings of US $ 52.3 million (2020: US $ 49.5 million) and unutilised credit facilities of US $ 0.3 million.

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Cash and cash equivalents beginning of year	9,061	9,931
Net cash inflow from operating activities	2,133	3,551
Net cash used in investing activities	(4,625)	(5,291)
Net cash generated from financing activities	702	882
Effect of exchange rate differences	(142)	(12)
Cash and cash equivalents end of year	**7,129**	**9,061**

Net cash generated from operating activities was US $ 2.1 million (2020: US $ 3.6 million) driven by improved profitability offset by additional working capital requirements due increased activity levels in the fourth quarter. Net cash used in investing activities was US $ 4.6 million (2020: US $ 5.3 million). In 2021, this was US $ 0.9 million of expenditure on research and development and net US $ 3.7 million of capital expenditure mainly in LAM and EAF. Net cash generated from financing activities was US $ 0.7 million of which US $ 1.0 million was RCF/Dajan facilities drawdown offset by lease repayments. The protection of our balance sheet remains a priority as we come out of the pandemic. Net debt on 31 December 2021 was US $ 46.7 million (2020: US $ 41.3 million). PIK interest on the € facility loan together with increased drawdown on RCF/Dajan facilities were partly offset by the strengthening of the $ against the € towards the end of 2021.

	31 Dec 2020 US $'000	31 Dec 2019 US $'000
Cash	7,129	9,061
Less restricted cash	(1,485)	(837)
Borrowings	(52,333)	(49,512)
Net debt	**(46,689)**	**(41,288)**

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PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties arising from both internal and external factors that could impact Exlog's performance and the related mitigating activities to manage those risks are described below. Exlog has risk management processes to identify, monitor, evaluate and escalate such issues including those items listed below as they emerge, enabling the Board of Directors to take appropriate action where possible. The factors listed below should be considered in connection with any forward-looking statements in these financial statements. These forward-looking statements reflect the Board's current expectations concerning future events and actual results may differ from the current expectations or historic results.

Economic and market risk

The demand for our services is dependent on the state of the oil and gas market and in particular, the willingness of oil and gas companies to undertake drilling activities. This generally turns on the prevailing view of future oil and gas prices, which are influenced by a variety of factors beyond Exlog's control including but not limited to demand and supply fundamentals, economic and political conditions in areas where oil and gas developments may occur and technological advances affecting the broader energy industry. Exlog actively monitors and tracks key market indicators such as production and supply metrics, market activity levels etc. and adjusts its own activities and cost base to be in line with market demand.

Given the increased media coverage on the subject of the ongoing energy transition, we include a pragmatic view of the energy transition and the impact on the oil and gas service market in which Exlog operates.

Future Energy Demand and the role of oil and gas

The world will not keep relying solely on liquid hydrocarbons as a global and efficient energy resources forever; there is a need for an energy transition. While the oil and gas industry is sometimes portrayed as the source of the problem, the Board of Directors consider it will remain a part of the solution for decades to come.

Solving the issue of the energy transition requires people and governments to have a factual, scientifically based, view about hydrocarbon versus renewable energy delivery. The energy transition raises complex questions about the future role of hydrocarbons in an energy economy. No universal solution exists in the global industrial landscape, so countries and companies must adopt bespoke business models which will be sustainable within the future environment.

The oil and gas industry is needed to support and finance the transition to renewable energy. This means recycling cash from current hydrocarbon production to finance investments for cleaner energy. Meanwhile, developing economies for a growing world population will still require hydrocarbons for some time to come.

By looking at global trends, current momentum, and 2050 green agendas, there exist solid grounds to predict the existence of oil and gas markets for decades to come. Global oil reserves were estimated at 1724.5 billion barrels in 2021. These reserves could cover about 50 years at current rates of consumption.

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Industry reports show that global demand for crude oil reached 100 million barrels per day in 2019, before decreasing to approximately 92 million barrels per day in 2020 due to the impact of the coronavirus pandemic. Demand at the end of 2020, however, rebounded to approximately 97 million barrels per day as global economic activity recovered.

Roughly 60% of global oil and gas demand is for transport and 40% for other markets. According to OPEC, the petrochemical industry (plastics and chemicals) will require the greatest increase in oil demand over the period 2019-2045 with a growth of 3.7 million barrels per day, while demand for all transport modes is expected to grow by 5.6 million barrels per day.

There is a general view, among various industry groups, of an increase in demand for oil between 2020 and 2030 above 100 million barrels per day followed by stagnation and a gradual decline in a conservative scenario until 2050 that should then correspond to demand between 70 and 90 million barrels per day. Production from existing fields is declining at a rate of about 8% per year in the absence of further investment, which is faster than any current scenarios of falling demand. Tension on demand and supply is therefore very likely.

Given the natural depletion of oil reservoirs currently in production, it will inevitably be necessary to increase investments to make new conventional oil discoveries or use shale oil resources that are more expensive to produce but can be put into production more quickly.

Competition risk

Excellence Logging operates in a competitive market with services normally awarded on a competitive bid basis. Exlog being a start-up, several of the Group's competitors are larger than Excellence Logging and have greater financial and other resources. However, the risk of competition is mitigated through the provision of specialist services beyond basic mud logging activities.

Developing country risks

A portion of Exlog's operations are performed in emerging markets, which present risks including an increased level of fraud and corruption, exchange controls, hyperinflation and other restrictions such as local content requirements imposed by foreign governments and economic and political instability. Exlog has a compliance and review process to mitigate risks associated with operating in such countries (see below). Exlog also has operations in hyperinflationary environments and prices transactions in a 'hard' currency, namely USD, to protect against inflation and foreign exchange rate volatility.

New product development risk

Our success also depends, in part, on the development and introduction of new mud logging products and technology on a timely and cost-effective basis, the acceptance of these new products by customers, and the corresponding risks associated with the development, marketing and adoption of these new products. As a result, the life cycle of our products is difficult to estimate. Changing industry and market conditions may dictate strategic decisions to restructure some business units and discontinue others. Technology-related risks are mitigated by employing qualified personnel and having a multi-stage-gate process for the implementation of new technologies and products.

Operational risk

There are three principal risks:

- Project execution risks: the services provided by Excellence Logging are highly dependent upon equipment and personnel, therefore, any major equipment failure, missing spare parts, field personnel restrictions, or mobilisation delays expose the Company to performance penalties;
- HSEQ risks: due to the environment in which Excellence Logging services are performed, field personnel are exposed to potential accidents;
- Contractual risks: depending on the contract, the Group is exposed to financial risks (overdue payment or default of payment, loss of equipment not covered by customers) and other unpredictable loss ("force majeure," etc.).

Exlog mitigates this risk by ensuring the following:

- A project manager has the single point of accountability for each project; and
- Senior management is directly involved in project management reviews supported by central services experts.

Financing and Treasury

Exlog's financial instruments comprise borrowings, cash and liquid resources and arrangements with trade receivables and trade payables, which arise directly from its operations. The main financial risks faced by Exlog due to its financial instruments and treasury operations relate to counterparty, liquidity, foreign exchange rates, and interest rate risks. Exlog may seek to enter foreign exchange derivative transactions to hedge the effects of movements in exchange rates. Certain countries in which Exlog operates such as Angola and Argentina apply foreign exchange controls limiting the ability of existing or potential customers to purchase our products. Access to capital markets for start-up businesses is difficult and expensive. Exlog actively monitors its financing arrangements to ensure they are adequate and maintains good relationships with its lender banks to help mitigate this risk.

Compliance risk

This includes the risk that one of our employees undertakes activities with an individual or individuals which are subject to restrictions such as sanction restrictions or is involved in fraud or bribery and corruption. The Group manages this risk by putting in place specific policies (Code of Conduct, Anti-Bribery and Corruption, Sanctions etc.) that all employees are expected to follow. In addition to providing an explanation of the prohibitions, they contain details of what to do should a compliance risk present itself. Excellence Logging also provides training to support the compliance of procedures in place.

Global Covid-19 pandemic

Exlog has global oil and gas operations. All locations have suffered Covid-19 infection which has resulted in disruption of normal working patterns. The national and local governments in all locations have implemented lockdowns to contain the pandemic and may implement localised lockdowns as Covid-19 infections occur on local and national levels. In view of the risk Exlog's primary objectives include:

i) Protecting the health of the Exlog's staff, contractors and suppliers and those in the communities from which they are drawn;
ii) Maintaining Exlog's operations and business more generally and ensure that high levels of operational safety are maintained; and
iii) Maximising revenues in an unpredictable market.

Global vaccination programmes have helped to reduce levels of infection, although there were some pullbacks later in the year as the Delta and Omicron variants emerged. Ongoing restrictions on movement have the potential to negatively impact Exlog and specifically the operating companies. If these risks crystallise there may be business constraint or interruption, reduced production, a fall in demand and reduced revenues which could impact Exlog's profitability and liquidity.

SECTION 172 STATEMENT

The Directors are mindful of their duty to promote the success of the Company in accordance with S 172 of the Companies Act for the benefit of its members as a whole and in doing so to have regard for the matters set out in S 172 (1) (a)-(f). This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. In discharging their duty under s 172, the Directors draw attention to the following:

S172 (1) (A) "The likely consequences of any decision in the long term"
Each year, the Board of Directors undertakes an in-depth review of the Company's strategy, including the business plan for the following three years. Once approved by the Board, the plan and strategy for the basis for financial budgets, resource plans and investment decisions, and the future strategic direction of the Company. The business plans are designed to have a long-term beneficial impact on the company and contribute to its success.

S172(1) (B) "The interests of the company's employees"
Employees are fundamental to the delivery of the business plan. The success of the business depends on attracting, retaining and motivating employees. The directors recognise that the safety and efficiency of wellsite operations depend primarily on the performance of the employees and contractors. The Group utilizes a mix of local staff and expatriate supervisors on wellsite operations to provide additional expertise and oversight. Employees and contractors have the necessary training in well safety and well control and all personnel have the authority to stop any job they deem unsafe. Engagement with employees takes many forms including formal and informal meetings and general updates. The Directors ensure employees are kept up to date on the Company's performance, plans and objectives together with the potential impacts on them as employees. The Board of Directors monitors work health and safety metrics and receives regular updates on employee matters, engagement and performance against key measures. Board members also carry out regular site visits enabling staff to raise issues directly with them and to enable them to meet key contractors when necessary.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"
Delivering the Group's strategy requires strong and mutually beneficial relationships with suppliers, customers, national oil companies and joint-venture partners. The Group's customers are concerned with having services that improve drilling safety and efficiency and provide greater visibility into the downhole lithology of formation of a well, wellbore stability and early kick detection with actionable insights from the data log of sub surface geology. The Board of Directors directly

engages with customers to listen to their feedback and reviews strategy and monitors performance during the year with the aim of meeting customer's needs more effectively. The Board reviews investment decisions in new product technology which seeks to provide a range of enhanced mud logging services that incorporate advanced sensor and computing technology to provide monitoring of the geology of the well. The Group engages with existing suppliers and contractors with proven experience in the oil and gas industry to provide a range of goods and services. The Group relies on its suppliers to provide quality goods and services in order maintain the highest standards of safety and reliability in meeting the needs of terminal users. The main topic of engagement for the Board has been around ensuring arrangements are in place to meet customer needs during the Covid-19 pandemic whilst keeping staff safe.

S172(1) (D) "The impact of the company's operations on the community and the environment"
Exlog is committed to being a considerate and environmentally focused neighbour and takes its environmental responsibilities seriously. The Group continually monitors its operations and any potential impact on the surrounding environment and wider community. The Group works with experts in the field to identify techniques on how best to mitigate any impact ensuring environmental permits are complied with. Exlog are also in the process of formalising our Environmental, Social and Governance program, with the target of rolling the initial program standards, assessment and improvement plan during the middle of 2021.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"
Exlog is committed to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance. The Board periodically reviews and approves clear frameworks, such as business principles, code of conduct, ethics and compliance manuals and whistleblowing policies to ensure that its high standards are maintained both within the Exlog's businesses and the business relationships we maintain. This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards help assure its decisions are taken and that Excellence Logging companies act in ways that promote high standards of business conduct.

S172(1) (F) "The need to act fairly as between members of the company"
After weighing up all relevant factors, the Directors consider which course of action best enables the delivery of the Exlog's strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly as between the Company's members, so they too may benefit from the successful delivery of the business plan. The Board is committed to openly engaging with our shareholders and debt investors as we recognise the importance of a continuing and effective dialogue. The main topic of engagement recently has been the Covid-19 business disruption and keeping shareholders and debt investors abreast of market developments and outlook and how the Board plans to navigate the business through this uncertain period.

This Strategic Report was approved by order of the Board by,

DocuSigned by:
John Lechner
206CB749ACF0462

John Lechner
Director
31 May 2022

EXCELLENCE LOGGING HOLDING LIMITED

DIRECTORS' REPORT

Directors

The Directors present their report and the audited consolidated financial statements of Excellence Logging Holding Limited. The directors of the Company who were appointed to office and served throughout the year, and to the date of signing these financial statements, except as noted below, were:

Thomas Joseph Sikorski (appointed 18 May 2015)
Vincent Simonetti (resigned 31 March 2022)
Bruno Patrick Burban (appointed 14 July 2017)
William James Wright (appointed 14 July 2017)
Mark Simon Dickinson (appointed 7 February 2020)
John Michael Lechner (appointed 3 April 2020)

Results

The loss for the year, after taxation, amounted to US $ 8,993,000 (2020: loss US $ 28,015,000).

People

On 31 December 2021, the Group's average number of employees during the year was 1,005 (2020:1,326).

Diversity
The Board recognizes that its employees are the most important asset of the Group. The Group is an equal opportunities employer and is committed to ensuring that no employee or applicant is treated less favourably on grounds of race, religion, gender, age, ethnic origin, disability, or sexual orientation.

Training and development
The Group seeks to ensure that all staff and managers are equipped with the necessary skills to meet current and future business needs and to aid their own professional and personal development. In addition to providing development within the Group's structure, the Group is committed to supporting initiatives that promote mud logging and slickline engineering as a career.

Disabled persons
It is the Group's practice to give full and fair consideration to applicants for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

Customers

The Group believes that forming and maintaining strong and effective relationships with its customers is a key factor in the long-term success of the business. The Group actively seeks feedback from customers on its products, services, and technology. This assists the business to meet customer needs in the future.

The environment

The Group adheres to its trading policies covering health and safety, legal, environmental and social matters for the supply chain. The Group monitors its activities so that it always complies with all relevant legal obligations and regulations concerning the environment and adopts an approach to environmental protection measures with the objective of achieving continuous improvements. It is the Group's aim, wherever possible, to obtain materials from suppliers who operate established environmental policies based on relevant legal requirements for the countries in which they operate.

Suppliers

All suppliers to the Group are presented with terms and conditions of trading at the commencement of the trading relationship. The Group's policy for the payment of its suppliers is to agree the payment terms in advance and, provided a supplier performs in accordance with the agreement, to abide by such terms. The average credit period taken for trade purchases is 69 days (2020: 43 days).

Charitable and political donations

The Group has made no charitable or political donations during the year (2020: US $ nil).

Dividends

No interim dividend was paid (2020: US $ nil) and the directors are not proposing to pay a final dividend for the year ended 31 December 2021 (2020: US $ nil).

Financial risk management

The Group's financial risk management objectives and policies are disclosed in note 23 of the financial statements.

Going concern basis

The Company's business activities, together with the factors likely to affect its future development including research and development activities, financial position performance and liquidity are set out in the Strategic report. The Strategic report also describes the Company's exposure to risks and its policies for managing these and the impact of Covid-19 pandemic and the steps taken by management to protect the Group's liquidity.

The global economy remains impacted by the unprecedented health and economic crises following the outbreak of the Covid-19 pandemic. Management continues to monitor the potential operational, market and financial impacts to the Group including the mitigating impacts of the vaccination roll-out. Despite the remaining uncertainty regarding the potential impacts of the Covid-19 pandemic, management considers that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Group's ability to continue as a going concern.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the notes to the financial statements.

Third party indemnity provisions

Third party indemnity insurance is provided for all current directors of the group during their tenure as a director under policies held by the company.

Subsequent events

Details of subsequent events are contained in note 34 to the financial statements.

Auditors

BDO UK LLP have indicated their willingness to continue in office as the Group's auditors and a resolution confirming their appointment will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware this is no relevant audit information of which the auditors are unaware;
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' responsibility statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards . Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been approved for issue by the board of directors,

DocuSigned by:
John Lechner
206CB749ACF0462...

John Lechner
Director
31 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXCELLENCE LOGGING HOLDING LIMITED

Opinion on the financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as of 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Excellence Logging Holding Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated and Company statements of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

EXCELLENCE LOGGING HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting
In our opinion, based on the work undertaken during the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained during the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Directors' responsibility statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Group and the Parent 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 unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have 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 (UK) 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 based on these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures can detect irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory framework applicable to the Group and assessing the significant laws and regulations;
- Testing the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be a greater risk of susceptibility to fraud;
- Making enquiries of Management and those charge with governance and considering any known or suspected instances of non-compliance with laws and regulations or fraud;

- Testing the appropriateness of journal entries made through the year by applying specific criteria, such as testing journals with unexpected account combinations, to detect possible irregularities and fraud;
- Performing a detailed review of the Group's year-end adjusting entries and investigating any that appear unusual as to nature or amount;
- Testing consolidation entries for consistency and appropriateness of application;
- Critically assessing areas of the financial statements which include judgement and estimates, as set out in note 3 to the financial statements; and
- Reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Peter Acloque
DA402FC8EA454AC.

Peter Acloque (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London UK

Date: 31 May 2021
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EXCELLENCE LOGGING HOLDING LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 US $'000	Year ended 31 December 2020 US $'000
Revenue	5	91,826	88,345
Cost of sales		(73,935)	(73,020)
Gross profit		**17,891**	**15,325**
Administrative expenses		(20,614)	(28,140)
Operating loss	6	**(2,723)**	**(12,815)**
Restructuring costs	6	-	(2,000)
Other gains/ (losses)	8	2,363	(7,708)
Finance income	10	1,447	846
Finance costs	10	(6,628)	(5,149)
Loss before taxation		**(5,541)**	**(26,826)**
Taxation	11	(3,452)	(1,189)
Net loss for the year		**(8,993)**	**(28,015)**

All amounts arise from continuing operations.

EXCELLENCE LOGGING HOLDING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021 US $'000	31 December 2020 US $'000
Net loss for the year attributable to Owners of the parent	(9,302)	(27,261)
Net profit / (loss) attributable to non-controlling interests	309	(754)
Items that may be reclassified to profit or loss in subsequent periods:		
Actuarial gain	174	-
Exchange differences on translating foreign operations	(1,933)	(1,126)
Total comprehensive loss for the year	(10,752)	(29,141)

	31 December 2021 US $'000	31 December 2020 US $'000
Total comprehensive loss attributable to:		
Owners of the parent	(11,342)	(28,659)
Non-controlling interests	590	(482)
	(10,752)	(29,141)

EXCELLENCE LOGGING HOLDING LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

ASSETS	Note	31 December 2021 US $'000	31 December 2020 US $'000
Non-current assets			
Property, plant and equipment	12	28,254	33,301
Goodwill	13	22,415	22,161
Other intangible assets	14	7,559	11,889
Deferred tax asset	26	2,858	1,928
Other non-current assets	30	1,023	1,364
		62,109	**70,643**
Current assets			
Trade and other receivables	16	23,928	17,670
Other current assets	17	7,777	7,989
Inventory	15	7,970	9,125
Current tax assets		2,100	1,331
Cash and cash equivalents	18	7,129	9,061
		48,904	**45,176**
Total Assets		**111,013**	**115,819**
Non-current liabilities			
Borrowings	21	(44,559)	(43,407)
Retirement benefit obligations	24	(3,491)	(3,575)
Deferred tax liabilities	26	(3,801)	(3,230)
		(51,851)	**(50,212)**
Current liabilities			
Trade and other payables	19	(13,920)	(13,692)
Borrowings	21	(7,774)	(6,105)
Current income tax liabilities		(1,208)	(1,168)
Other current liabilities	20	(12,039)	(9,355)
Provisions for liabilities	25	(866)	(1,180)
		(35,807)	**(31,500)**
Total Liabilities		**(87,658)**	**(81,712)**
Net Assets		**23,355**	**34,107**
EQUITY			
Share capital	27	156,464	156,464
Capital reserve		23	23
Translation reserve		(6,776)	(4,562)
Accumulated losses		(126,861)	(117,733)
Equity attributable to owners of the Company		22,850	34,192
Non- controlling interests		505	(85)
Total Equity		**23,355**	**34,107**

These financial statements of the Company, registered number 09536399, were approved by the Directors on and were authorised for issue. Signed on behalf of the directors,

DocuSigned by:
John Lechner
206CB749ACF0462
John Lechner, Director
31 May 2022

EXCELLENCE LOGGING HOLDING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital US $'000	Translation reserve US $'000	Accumulated loss US $'000	Capital Reserve US $'000	Total US $'000	Minority Interest US $'000	Total equity US $'000
Balance on 1 January 2020	**154,964**	**(3,164)**	**(90,472)**	**23**	**61,351**	**(603)**	**60,748**
Loss for the year	-	-	(27,261)	-	(27,261)	(754)	(28,015)
IAS 29 Hyperinflation	-	1,193	-	-	1,193	-	1,193
Other comprehensive expense for the year	-	(2,591)	-	-	(2,591)	272	(2,319)
Total comprehensive income for the year	-	(1,398)	(27,261)	-	(28,659)	(482)	(29,141)
Minority interest in Saudi JV	-	-	-	-	-	1,000	1,000
Issue of preference shares (note 27)	1,473	-	-	-	1,473	-	1,473
Issue of ordinary shares (note 27)	27	-	-	-	27	-	27
Balance on 1 January 2021	**156,464**	**(4,562)**	**(117,733)**	**23**	**34,192**	**(85)**	**34,107**
Loss for the year	-	-	(9,302)	-	(9,302)	309	(8,993)
IAS 29 Hyperinflation	-	729	-	-	729	-	729
Other comprehensive expense for the year	-	(2,943)	174	-	(2,769)	281	(2,488)
Total comprehensive income for the year	-	(2,214)	(9,128)	-	(11,342)	590	(10,752)
Balance on 31 December 2021	**156,464**	**(6,776)**	**(126,861)**	**23**	**22,850**	**505**	**23,355**

EXCELLENCE LOGGING HOLDING LIMITED

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2021 US $'000	31 December 2020 US $'000
Loss for the year		**(8,993)**	**(28,015)**
Adjustments for:			
Restructuring costs	6	-	2,000
Impairment of goodwill and customer intangible	8	-	4,104
Net finance costs	10	6,466	5,054
Income tax charge	11	3,452	1,189
Depreciation of property, plant and equipment	12	10,028	11,696
Obsolescence of inventory	6	1,488	1,798
Amortisation of intangible assets	14	4,640	4,956
Foreign exchange (gain) / loss		(2,103)	2,194
Monetary adjustment	10	(1,285)	(752)
(Gain) / loss on disposal of property, plant and equipment	8	(98)	292
Operating cash flows before working capital movement		**13,595**	**4,516**
Increase in inventory		(333)	(1,087)
Increase)/ decrease in receivables		(7,398)	10,699
Increase/ (decrease) in payables and provisions		(358)	(7,199)
Cash generated operations		**5,506**	**6,929**
Income taxes paid		(2,088)	(1,632)
Net interest paid		(1,285)	(1,746)
Net cash generated from operating activities		**2,133**	**3,551**
Investing activities			
Payments to acquire tangible fixed assets		(4,609)	(3,349)
Receipts from sales of tangible fixed assets		922	1,069
Acquisition of subsidiary net of cash acquired		-	(1,650)
Expenditure on new product development	14	(938)	(1,361)
Net cash used in investing activities		**(4,625)**	**(5,291)**
Financing activities			
Proceeds from issue of shares	27	-	1,500
Drawdown of bank loan/finance leases	22	1,963	2,500
Repayment of bank loan/finance leases	22	(1,261)	(4,118)
Minority interest capital injection		-	1,000
Net cash flows generated from financing activities		**702**	**882**
Net (decrease) in cash and cash equivalents		**(1,790)**	**(858)**
Cash and cash equivalents at beginning of year		9,061	9,931
Net (decrease) in cash and cash equivalents		(1,790)	(858)
Effect of foreign exchange rate changes		(142)	(12)
Cash and cash equivalents at end of year	18	**7,129**	**9,061**

1. General information

Excellence Logging Holding Limited is a private limited company limited by shares incorporated in England and Wales and domiciled in the United Kingdom. The address of the registered office and the principal place of business is given in the company information page.

Excellence Logging Group is a global provider of mud logging and well intervention services to the oil and gas industry. The Group consists of Excellence Logging Holding Ltd and its subsidiaries on 31 December 2021.

Excellence Logging Group provides MLG services in both conventional hydrocarbons related activity and specific shale oil / shale gas activities, with a suite of complementary well-related software and data management products and services designed to enhance the productivity and therefore the profitability of a well. WIN is a service used in producing fields. During the life of all oil and gas wells, parts will require maintenance, repair or replacement. Excellence Logging Group provides well service intervention products and services using slick-line, wireline, coiled tubing and production enhancement systems. These systems allow operators to minimise well restrictions but also allow changes or adjustments to down hole equipment, such as valves or pumps as well as gathering data on down hole pressure, temperature and completion equipment.

2. Basis of accounting

Going concern

These financial statements have been prepared on the basis that the Group will continue as a going concern and has sufficient assets, working capital and access to financing to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The global economy remains impacted by the unprecedented health and economic crisis following the outbreak of the Covid-19 pandemic. Management continues to monitor the potential operational, market and financial impacts to the Group including the mitigating impacts of the vaccination roll-out. Despite the remaining uncertainty regarding the potential impacts of the Covid-19 pandemic, management considers that there are no significant doubts over the application of the going concern assumption and no disclosable uncertainties which cast doubt upon the Group's ability to continue as a going concern. During 2021, the Group incurred net Covid-19 costs related to factors such as operating crews remained on extended rotations, with strict quarantines and testing regimes and MLG unit stand by days due to outbreaks of the virus at customer locations. These were partly offset by reduced travel costs incurred by employees and some cost compensation by local governments. Management expects that net Covid-19 costs will continue to be incurred in 2022. Management will continue to work with its customers and suppliers to mitigate the impacts of the pandemic on operations.

In considering the going concern basis for preparing the financial statements, the directors have considered the Group's strategy and objectives, risks and uncertainties in achieving its objectives and its likely mitigating actions should conditions require such actions to be pursued. The Group's strategy, outlook, operating review and financial performance and principal risks and uncertainties are set in the strategic report. Further information on the Group's borrowing arrangements is contained in note 21 and 22 of the financial statements.

The Group had cash balances of US $ 7.1 million as at 31 December 2021. The Group is currently funded through US $ 156.5 million of shareholder equity and US $ 48.6 million of bank debt including: US $ 16 million of senior loan facility repayable in April 2024, US $ 20 million € loan PIK facility arrangement repayable in October 2024, US $ 13.0 million of revolving credit facilities (RCF) available for the issuance of guarantees and cash drawings maturing in April 2024 and US $ 1.4 million of local receivables facilities to provide specific geographic coverage. Forecasts continue to demonstrate that the Group will generate cash flows more than sufficient to support the assumption that the Group will continue as a going concern. Management has performed stress tests of future cash flow forecasts to evaluate the impact of plausible downside scenarios. These include reasonable plausible scenarios which reflect extended periods of low energy prices and potential operational and Covid-19 related issues which could adversely impact the Group. Specifically, these scenarios included:

- A loss of our largest client at the end of 2022
- A loss of 30% of total contract value at our largest client at contract renewal
- A pandemic related lockdown of our largest region (Europe & Africa) for 6 months with a 2 month recovery ramp up;
- A loss of liquidity due to guarantee and working capital requirements at a large client; and
- A full re-occurrence of the 2020-2021 covid pandemic, beginning June 2022 and following the historic pattern of impacts on the Group.

In all scenarios the Group was able to pass its covenant requirements and maintain sufficient liquidity to continue operations.

Management has also performed reverse stress testing through identifying the necessary conditions to cause a covenant breach or negative liquidity prior to the end of financial year 2023.. These conditions have low probability and management retains the ability to undertake mitigating actions to react to the necessary conditions such that the impacts are not critical.

Accordingly, the Directors have concluded that these circumstances form a reasonable expectation that the Group has adequate resources to continue in operational existence, for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Presentation of financial statements

The consolidated financial statements of Excellence Logging Holding Limited have been prepared in accordance with UK adopted international accounting. Standards

The consolidated financial statements are presented in United States Dollar (USD, $ or US $) as this is the currency of the primary economic environment in which the Group operates. Group entities whose functional currency is not the US Dollar are consolidated in accordance with the policies set out in note 4 'Summary of principal accounting policies'.

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and balances required to be measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in note 4. Unless otherwise stated, these policies have been consistently applied to all periods presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 under critical accounting estimates and assumptions.

Effective new accounting standards

The following new accounting standards, amendments to existing standards and interpretations are effective on 1 January 2021.

- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions;
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2; and

- Amendments to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021.

The adoption of the Standards listed above have not had a material impact on the financial statements.

New and Revised Standards IFRS in issue but not applied in the current financial statements

There are a number of standards, amendments to standards, and interpretations which have been issued that are effective in future accounting periods and which the Group has decided not to adopt early. None of these are expected to have a significant effect on the Group, in particular:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- Annual Improvements to IFRSs (2018-2020 Cycle);
- Amendments to IAS 8 – Definition of Accounting Estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies;
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
- Amendment to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

3. Critical accounting estimates, assumptions and judgements

In the application of the Group's accounting policies which are described in note 4 'Principal accounting policies', Management is required to make judgements, estimates and assumptions regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other assumptions that Management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised.

Critical accounting estimates:

Carrying value of intangible assets, goodwill and property, plant and equipment

The Group tests annually whether the intangible assets, goodwill and property, plant and equipment have suffered any impairment, in accordance with the accounting policy stated in note 4. The recoverable amounts have been determined based on value-in-use calculations which include significant judgements. The recoverable value calculation of value in use is based on a discounted cash flow, which requires a number of assumptions including future growth rates, estimated cash flows and discount rates. The cash flow projections were based on the Group's business plan and projections taken over a period of 5.5 years and final exit values based on expected value EBITDA (EV/EBITDA) multiples. The key assumptions for the value in use calculations include:

- CGU would meet their revenue growth and EBITDA forecasts for the next 5 years;
- EV/EBITDA multiples are based on similar transactions within the oil and gas services industry sector;
- Regional growth rates assume trading activity returns to 2019 levels by 2024 with the exception of NAM and has been used to extrapolate EBITDA and cash flows beyond the 3-year plan period; and
- For the current year a post-tax weighted average cost of capital (WACC) of 17% is applied to the cash flow projections. A range of WACC 12% - 17% based on geographic location was applied in the prior year. Sensitivities have been applied on the WACC rate used in note 13.

Income tax and other taxes
The Group is subject to income and other taxes in the jurisdictions in which the Group operates. Significant judgement is required in determining the provision for income and other taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made. The tax provision assumes specific tax-deductible depreciation will be available to the Group, however, until the final tax returns are filed this remains a source of estimation uncertainty. Deferred tax assets are recognised relating to tax losses to the extent that it is probable future taxable profits will arise in that jurisdiction.

Recoverability of capitalised development costs
The Group determines the recoverability of development costs from future cash flows based on the progress of the development project and any changes in the potential market for the product. The capitalisation of development costs is based on discounted future cash flows based on business forecasts of revenues generated from new product development (NPD) and are therefore inherently judgemental. Future events could cause the values of this intangible asset to be impaired. In 2021, there was an addition of US $ 0.9 million (2020: US $ 1.4 million), refer to note 14.

4. Summary of principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to 31 December each year. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and

- can use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period, are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling shareholders entitlement to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. There were no acquisition related costs during the year (2020: US $ nil).

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively. Significant judgement is required in assessing the fair value of assets and liabilities acquired in a business combination and management use internal supply chain experts in mud logging to perform these valuations based on the age and condition of the assets.

Revenue from Contracts with Customers

The Group's revenue comprises revenue recognised from contracts with customers for the provision of short-term contracts, call-out services under master services agreements, day-rate contracts, reimbursable contracts, cost-plus contracts (and similar contracts), each of which are considered to comprise one performance obligation. The following is a description of the principal activities, by operating segment, from which the Group generates revenue as disclosed in the disaggregated revenue analysis (note 5 'Segment information').

Mud logging services

Mud logging work, which includes engineering, detailed cutting analysis, advanced gas detection and reservoir evaluation contracts, is generally contracted on a fixed-price basis. The costs and margins realised on such projects vary dependent on several factors which may result in reduced margins or, in some cases, losses. The promised goods and services within each contract are distinct as a bundle and hence one performance obligation under IFRS 15, with revenue being recognised over time. Management has concluded that due to the significant integration, customisation and highly interrelated nature of the work performed under these contracts they form one performance obligation. During a contract, work is performed for the sole benefit of the customer who continually monitors progress. The transaction price for these types of contracts, where there is an element of variable consideration, is based upon the single most likely outcome. Any additional work, such as scope changes or variation orders, as well as variable consideration, will be included within the total price once the amounts can be reasonably estimated and Management have concluded that their recognition will not result in a significant revenue reversal in a future period. Typically, payment is due from the customer between 30 to 60 days following the issuance of the invoice. The contracts have no significant financing component as the period between when the Group transfers promised goods or services to a customer and when the customer pays for those goods or services will be one year or less. In circumstances where the Group has recognised revenue, but not issued an invoice, the entitlement to consideration is recognised as unbilled revenue asset. Unbilled revenue related to work completed, which has not been billed to customers, is included within note 16 'Trade and other receivables'.

Well intervention services
Well intervention services, which includes light intervention products and services using slick-line, wireline, coiled tubing and production enhancement systems allow operators to minimise well restrictions but also allow changes or adjustments to down hole equipment, such as valves or pumps as well as gathering data on down hole pressure, temperature and completion equipment, is generally contracted on a call-out day rate and materials basis but can also be on fixed price basis. Slickline contracts are a distinct bundle of services and hence one performance obligation under the guidelines within IFRS 15. Each day is distinct with the overall promise being the delivery of a series of days that have the same pattern of transfer to the customer. The transaction price for all day-rate contracts is determined by the expected value approach being the number of days multiplied by the expected day-rate. This method of revenue recognition for day-rate contracts provides a faithful depiction of the transfer of goods and services. Typically, the value of work completed in any one month corresponds directly with the Group's right to payment. Payment is due from the customer approximately 30-60 days following the invoice date. These contracts have no significant financing component. Unbilled revenue related to work completed, which has not been billed to customers, is included within note 16 'Trade and other receivables'.

Following the implementation of IFRS 15 the Group formally established accounting policies in relation to the following significant matters:

(i) Advances received from customers. The Group may receive short-term advances from customers which are presented as deferred revenue within the consolidated balance sheet. Advances received from customers include amounts received before the work is performed on day-rate contracts and amounts paid by customers in advance of work commencing on fixed-price contracts.

(ii) The Group has adopted the practical expedient permitted by IFRS 15, and as such will not adjust the promised amount of the consideration for the effects of a financing component, where the Group expects, at contract inception, that the period between when the customer pays for the service and when the Group transfers that promised service to the customer will be 12 months or less.

(iii) Variable consideration. Contracts where customers include clauses in relation to variable consideration such as performance bonuses, liquidated damages and provisional sums, these sums will be included within the total contract price at inception once they can be reasonably estimated and would not result in a 'significant revenue reversal' as defined in IFRS 15.

(iv) Financing component. The Group has adopted the practical expedient permitted by IFRS 15 and has not adjusted the promised amount of consideration for the effects of a significant financing component where the Group expects, at contract inception, that the period between when the customer pays for the service and when the Group transfers that promised service to the customer will be 12 months or less.

(v) Warranty obligations. The Group provides warranties for the repair of defects which are identified during the contract and within a defined period thereafter. As such, most are assurance-type warranties, as defined within IFRS 15, which the Group recognises under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', consistent with its practice prior to the adoption of IFRS 15. The Group does not have any contractual obligations for service-type warranties.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is not amortized but is reviewed for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired in a business combination

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if these assets are separable and their fair value can be measured reliably. Intangible assets acquired separately from the acquisition of a business are capitalised at cost. The cost of the other intangible assets with finite useful economic lives is amortised over that period. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If impaired, they are written down to the higher of fair value less costs to sell and value in use.

Research and development costs

Research costs are expensed as incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;

- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. After initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to write off the cost less estimated residual value of assets over their estimated useful lives, using the straight-line method, on the following bases

Land	Not depreciated
Leasehold improvements	10% - 20%
Surface data logging equipment	3 – 7 years
Laboratory equipment	6 years
Vehicles	3 years
Office and computer equipment	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss if any. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised immediately as an expense and not subsequently reversed.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Amortisation and estimated useful lives

Intangible assets, excluding goodwill, are amortised on a straight-line basis over their estimated useful lives and charged to administrative expenses in the consolidated statement of income. The estimated useful lives are:

Customer relationships	3 – 7 years
Patents and trademarks	1 – 20 years
Software and technology	3 – 5 years
Development costs	Over the life of a product 5 – 10 years

Inventories

Inventories comprise rig spare parts, sensors, explosives, batteries and well intervention tools remaining on board the vehicles, spares and other consumables. Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Spare parts with a durable life are depreciated over their estimated useful lives.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment and are classified as trade and other receivables in the balance sheet.

The Group assesses at each balance sheet date whether any indicators exist that a financial asset or group of financial assets are impaired. In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group may not be able to collect all the amounts due. Impaired trade receivables are derecognised when they are assessed as collectible.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short term highly liquid assets with an original maturity of three months or less and readily convertible to known amounts of cash. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Restricted cash
Restricted cash balances comprise funds subject to foreign exchange controls and cannot be easily repatriated or held in a separate bank account which will be used as security under certain borrowing and leasing agreements and to settle accrued taxation liabilities. Cash balances that are subject to restrictions that expire after more than 12 months are classified as non-current assets.

Trade payables
Trade payables are initially recognised at fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Borrowings and borrowing costs
Interest bearing loans are initially recorded at fair value, net of direct issue costs. Loans are subsequently measured at amortised cost using the effective interest method. Finance charges are accounted for on an accruals basis in the income statement using the effective interest rate method and are coded to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down is completed. The fees are capitalised as a pre-payment for liquidity services and amortised over the term of the facility to which it relates. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when:
(a) The Group has a present legal or constructive obligation as a result of past events;
(b) It is probable that an outflow of resources will be required to settle the obligation; and
(c) The amount has been reliably estimated.

Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Where discounting is used, the increase in the provision due to passage of time is recognised as a finance cost

Foreign currency translation
The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in United States Dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual companies, transactions in currencies

other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's other reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The results, cash flows and financial position of the group entities which are accounted for as entities operating in hyperinflationary economies and that have functional currencies different from the presentation currency of the group are translated into the presentation currency of its immediate parent at rates of exchange ruling at the reporting date. As the presentation currency of the group or that of the immediate parent is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share capital

Issued ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Hyperinflation

The financial statements of the Group's entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. On the first year of transition, differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in other comprehensive income.

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss.

All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

The Group has a subsidiary operating in a hyperinflationary country as identified by the International Practices Task Force. The economic environment of the country which indicate hyperinflation conditions exist is the cumulative inflation rate over three years is approaching or exceeds 100%. The subsidiary WLG Servicios S.A. provides MLG & WIN services to customers in Argentina. The results, cash flows and financial positions of Wilog Servicios S.A. have been expressed in terms of the measuring units current at the reporting date using estimates of inflation growth. The economy of Argentina was assessed to be hyperinflationary effective 1 January 2018, and hyperinflation accounting has been applied since. The general price index used as published by the National Institute of Statistics and Censuses (INDEC):

Date	Base year	General price index	Inflation rate (%)
31 December 2021	2020	582.4575	285%
31 December 2020	2019	385.8826	209%
31 December 2019	2016	283.4442	161%

The cumulative inflation rate over 3 years as of 31 December 2021 is 285 % (2020:209%) as published by INDEC.

The cumulative impact of adjusting the group's results for the effects of hyperinflation is set out below:

Statement of comprehensive income	2021	2020
	USD'000	USD'000
(Increase) / decrease in revenue	(835)	434
(Increase) / decrease in EBITDA	(128)	(820)
Net monetary gain	1,285	752
(Increase) / decrease in profit after tax	(202)	55

Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Government grants
Government grants are recognised in the consolidated statement of income on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income. A government grant is recognised only when there is reasonable assurance that (a) the Group will comply with any conditions attached to the grant and (b) the grant will be received. Grant income released to the income statement is deducted from the related expense.

Financial Instruments
Classification and measurement
The Group's financial assets include cash and short-term deposits, trade and other receivables, equity investments which are classified as other financial assets. The Group's financial liabilities include trade and other payables and borrowings.

All financial assets are classified at initial recognition and are initially measured at fair value net of transaction costs, apart from those classified as fair value through profit or loss (FVtPL). Classification as amortised cost is applicable where the instruments are held within a business model with the objective to hold the financial assets in order to collect the contractual cash flows.

Debt financial assets such as trade and other receivables are subsequently measured at FVtPL, amortised cost or fair value through other comprehensive income (FVOCI) depending on classification.

Equity instruments are reported as other financial assets and are subsequently measured at FVtPL when not considered to be strategic in nature. Where the Group considers other financial assets to be strategic in nature and is expecting to hold them for the foreseeable future the investments are measured at FVOCI with no recycling of gains losses to profit or loss on derecognition.

From time to time the Group may seek to enter into forward foreign currency contracts, in order to manage foreign currency exposures; these are measured at FVtPL. The Group regularly enters multi-currency contracts from which the cash flows may lead to embedded foreign exchange derivatives in non-financial host contracts, carried at FVtPL. The Group has operations in hyperinflationary environments and prices transactions in a 'hard' currency, namely USD, to protect against inflation and foreign exchange rate volatility. In these jurisdictions, the local currency is commonly used in domestic transactions, and another currency is commonly used in cross border transactions. This indicates that a non-local currency is commonly used in these economic environments and therefore the embedded derivative is closely related to the host contract and therefore does not require separation.

The fair values of derivative financial instruments are measured on bid prices for assets held and offer prices for issued liabilities based on values quoted in active markets. Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognised in the consolidated income statement within other gains and losses.

Cash and cash equivalents comprise cash at bank, cash on hand, and short term highly liquid assets with an original maturity of three months or less and readily convertible to known amounts of cash. Utilised revolving credit facilities are included within current borrowings. Cash and cash equivalents are measured at amortised cost.

All financial liabilities are classified at initial recognition and are initially measured at fair value net of transaction costs, except for those classified as FVtPL.

Financial liabilities are measured at FVtPL when they meet the definition of held for trading or when they are designated as such on initial recognition. Otherwise, financial liabilities are measured at amortised cost.

Impairment

For contract assets and trade and other receivables which do not contain a significant financing component, the Group applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses.

For all other debt financial assets, the allowance for ECLs is calculated on a 12-month basis and is based on the portion of ECLs expected to result from default events possible within 12 months of the reporting date. The Group monitors for significant changes in credit risk and where this is materially different to credit losses calculated on a 12-month basis changes the allowance to reflect the risk of expected default in the contractual lifetime of the financial asset.

The Group assesses at each reporting date whether any indicators exist that a financial asset or group of financial assets has become credit impaired. Where an asset is considered to be credit impaired a specific allowance is recognised based on the actual cash flows that the Group expects to receive and is determined using historical credit loss experience and forward-looking factors specific to the counterparty and the economic environment. Any shortfall is discounted at the original effective interest rate for the relevant asset.

Except where there are valid mitigating factors, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Hedge accounting
The Group may use foreign derivative contracts such as forward exchange contracts to manage its currency exposure or swap agreements to fix its interest payments arising under its floating rate borrowings. The Group applies cash flow hedge accounting whereby changes in the fair value of the derivatives are taken directly to reserves. This is on the basis that the hedges are deemed to be highly effective, therefore permitting the application of hedge accounting under IFRS 9. Any ineffective portion is recognised in the consolidated income statement within other gains/ (losses). The Group currently does not have any hedging instruments.

IFRS 16 'Leases'
At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Lease terms range from 2 to 10 years for office and warehouse space. In addition, 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 that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate where the entity's incremental borrowing rate is not easily determinable.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- short-term leases that have a lease term of 12 months; and
- leases of low-value assets.

The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term

5. Revenue

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Mud logging services	45,813	50,726
Well intervention services	43,832	34,299
Data & Consultancy services	1,247	1,721
Equipment sales	934	1,599
	91,826	88,345

The Group does not apply IFRS 8 operating segments, however, the following analysis of the Group's revenue by geographical market is provided because the Group's management reviews the results on both a product line and geographical basis.

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Europe and Africa	36,125	31,977
North America	8,816	13,042
Latin America	17,386	10,485
Asia Pacific	9,587	10,664
Middle East	19,912	22,177
	91,826	88,345

Revenues of approximately US $ 16.0 million (2020:US $ 11.9 million) are derived from a single external customer.

6. Operating loss

Operating loss is stated after charging:

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Depreciation of property, plant and equipment (note 12)	10,028	11,696
Obsolescence of inventory	1,488	1,798
Amortisation of intangible assets (note 14)	4,640	4,956
Research and development costs	143	147
Net allowance for expected credit losses for financial assets	84	20
Corporate administrative costs	5,522	6,010
Lease rentals	6,068	3,924
Employee benefits (note 9)	45,665	55,148

Restructuring costs

In 2020, the Group took the opportunity to restructure its global operations to resize the business in view of the impact of Covid-19 on activity levels. As a result, costs of US $ 2.0 million were incurred, mainly relating to termination payments.

7. Auditor remuneration

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Fees payable to company's auditor and its associates for the audit of parent company and consolidated financial statements	363	334
Fees payable to company's auditor and its associates for other services:		
-The audit of the company's subsidiaries	201	173
-Tax advisory services	76	12
-Non audit other assurance services	12	23
	652	542
Fees payable to company's other component auditors		
-The audit of the company's subsidiaries	37	101
-Tax advisory services	79	65
-Non audit other assurance services	-	-
	116	166

8. Other losses

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Foreign exchange (gain) / loss	(2,265)	3,312
(Gain) / loss on disposal of fixed assets	(98)	292
Impairment of assets	-	4,104
	(2,363)	7,708

Impairment of goodwill, customer intangibles and property plant and equipment

The Group's annual test for impairment did not result in any impairment charges in the current year. In 2020, the Group recognised an impairment loss on goodwill of USD $ 1.7 million mainly in relation to its USA operations, an impairment of US $1.7 million was recognised on property plant and equipment and US $ 0.7 million on customer intangibles due to the deterioration of the financial position and financial performance of the operations in Latin America.

9. Employee benefit costs and employee numbers

The average monthly number of employees including directors during the year, converted to full-time equivalents and broken down by activity, was as follows:

	31 Dec 2021 Number	31 Dec 2020 Number
Field staff & New product development	881	1,207
Support staff	124	119
	1,005	1,326

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Wages and salaries	39,280	47,607
Social security costs	5,979	6,433
Other pension costs	406	1,108
	45,665	55,148
Restructuring costs	-	2,000
	45,665	57,148

9. Employee benefit costs and employee numbers (continued)

Key management compensation

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Short term employee benefits	1,497	773
	1,497	773

Highest paid director

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Short term employee benefits	784	398
	784	398

Key management are considered to be the directors and key personnel of the company. The emoluments of Bruno Burban, John Lechner, W.J Wright and Pierre Henri Boutant are paid by subsidiary companies and cover the services to the Group as a whole. No recharge is made for their services to this company or to other group companies.

10. Finance income / costs

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Finance income		
- Bank interest	155	94
- Other financial income	7	-
- Monetary adjustment due to hyperinflation	1,285	752
Finance income	1,447	846

10. Finance income / costs (continued)

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Finance costs		
- Bank interest expense	4,900	4,681
- Other finance costs	1,728	468
Finance costs	6,628	5,149

11. Taxation

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Current tax charge		
– Current year	3,068	2,462
– Prior year	-	-
Total current tax	3,068	2,462
Deferred taxation (note 26)		
Origination and reversal of timing differences		
– Current year	23	(871)
– Prior year	361	(402)
Total deferred tax	384	(1,273)
Total tax charge for the year	3,452	1,189

11. Taxation (continued)

Reconciliation of the total tax charge:

	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Loss before tax:	(5,541)	(26,826)
Tax at the UK corporation tax rate of 19% (2020: 19%)	(1,053)	(5,097)
Other permanent differences	1,362	5,164
Different tax rates of subsidiaries operating in other jurisdictions	(546)	(1,588)
Withholding tax and unrelieved overseas taxes	1,427	1,177
Tax effect of income not taxable	(472)	(1,855)
Movement in un-provided deferred tax	2,373	3,791
Prior year adjustments	361	(403)
Tax charge for the year	3,452	1,189

Income taxes have been provided based on the tax laws and rates in the countries where the Group operates and generates income. The Group's tax charge is determined by applying the statutory tax rate to the net income or loss earned in each of the jurisdictions in which the Group operates in accordance with the relevant tax laws, taking account of permanent differences between taxable income or loss and accounting income or loss. The tax rate used in 2021 for the purpose of the reconciliation of the total tax charge is 19% which corresponds to the tax rate applicable to UK entities (2020: 19%).

12. Property, plant and equipment

	Land & buildings U' $'000	Plant & equipment U' $'000	Right of use assets U' $'000	Total U' $'000
Cost				
On 1 January 2021	102	82,310	10,829	93,241
Additions	-	4,609	1,208	5,817
Disposals	-	(4,397)	(434)	(4,831)
Reclassification	(6)	(402)	-	(408)
Hyperinflation	-	3,050	495	3,545
Exchange differences	16	(3,158)	(763)	(3,905)
On 31 December 2021	112	·82,012	11,335	93,459
Accumulated depreciation				
On 1 January 2021	84	53,481	6,375	59,940
Charge for the year	-	9,066	962	10,028
Disposals	-	(4,234)	(409)	(4,643)
Reclassification	-	(380)	-	(380)
Hyperinflation	-	2,291	182	2,473
Exchange differences	14	(1,827)	(400)	(2,213)
On 31 December 2021	98	58,397	6,710	65,205
Net book value				
On 31 December 2021	14	23,615	4,625	28,254
On 31 December 2020	18	28,829	4,454	33,301

The Group's US operation has pledged specific trailer assets as security against the line of credit extended to the Group. On 31 December 2021, the net book value (NBV) of these pledged assets total US $ 0.1 million (2020: US $ 0.1 million). Capital expenditure contracted for but not provided for on 31 December 2021 was US $ nil (2020: US $ nil).

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12. Property, plant and equipment (continued)

	Land & buildings U' $'000	Plant & equipment U' $'000	Right of use assets U' $'000	Total U' $'000
Cost				
On 1 January 2020	122	78,159	11,094	89,375
Additions	11	3,870	1,365	5,246
Acquisition of subsidiary	-	3,424	-	3,424
Disposals	-	(4,469)	(2,613)	(7,082)
Reclassification	-	659	760	1,419
Hyperinflation	-	1,591	255	1,846
Exchange differences	(31)	(924)	(32)	(987)
On 31 December 2020	102	82,310	10,829	93,241
Accumulated depreciation				
On 1 January 2020	90	41,537	5,622	47,249
Charge for the year	12	10,085	1,599	11,696
Impairment	-	1,718	-	1,718
Acquisition of subsidiary	-	2,526	-	2,526
Disposals	-	(3,356)	(1,191)	(4,547)
Hyperinflation	-	1,217	113	1,330
Exchange differences	(18)	(246)	232	(32)
On 31 December 2020	84	53,481	6,375	59,940
Net book value				
On 31 December 2020	18	28,829	4,454	33,301
On 31 December 2019	32	36,622	5,472	42,126

13. Goodwill

	2021 US $'000	2020 US $'000
Cost		
At start of year	39,773	39,405
Reclassification	-	582
Impact of hyperinflation	2,261	1,426
Exchange differences	(2,323)	(1,640)
At end of year	39,711	39,773
Accumulated impairment losses		
At start of the year	17,612	16,824
Impairment	-	1,713
Reclassification	-	128
Exchange differences	(316)	(1,053)
At end of the year	17,296	17,612
Carrying amount		
At end of the year	22,415	22,161
At start of the year	22,161	22,581

Goodwill acquired in a business combination is allocated, at acquisition, to the groups of cash generating units (CGUs) that are expected to benefit from that business combination.

The balance of goodwill in the consolidated balance sheet is related to the North America, Latin America, Europe and Africa, Asia and the Middle East.

The recoverable amount is determined based on value in use calculations of the relevant CGUs. Details of goodwill value in use calculations on CGUs can be found in note 3 Critical accounting estimates, assumptions and judgements. The carrying amounts of goodwill by CGU after the recognition of impairment losses are analysed as follow:

CGU	2021 US $'000	2020 US $'000
Asia MLG	802	777
Europe and Africa MLG	4,237	5,204
Europe and Africa WIN	7,968	8,005
Latin America WIN	6,708	5,370
Latin America MLG	-	-
North America MLG	828	828
North America WIN	-	-
Middle East MLG	1,871	1,977
	22,415	22,161

Sensitivity to changes in assumptions
In determining the value-in-use recoverable amount for each CGU, sensitivities have been applied to each of the key assumptions around the pre-tax discount rate, exit multiple and the EBITDA upon which terminal values have been calculated. These scenarios incorporate the level of capital expenditure required for the Group to continue to grow within the MLG and WIN sector. The sensitivities considered below also apply to impairment sensitivities for other intangible assets and tangible fixed assets.

CGUs not impaired and not sensitive to impairment
No reasonably possible change in any of the key assumptions would, in isolation, cause the recoverable amount of Europe and Africa WIN CGU, Latin America WIN CGU, Middle East MLG CGU and Asia MLG CGU to be materially less than it's carrying amount.

CGUs not impaired but sensitive to impairment
The CGUs where a reasonably possible change to any key assumption would, in isolation, cause the recoverable amount to be materially less than it's carrying amount is the North America MLG CGU, Europe and Africa MLG CGU

On 31 December 2021, the recoverable amount of the North America MLG CGU exceeded the carrying amount by US $ 0.7 million. Changes to key assumptions used in the impairment review would, in isolation lead to an aggregate goodwill impairment charge recognised in the year ended 31 December 2021 as follows:

- A 5% increase in the pre-tax discount rate.
- A decline of 5^{th} year exit multiple by 1.4
- A 25.0% decrease in EBITDA for the NAM MLG CGU.

On 31 December, the recoverable amount of the Europe and Africa MLG CGU exceeded the carrying amount by US $ 3.4 million. Changes to key assumptions used in the impairment review would, in isolation lead to an aggregate goodwill impairment charge recognised in the year ended 31 December 2021 as follows:

- A 10% increase in the pre-tax discount rate.
- A decline of 5^{th} year exit multiple by 3.3
- A 51.0% decrease in EBITDA for the Europe and Africa CGU.

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14. Other intangible assets

	Development costs US $'000	Customer relationships US $'000	Patents and trademarks US $'000	Total US $'000
Cost				
On 1 January 2021	10,163	17,165	878	28,206
Additions	902	-	36	938
Reclassification	408	-	-	408
Hyperinflation	-	97	-	97
Exchange differences	(874)	(801)	(21)	(1,696)
	10,599	16,461	893	27,953
Accumulated amortization				
On 1 January 2021	3,367	12,253	697	16,317
Amortisation charge for the year	1,410	3,197	33	4,640
Reclassification	357	-	23	380
Hyperinflation	-	64	-	64
Exchange differences	(352)	(642)	(13)	(1,007)
	4,782	14,872	740	20,394
Carrying amount				
On 31 December 2021	5,817	1,589	153	7,559
On 31 December 2020	6,796	4,912	181	11,889

As part of the group's research and development activity, US $ 0.9 million (2020: US $ 1.2 million) of development costs were capitalised during the year.

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14. Other intangible assets (continued)

	Development costs US $'000	Customer relationships US $'000	Patents and trademarks US $'000	Total US $'000
Cost				
On 1 January 2020	7,935	17,358	1,311	26,604
Additions	1,361	26	29	1,416
Acquisition of a subsidiary	-	-	28	28
Reclassification	-	(640)	4	(636)
Disposals	-	-	(496)	(496)
Hyperinflation	-	106	-	106
Exchange differences	867	315	2	1,184
On 31 December 2020	10,163	17,165	878	28,206
Accumulated amortization				
On 1 January 2020	1,857	7,350	1,006	10,213
Amortization charge for the year	1,238	3,654	64	4,956
Impairment	-	533	140	673
Reclassification	-	320	(38)	282
Disposals	-	-	(496)	(496)
Exchange differences	272	396	21	689
On 31 December 2020	3,367	12,253	697	16,317
Carrying amount				
On 31 December 2020	6,796	4,912	181	11,889
On 31 December 2019	6,078	10,008	305	16,391

Due to a deterioration of the financial position and financial performance of operations in Latin America, the group impaired the carrying value of the intangible assets in these countries by US $ 0.7 million (2019: US $ 1.5 million).

15. Inventory

	2021 US $'000	2020 US $'000
Small equipment & spare parts	7,970	9,125
	7,970	9,125

Inventory is stated at the lower of cost and net realisable value. Inventories consist of materials (spare parts or small equipment not meeting criteria for fixed assets recognition) and tools. Inventory consumables of US 3.0 million (2020: US $ 3.3 million) and inventory charges of US $ 1.5 million (2020: US $ 1.8 million) were expensed to the statement of comprehensive income.

16. Trade and other receivables

	2021 US $'000	2020 US $'000
Trade receivables	19,222	14,042
Less: allowance for expected credit losses	(104)	(20)
	19,118	14,022
Accrued income	4,810	3,648
	23,928	17,670

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. An analysis of trade receivables past due together with impaired amounts is given in note 23 Financial instruments.

17. Other current assets

	2021 US $'000	2020 US $'000
Prepayments	1,446	1,341
Amounts due from related parties (note 32)	780	706
Other debtors	5,551	5,942
	7,777	7,989

Other debtors include US $ 0.6 million (2020:US $ 0.2 million) receivable in respect of government grants. The Group receives a government grant in respect of expenditure incurred on R&D. Grant income is released to the consolidated statement of income over the period necessary to match them to the related costs for which they are intended to compensate. Other debtors include US $ 0.6 million in respect of the acquired net assets of Weatherford Algeria where completion of the transfer has been delayed.

18. Cash and cash equivalents

	2021 US $'000	2020 US $'000
Cash at bank and in hand	5,644	8,224
Restricted cash bank deposits	1,485	837
	7,129	9,061

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximates to their fair value. Total cash amounts to US $ 7.1 million (2020: US $ 9.1 million). This includes US $ 1.5 million (2020: US $ 0.8 million) cash considered as restricted as located in countries with restriction to conversion and repatriation (Angola & Argentina).

19. Trade and other payables

	2021 US $'000	2020 US $'000
Trade payables	9,690	8,505
Other payables	4,230	5,187
	13,920	13,692

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value. An analysis of trade payables past due is given in note 23 Financial instruments.

20. Other current liabilities

	2021 US $'000	2020 US $'000
Amounts due to related parties	1,410	1,008
Other taxes and social security	3,064	3,722
Accruals and deferred income	7,565	4,625
	12,039	9,355

Included within accruals and deferred income are amounts due to employees of US $ 4.2 million (2020:US $ 3.7 million). Other taxes and social security include payroll taxes, VAT and other local taxes.

21. Borrowings and Leases liabilities

Current	2021 US $'000	2020 US $'000
Bank borrowings	6,358	4,624
Lease liabilities	1,416	1,481
	7,774	6,105
Non-current		
Bank borrowings	42,262	40,926
Lease liabilities	2,297	2,481
	44,559	43,407
Total borrowings and leases	52,333	49,512

The Group has the following lines of credit:

Senior facility and multicurrency revolving credit and guarantee facility agreed in December 2018

- US $ 16 million senior loan facility has a term of five years and matures in April 2024. The loan is non-amortising with a bullet repayment scheduled at the end of its term. The senior facility bears interest at LIBOR plus a margin of 5% which is settled in cash at the end of each interest period. The facility was fully drawn down on 31 December 2021.
- US $ 13 million multicurrency revolving credit facility (RCF). The facility is available for five years and is available for the issuance of guarantees and cash drawings. Interest rates are based on LIBOR or EURIBOR plus a margin of 4%. US $ 8.0 million of the facility has been carved out to provide a bank guarantee facility leaving US $ 5.0 million available for working capital purposes which was fully drawn down on 31 December 2021 (2020: US $ 4.0 million).
- The availability of the senior facilities is dependent upon the compliance with customary facility undertakings and meeting financial covenants and are secured by virtue of fixed and floating charges over the assets of the group. Financial covenants comprise a minimum cash flow cover for debt service ratio of 1.0 and a maximum leverage ratio (consolidated senior net debt / EBITDA) of 2.0 with effect from 31 December 2021. The measurement dates are quarterly.

Euro Loan Facility agreed in May 2019

The Group has a Euro loan PIK facility arrangement equivalent to US $ 20 million. The Euro loan PIK facility has a term of five and half years maturing in October 2024 and bears interest at 12% p.a. which rolls up into the value of the loan and is paid at the end of the term of the loan. The facility was fully drawn down on 31 December 2021.

Other facilities

In addition to the above Dajan S.R.L has a € working capital facility US $ 1.6 million (2020: US $ 1.8 million) of which US $ 1.3 million was utilised.

Leases

The Group has in place property, equipment, vehicle and trailer leases. On 31 December 2021, the Group's lease liabilities were as follows:

	2021 US $'000	2020 US $'000
Maturity analysis – contractual undiscounted cash flows		
Within one year	1,714	1,878
Years two to five inclusive	1,715	2,310
After five years	705	441
Total undiscounted lease liabilities	4,134	4,629
Effect of discounting	(420)	(667)
Discounted lease liabilities	3,713	3,962
Consisting of:		
Current	1,416	1,481
Non-current	2,297	2,481
Total lease liabilities	3,713	3,962

22. Net debt reconciliation

Net debt is the net of total cash and cash equivalents and loans and borrowings. The Group uses the term net debt which is considered useful in that it provides the Group's aggregate net indebtedness to banks and other financial institutions. This section sets out an analysis of net debt/cash and the movements in net debt for each of the periods presented.

Net debt	2021 US $'000	2020 US $'000
Cash and cash equivalents including restricted cash	7,129	9,061
Less: Restricted cash	(1,485)	(837)
Cash and cash equivalents excluding restricted cash	5,644	8,224
Borrowings and lease liabilities		
Current	7,774	6,105
Non-current	44,559	43,407
Total borrowings and lease liabilities	52,333	49,512
Net debt	(46,689)	(41,288)

22. Net debt reconciliation (continued)

	Cash US $'000	Leases US $'000	Bank debt<1 year US $'000	Bank debt >1 year US $'000	Total US $'000
Net debt as at 1 Jan 2020	**(9,237)**	**5,493**	**4,654**	**35,865**	**36,775**
Net decrease in cash flows	1,197	-	-	-	1,197
Acquisition of subsidiary	(172)	13	87	-	(72)
New lease liabilities	-	1,365	-	-	1,365
Lease liabilities terminated	-	(1,173)	-	-	(1,173)
Repayment of bank borrowings/finance leases	-	(1,444)	(2,674)	-	(4,118)
Drawdown of bank borrowings	-	-	2,500	-	2,500
Interest paid	-	(192)	-	-	(192)
Accrued interest	-	-	-	2,913	2,913
Foreign exchange adjustments	(12)	(100)	57	2,148	2,093
	(8,224)	3,962	4,624	40,926	**41,288**
Net decrease in cash flows	2,722	-	-	-	2,722
New lease liabilities	-	1,208	-	-	1,208
Repayment of bank borrowings/finance leases	-	(1,101)	(160)	-	(1,261)
Drawdown of bank borrowings	-	-	1,963	-	1,963
Interest paid	-	(96)	-	(1,310)	(1,406)
Accrued interest	-	-	-	4,758	4,758
Foreign exchange adjustments	(142)	(260)	(69)	(2,112)	(2,583)
Net debt as at 31 Dec 2021	(5,644)	3,713	6,358	42,262	46,689

23. Financial instruments and financial risk management

Details of significant accounting policies adopted including the classification, basis of measurement and recognition of income and expense in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4.

<u>Classification of financial instruments</u>
Financial instruments are classified as follows:

	Categories	**Carrying amount**	
		2021	2020
		US $'000	**US $'000**
Financial Assets			
Trade receivables	Amortised cost	23,928	17,670
Other financial assets	Amortised cost	5,219	6,648
Cash and cash equivalents	Amortised cost	7,129	9,061
Financial Liabilities			
Borrowings (non-current)	Amortised cost	(44,559)	(43,407)
Borrowings (current)	Amortised cost	(7,774)	(6,105)
Trade and other payables	Amortised cost	(13,920)	(13,692)
Other financial liabilities	Amortised cost	(8,975)	(5,633)

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to their short-term nature or contractual cash flow characteristics.

23. Financial instruments and financial risk management (continued)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2020. The capital structure of the Group consists of net debt (borrowings as detailed in note 21 offset by cash and bank balances note 18) and equity of the Group (comprising issued capital, reserves, retained losses and non-controlling interests). As disclosed in note 21 & note 27 of the consolidated financial statements, the Group meets its funding requirement through US $ 156.5 million of shareholder equity and US $ 52.3 million of debt. The Group had cash balances excluding restricted cash of US $ 5.6 million (2020: US $ 8.2 million). The Group has the ability to access additional equity support for further acquisitions. Future drawdowns are conditional on receiving approval from the main shareholder of the Group, Blue Water Energy.

Financial risk and treasury management

The Group's activities expose it to a variety of financial risks:

- funding and liquidity risk
- credit risk
- foreign exchange risk
- cash flow interest risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments to hedge certain risk exposures. The policies and strategies for managing these risks are summarised as follows:

Funding and liquidity risk

The Group finances its operations by a combination of equity finance and debt finance. The objective is to ensure that there is sufficient cash or committed facilities to meet the cash flow requirements of the Group for its current business plan. Debt maturity in respect of the final repayment of the senior debt facility is April 2024, the Euro loan PIK facility is October 2024, Dajan's bank borrowings is 30 September 2022 and for Horizon Well Logging LLC ranges from July to December 2022 thereby ensuring the Group is not exposed to excessive refinancing risk. The maturity profiles of borrowings based on repayment dates are as follows:

23. Financial instruments and financial risk management (continued)

	2021 US $'000	2020 US $'000
Amounts falling due within one year	6,358	4,624
1-2 years	-	-
2-5 years	42,262	40,926
Bank borrowings	48,620	45,550
Amounts falling due within one year	1,416	1,461
1-2 years	1,428	1,426
2-5 years	869	837
>5 years	-	238
Leases	3,713	3,962
Total borrowings and leases	52,333	49,512
Amounts falling due within one year	7,774	6,085
1-2 years	1,428	1,426
2-5 years	43,131	41,763
>5 years	-	238
Total borrowings and leases	52,333	49,512

Group liquidity risk arises from timing differences between cash inflows and outflows. These risks are managed through equity funding from shareholders. These resources, together with the expected future cash flows to be generated by the business, are regarded as sufficient to meet the anticipated funding requirements of the Group for the foreseeable future. The actual and potential impacts of the developments in the financial markets are considered in the principal risks and uncertainties section of the strategic and directors' report.

The following table details the ageing analysis for trade payables:

US $'000	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	Total
Trade payables (Note 19)	6,637	2,172	749	132	9,690

23. Financial instruments and financial risk management (continued)

Foreign exchange risk

The Group transacts in several foreign currencies and as a result has foreign currency denominated revenue, expenses, assets and liabilities. The consolidated group results are presented in US $. Consequently, movements in exchange rates can affect profitability, the comparability of results between periods and the carrying value of assets and liabilities. Other than US $, the major foreign currencies of the Group are the Euro, British Pound, Angolan Kwanza, Malaysian Ringgit, Thai Baht, Argentinian Peso, Bolivian Boliviano, Colombian Peso, Trinidad and Tobago Dollar, Kuwaiti Dinar and the Saudi Riyal.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The borrowings are mainly denominated in US $ except for the Euro loan PIK facility arrangement equivalent to US $ 20 million. The US $ 20 million € loan PIK facility has a term of five and half years maturing in October 2024 and bears interest at 12% p.a. and is unhedged.

In considering the strategy for risk mitigation, the approved investment budgets and related cash flows, with defined currencies, are reviewed by Group Finance who may use foreign derivative contracts such as forward exchange contracts to manage the exposure. As of 31 December 2021, no forward exchange contracts had been executed.

The carrying value of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date were:

	2021		2020	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Kwanza	8,359	(5,040)	3,617	(3,719)
Euros	60,754	(66,946)	74,023	(78,882)
Argentinian Peso	9,376	(6,028)	8,148	(4,944)
Malaysian Ringgit	8,344	(8,376)	7,507	(6,928)
Thai Baht	4,104	(5,988)	3,934	(5,170)
Saudi Riyal	10,521	(12,592)	12,429	(12,036)
Romanian Leu	636	(802)	768	(789)
Bolivian Boliviano	3,537	(2,447)	5,030	(3,003)
Trinidad & Tobago Dollar	818	(1,720)	980	(1,306)
Colombian Peso	892	(5,049)	2,406	(1,063)

If the USD strengthened 10% against the currencies mentioned above, the gain in the year taken to the income statement would have been increased by US $ 0.8 million (2020: decreased US $ 0.1 million) and gain taken to equity increased by US $ 0.8 million (2020: decreased by US $ 0.1 million). If the USD weakened 10% against the currencies above, the loss in the year taken to the income statement would have been increased by US $ 0.8 million (2020: increased US $ 0.1 million) and the loss taken to equity increased by US $ 0.8 million (2020: increased by US $ 0.1 million) respectively.

23. Financial instruments and financial risk management (continued)

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Allowances are recognised as required under the IFRS 9 impairment model and continue to be carried until there are indicators that there is no reasonable expectation of recovery.

The determination of expected credit losses is derived from historical and forward-looking information which includes external ratings, audited financial statements and other publicly available information about customers. Determination of the level of expected credit loss incorporates a review of factors which can be indicative of default, including the nature of the counterparty (for example national oil and gas companies, international oil and gas companies or independent oil and gas companies) and the individual industry sectors in which the counterparty operates.

The majority of the Group's financial assets are expected to have a low risk of default. A review of the historical occurrence of credit losses indicates that credit losses are insignificant due to the size of the Group's customers and the nature of the services provided. Subject to Covid-19, the outlook for the energy industry is not expected to result in a significant change in the Group's exposure to credit losses. Allowances are calculated on a case-by-case basis based on the credit risk applicable to individual counterparties.

Exposure to credit risk is continually monitored to identify financial assets which experience a significant change in credit risk. While assessing for significant changes in credit risk the Group makes use of operational simplifications permitted by IFRS 9. The Group considers a financial asset to have low credit risk if the asset has a low risk of default; the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term; and no adverse changes in economic or business conditions have been identified which in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Where a financial asset becomes more than 30 days past its due date additional procedures are performed to determine the reasons for non-payment to identify if a change in the exposure to credit risk has occurred.

Should a significant change in the exposure to credit risk be identified the allowance for expected credit losses is increased to reflect the risk of expected default in the lifetime of the financial asset. The Group continually monitors for indications that a financial asset has become credit impaired with an allowance for credit impairment recognised when the loss is incurred. Where a financial asset becomes more than 90 days past its due date additional procedures are performed to determine the reasons for non-payment to identify if the asset has become credit impaired.

23. Financial instruments and financial risk management (continued)

The Group considers an asset to be credit impaired once there is evidence that a loss has been incurred. In addition to recognising an allowance for expected credit loss, the Group monitors for the occurrence of events that have a detrimental impact on the recoverability of financial assets. Evidence of credit impairment includes, but is not limited to, indications of significant financial difficulty of the counterparty, a breach of contract or failure to adhere to payment terms, bankruptcy or financial reorganisation of a counterparty or the disappearance of an active market for the financial asset.

For trade receivables, the Group's current credit risk grading framework comprises the following categories:

Category	Description	Response
Performing	The counterparty has a low risk of default. No balances are aged greater than 30 days past due.	An allowance for lifetime ECLs is recognised where the impact is determined to be material.
Monitored	The counterparty has a low risk of default. Balances aged greater than 30 days past due have arisen due to ongoing commercial discussions associated with the close-out of contractual requirements and are not considered to be indicative of an increased risk of default.	The allowance for lifetime ECLs is increased where the impact is determined to be material.
In default	Balances are greater than 90 days past due with the ageing not being because of ongoing commercial discussions associated with the close-out of contractual commitments, or there is evidence indicating that the counterparty is in severe financial difficulty and collection of amounts due is improbable.	The asset is considered to be credit impaired and an allowance for the estimated incurred loss is recognised where material.
Written off	There is evidence that the counterparty is in severe financial difficulty and the Group has no realistic prospect of recovery of balances due.	The gross receivable and associated allowance are both derecognised.

The following table details the ageing analysis for trade receivables:

US $000	**Less than 3 months**	**3 months to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
Trade receivables	16,807	2,427	(1)	(11)	-	19,222
Trade receivables considered as impaired	-	(104)	-	-	-	(104)
Total trade receivables (Note 16)	**16,807**	**2,323**	**(1)**	**(11)**	**-**	**19,118**

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Amounts due over 90 days primarily relate to clients based in Angola. Gross customer receivables in Angola at 31 December 2021 amounts to US $ 1.7 million. Management's assessment of recoverability is based on the debt being due from a government backed organisation and history of payments. The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics.

23. Financial instruments and financial risk management (continued)

The Group defines counterparties as having similar characteristics if they are connected entities. The 5 largest balance sheet exposures to the Group's customers were as set out below:

Balance sheet exposure	31 Dec 2021 US $'000	31 Dec 2020 US $'000
Customer A	3,434	2,698
Customer B	3,336	1,322
Customer C	2,482	1,065
Customer D	1,507	956
Customer E	1,229	764

Cash flow and interest rate risk

The Group's interest rate risk arises from borrowings. The US $ 16.0 million senior facility bears interest at LIBOR plus a margin of 5% depending on Leverage Covenant ratios achieved in 2021 which is settled in cash at the end of each interest period. The US $ 13.0 million multicurrency revolving credit facility A bear's interest at LIBOR plus a margin of 4%. The US $ 20 million € loan PIK facility bears an interest rate of 12% which is rolled up into the value of the loan. Bank borrowings of the subsidiary Dajan S.R.L bear an average interest rate of 2.5% (2020: 2.5%) variable. Dajan S.R.L borrowings are denominated in Euros and are exposed to interest rate risk and in particular the risk that movements in interest rates will affect both its net income and financial position. The current operating cash flows generated by Dajan S.R.L are sufficient to service the loan repayment and interest payments.

On 31 December 2021, if interest rates on the borrowings had been 100 basis points higher / lower with all other variables held constant, the loss before tax for the year would have been US $ 0.2 million (2020: US $ 0.2 million) lower / higher, as a result of higher/lower interest expenses on floating rate borrowings.

24. End of service benefit obligations

	2021 US $'000	2020 US $'000
Provision for end of service benefits	3,491	3,575
	3,491	3,575

The Group provides for end of service benefits for qualifying employees in accordance with the local labour laws applicable to the country. Under these laws the employees are entitled to end of service benefits as a percentage of final salary on attainment of retirement age or upon termination of the employment relationship.

There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19, the subsidiaries of the Group recognise a cost equal to the contribution payable for the period, which in the year ended 31 December 2021 was US $ 0.5 million. As of 31 December 2021, the end of service liabilities total US $ 3.5 million (2020 US $ 3.6 million). The Group is of the view that the difference in the liabilities calculated as per current labour laws applicable in country and liabilities calculated on an actuarial basis as per IAS 19 is not material and therefore the movement in the defined benefit obligation is equal to the contribution payable by the company less any liabilities discharged because of termination of employment.

Details of the end of service benefit obligations for the relevant countries are provided below.

Italy

The WIN operation in Italy, Dajan S.R.L, is required to provide an end of service benefit to employees known as Trattamento di Fine Rapporto (TFR), which is payable on termination of employment for any reason whether retirement, resignation or dismissal. There are 84 (2020: 97) qualifying employees. For the year ended 31 December 2021, a service cost of US $ 0.3 million (2020: US $ 0.1 million) for the plan was charged to the profit and loss account.

Kuwait

The MLG operation in Kuwait is required to provide an end of service benefit to employees where employment is terminated because of redundancy or expiry of the term of employment. There are 79 (2020:88) qualifying employees and the defined benefit cost of US $ 0.2 million (2020:US $ 0.3 million) was charged to the profit and loss account.

Thailand

Under the Thai Labour Protection Act of 1998, the MLG operation in Thailand is required to provide legal severance payments to employees who leave employment at their retirement age or termination. There are 99 (2020:91) qualifying employees and following an actuarial valuation, the provision was reassessed and US $ 0.32 million (2020:US $ 0.2 million defined benefit cost) was credited to the profit and loss account

25. Provisions

	Restructuring US $'000	Other US $'000	Total US $'000
On 1 January 2021	(780)	(400)	(1,180)
Credited to income statement	314	-	314
On 31 December 2021	(466)	(400)	(866)

Restructuring
Restructuring arising from reduced activity levels in 2020 due to the impact of Covid 19 saw management re-align the size of its resource base with the lower activity levels. A cost reduction plan was put in place. With most of the restructuring completed, US $ 0.3 million was credited back to the income statement during 2021. The remaining provision relates to litigation in respect of termination of employment which is pending the outcome of a court case.

Other
The provision of US $ 0.4 million which was raised in 2020 recognised a claim following a payroll audit in respect of social security contributions on international employees assigned to Gabon between 2015 and 2019.

26. Deferred tax

The following are the major deferred tax assets/liabilities recognised by the Group and movements thereon during the reporting year.

	2021 US $'000	2020 US $'000
Deferred tax assets	2,858	1,928
Deferred tax liabilities	(3,801)	(3,230)
Net deferred tax liabilities	(943)	(1,302)

	Accelerated Capital Allowances US $'000	Tax losses US $'000	Other US $'000	Total US $'000
On 1 January 2021	(187)	(37)	(1,078)	(1,302)
Adjustment to prior year	-	-	(361)	(361)
Charge to income statement	-	-	(23)	(23)
Credit to equity	-	-	743	743
On 31 December 2021	(187)	(37)	(719)	(943)

The other deferred tax liability of US $ 0.7 million (2020: US $ 1.1 million) is in respect of timing differences on customer intangibles, inventory and management expenses.

Deferred tax assets are recognised for tax loss carry-forwards and other temporary timing differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. At the balance sheet date, the Group has unused tax losses of US $ 83.2 million (2020: US $ 70.1 million loss) available for offset against future profits. No deferred tax asset has been recognised in respect of the US $ 71.8 million (2020: US $ 65.4 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US $ 17.6 million (2020: US $ 8.8 million) that will expire between 1-5 years and US $ 54.2 million (2020: US $ 56.0 million) with no expiry date. In addition to unrecognised tax losses, the Group did not have any other unrecognised short-term timing differences (2020: US $ nil).

EXCELLENCE LOGGING HOLDING LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021

27. Share capital

	2021 Number of shares	2020 Number of Shares	**2021 US$**	2020 US$
Authorised:				
Ordinary shares of $1 par value	2,613,656	2,613,656	2,613,656	2,613,656
Preference shares 8%, $1 par value	118,625,539	118,625,539	118,625,539	118,625,539
Senior preferred shares 12%, $1 par value	35,225,205	35,225,205	35,225,205	35,225,205
	156,464,400	**156,464,400**	**156,464,400**	**156,464,400**

	2021 Number of shares	2020 Number of shares	**2021 US$**	2020 US$
Called up, issued and fully paid:				
Class A ordinary shares of $1	1,897,098	1,897,098	1,897,098	1,897,098
Class B ordinary shares of $1	281,602	281,602	281,602	281,602
Class C1 ordinary shares of $1	419,290	419,290	419,290	419,290
Class C2 ordinary shares of $1	15,666	15,666	15,666	15,666
	2,613,656	**2,613,656**	**2,613,656**	**2,613,656**
Class A voting preference shares of $1	5,481,672	5,481,672	5,481,672	5,481,672
Class A non-voting preference shares of $1	94,958,325	94,958,325	94,958,325	94,958,325
Class B voting preference shares of $1	2,366,100	2,366,100	2,366,100	2,366,100
Class B non-voting preference shares of $1	10,479,822	10,479,822	10,479,822	10,479,822
Class C voting preference shares of $1	2,332,913	2,332,913	2,332,913	2,332,913
Class C non-voting preference shares of $1	3,006,707	3,006,707	3,006,707	3,006,707
Senior preferred shares of $1	35,225,205	35,225,205	35,225,205	35,225,205
	153,850,744	**153,850,744**	**153,850,744**	**153,850,744**
	156,464,400	**156,464,400**	**156,464,400**	**156,464,400**

All class A and class B ordinary shares in the Company have an entitlement to dividends and carry a right to vote at general meetings of the Company and an entitlement to return of capital in the event of a winding up of the Company. Class A and class B ordinary shares are collectively termed 'Investment shares'. Investment shares are subordinate to senior preferred shares and preference shares in the distribution of income and return of capital. All Class C ordinary shares in the Company have an entitlement to dividends and carry a right to vote at general meetings of the Company and has an entitlement to a return of capital in the event of the winding up of the Company. Class C shares are subordinate to senior preferred shares, preference shares and investment shares on their rights to a distribution of income or return of capital.

27. Share capital (continued)

The three classes of preference shares carry a right to a return of 8% per annum if the preference dividend is approved by the Board and some carry voting rights.

The senior preferred shares carry a right to a return of 12% per annum if the senior preferred share dividend is approved by the Board. They do not carry voting rights but have certain rights to additional proceeds upon achieving an exit threshold.

No dividends were declared by the Board for the year ended 31 December 2021.

28. Contingent liabilities

In the ordinary course of business, a legal action has been filed against a subsidiary of the Group in North America in respect of a vehicle accident. The Group has insurance policies in place for auto mobile risks in the ordinary course of business. Although the final resolution of this matter could have a material effect on the operating results for a particular reporting period, the Group believe that is not probable that this matter would materially impact its consolidated financial statements. Accordingly, no provision has been made in respect of this contingent liability.

29. Commitments and guarantees

	2021 US $'000	2020 US $'000
Rental commitments	869	1,000
Other non-current assets	248	364
	1,117	1,364

Rental commitments

Included within Other non-current assets are US $ 0.9 million (2020: US $ 1.0 million) of security deposits regarding procuring office and warehouse space. Management expect Excellence Logging group companies to fulfil their obligations on these contracts and to receive these security deposits back in full. Included within this amount is a guarantee to cover long term rental commitments for its office in Colombes, France. The guarantee is for € 355,507 (2020: €355,507) and expires on 6 July 2025. The likelihood of the guarantee being called upon is remote.

Parent company guarantees

From time to time the Group's subsidiaries enter into financial guarantee contracts with customers for the performance of obligations under a contract to execute specific services. The guarantees are discharged upon performance of obligations under the contract. The likelihood of the guarantee being called upon is remote.

In January 2018, the Company provided a parental company guarantee on behalf of its subsidiary Excellence Logging Sdn. Bhd. in respect of the performance obligations under an

29. Commitments and guarantees (continued)

umbrella contract for the provision of mud logging equipment and services to a customer. The guarantee is linked to the term of the contract and is discharged upon the performance of obligations under the contract.

In July 2019 the Company's subsidiary Excellence Logging Switzerland SARL entered into a parental guarantee on behalf of its subsidiary Wilog Servicios SA with a customer for the agreement relating to the delivery of slickline services. The guarantee terms are linked to the term of the contract.

In July 2019, the Company provided a parental company guarantee on behalf of its subsidiary Excellence Logging Middle East Ltd in respect of the performance obligations under a contract for the provision of mud logging equipment and services to a customer. The guarantee is linked to the term of the contract and is discharged upon the performance of obligations under the contract.

Performance bonds and financial guarantees

In the ordinary course of business, the Group is required by certain customers to post surety or performance bonds or provide bank guarantees in connection with services that the Group provides to them. These bonds and guarantees provide assurance to the customer that the Group will perform under the terms of a contract and that we will pay subcontractors and vendors. If we fail to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond or financial guarantee. The Group must reimburse the surety for any expenses or outlays it incurs. As of 31 December 2021, the Group had US $ 0.2 million (2020: US $ 0.4 million) in performance bonds and surety outstanding within Other non-current assets. The Group has a US $ 13 million multi-currency revolving credit and guarantee facility (note 22). The facility is backed by key relationship banks and is available for the issuance of guarantees up to a maximum of US $ 8 million (2020: US $ 8.0 million). On 31 December 2021, the Group issued US $ 7.2 million (2020: US $ 7.1 million) in bank guarantees from this facility. To date, the Group has not been required to make any reimbursements to our sureties for bond-related costs. The Group believes that it is unlikely that we will have to fund significant claims under our surety or performance bond arrangements in the foreseeable future

30. Operating lease arrangements

In 2019 the Group adopted IFRS 16 which resulted in a change in accounting treatment for operating lease commitments. The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term, US $ 0.3 million (2020 year: US $ 0.3 million) has been expensed in the year in relation to low value and short- term lease. At the balance sheet date, the outstanding commitments for future minimum lease payments under non-cancellable operating leases, excluding those which now fall under IFRS 16, are as follows:

Property	2021 US $'000	2020 US $'000
Within one year	587	570
Between one and five years	54	86
More than five years	-	-
	641	656

31. Ultimate controlling party

At the date of signature of these financial statements the Group's ultimate parent undertaking is Excellence Logging Guernsey Co Limited, a company incorporated in Guernsey, which owns 67.23% of the Company's equity. This entity is owned by investment management funds managed by Blue Water Energy which is the ultimate controlling party.

The smallest and largest group that the results of the Company and Group are consolidated into are contained in this annual report and consolidated financial statements which are publicly available at the Company's registered office shown on the company information page.

32. Related party transactions

The principal subsidiary undertakings on 31 December 2021 are shown in note 33. Transactions between Excellence Logging Holding Ltd and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

	Relationship	Purchase of goods and services US $'000	Amounts owed by related parties US $'000	Amounts due to related parties US $'000
Year ended 31 December 2021				
Excellence Logging Manco S.A.R.L.	Investor	-	780	-
Bruno Patrick Burban	Director	-	13	-
Wilog seller – Pascal Mirville	Employee	-	-	130
Wilog seller – Yves Gehan	Employee	-	-	182
Wilog seller – Michel Nadeau	Employee	-	-	130
Double B Energy Leasing LLC	Employee	19	-	-
Gabe SRL	Same directors	-	-	-
Revoil SRL	Same directors	1	-	967
SGI Solutions Ltd	Consultant	249	-	295
Year ended 31 December 2020				
Excellence Logging Manco S.A.R.L.	Investor	-	706	-
Bruno Patrick Burban	Director	-	13	-
Wilog seller – Pascal Mirville	Employee	11	-	261
Wilog seller – Yves Gehan	Employee	11	-	261
Wilog seller – Michel Nadeau	Employee	11	-	261
Gabe SRL	Same directors	-	-	22
Revoil SRL	Same directors	-	-	203

EXCELLENCE LOGGING HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

33. Subsidiaries

Details of the Company's subsidiaries on 31 December 2021 are as follows:

Entity	Registered in	% Ownership Interest	% Voting Power held
Excellence Logging France SAS	France	100	100
Excellence Logging Services SAS	France	100	100
Excellence Logging International FZ LLC	UAE	100	100
Excellence Logging Limited	England & Wales	100	100
Excellence Logging Finance Limited	England & Wales	100	100
Excellence Logging Finance 2 Limited	England & Wales	100	100
Excellence Logging Services Ltd	England & Wales	100	100
Excellence Logging Middle East Ltd	England & Wales	100	100
Excellence Logging Latin America Ltd	England & Wales	100	100
Excellence Logging (Switzerland) Sarl	Switzerland	100	100
WLG Servicios SA	Argentina	100	100
Wilog Solution Limited (liquidated 9 January 2021)	England & Wales	100	100
Excellence Logging Tunisie Sarl	Tunisia	100	100
Excellence Logging Do Brazil Servicios de Petroleo LTDA	Brazil	99.92	99.92
Exlog Gabon SA	Gabon	100	100
Wilog Angola LDA	Angola	48	57
Excellence Logging US Inc	USA	100	100
Excellence Logging LLC	USA	100	100
Horizon Geoscience LLC	USA	100	100
Core-Tech Wireline Services LLC	USA	100	100
Core Tech Wireline Services Texas LLC	USA	100	100
Excellence Logging DMCC	UAE	100	100
PT DHI Excellence Logging	Indonesia	95	95
DHI Services (Thailand) Ltd	Thailand	49	49
Excellence Logging Malaysia Sdn Bhd	Malaysia	49	49
Excellence Logging Pte Ltd	Singapore	100	100
DHI Services International Ltd	Hong Kong	83	83
DHI Logging Services (Malaysia) Sdn Bhd	Malaysia	98	98
Dajan S.R.L	Italy	100	100
Dajan East S.R.L	Romania	100	100
Excellence Logging Ecuador SA	Ecuador	100	100
International Logging Technology Limited	England & Wales	100	100
Excellence Logging Saudi Limited***	Saudi Arabia	50	50
Excellence Logging Services LLC (Qatar)***	Qatar	49	49
Excellence Logging LLC (Oman)	Oman	70	70
Excellence Logging LLP (Kazakhstan)	Kazakhstan	100	100
Intergas Servicios Petroleros SRL	Bolivia	100	100

33. Subsidiaries (continued)

Entity	Registered in	% Ownership Interest	% Voting Power held
Excellence Logging Panama Limited	Panama	100	100
Excellence Logging Trinidad & Tobago Limited	Trinidad & Tobago	100	100
Excellence Logging Canada Limited	Canada	100	100

For all entities, the principal place of business is consistent with the country of registration. Details of the entities registered offices are provided in appendix 1. All subsidiary undertakings are included in the consolidated financial statements of the Group.

*The Group owns 48% of the shares in Wilog Angola LDA and is the main shareholder. The Group has double voting rights on a portion of the shareholding in this entity enabling it to exercise 57% control. The directors are able to nominate the President of the Board and generally the Group has control over operations.

**The Group has a 49% interest in the shares of DHI Services (Thailand) Ltd and D Excellence Logging Malaysia Sdn Bhd. Shareholder agreements are in place for these entities which give the group control over their operations and therefore their financial statements are consolidated within these group financial statements.

***Excellence Logging Saudi Limited and Excellence Logging Services LLC (Qatar) are joint ventures with a local partner. In the case of both joint ventures the group can exercise de facto control through the Board of directors.

The following subsidiaries which are included in these consolidated accounts are exempt from the requirements of the Companies Act relating to the audit of their accounts under section 479A of the Companies Act 2006.

Excellence Logging Finance Ltd (registration number 11575688)
Excellence Logging Finance 2 Ltd (registration number 11688050)
Excellence Logging Services Ltd (registered number 11753818)
Excellence Logging Latin America Ltd (registered number 11577260)
Excellence Logging Middle East Ltd (registered number 11632651)
International Logging Technology Limited (registered number 02478447).

34. Events after the balance sheet date

The Company has had no further events after balance sheet date.

EXCELLENCE LOGGING HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Appendix 1 – Subsidiary companies registered offices

Subsidiary Company	**Registered Office**
Excellence Logging France SAS	52/58 Avenue Jean Jaurès, Bat. Alley, 92700 Colombes, France
Excellence Logging Services SAS	Zone artisanale Les Berges du Rhins 1, 42120 Parigny, France
Excellence Logging International FZ LLC	P.O. Box 4422 Fujairah, Fujairah Creative Tower, (United Arab Emirates)
Excellence Logging Limited	25 Moorgate, London, England, EC2R 6AY
Excellence Logging Finance Limited	25 Moorgate, London, England, EC2R 6AY
Excellence Logging Finance 2 Limited	25 Moorgate, London, England, EC2R 6AY
Excellence Logging Services Ltd	25 Moorgate, London, England, EC2R 6AY
Excellence Logging Middle East Ltd	25 Moorgate, London, England, EC2R 6AY
Excellence Logging Latin America Ltd	25 Moorgate, London, England, EC2R 6AY
Excellence Logging (Switzerland) SARL	Route de Moncor 2, c/o Cabinet de Conseil Fiscal, André-Claude Cotting, 1752 Villars-sur-Glâne, Switzerland
WLG Servicios S.A	Avenida Santa Fe 931, 4° Piso, Ciudad Autonoma de Buenos Aires, Argentina
Excellence Logging Tunisie	48 av. Othman Ibn Afene, El Manzah 8, 2037 Ariana, Tunisia
Excellence Logging do Brasil Servicios de petróleo LTDA	Avenida dos Jesuitas, N°415, Parte, Impetiba, Macae, CEP 27.913-182
Exlog Gabon SA	Z.I. OPRAG, BP 262, Port-Gentil (Gabon)
Wilog Angola LDA	Rua de Missao n°93 A, Sala 10, Ingombota, Luanda, Republic of Angola
Excellence Logging US Inc	7136 South Yale Avenue, Suite 414, Tulsa, OK 74136, United States
Horizon Well Logging LLC	7136 South Yale Avenue, Suite 414, Tulsa, OK 74136, United States
Horizon Geoscience LLC	7136 South Yale Avenue, Suite 414, Tulsa, OK 74136, United States
Core-Tech Wireline Services LLC	2881 S. 31st Avenue, Suite A4, Greeley, Colorado 80634, United States
Core Tech Wireline Services Texas LLC	1800 Cherokee Trace, White Oak, Texas 75693, United States
Excellence Logging DMCC	Unit No: 2701, Tiffany Towers, Plot No: JLT-PH2-W2A, Jumeirah Lakes Towers, Dubai, United Arab Emirates
PT DHI Excellence Logging	Graha Anugerah , 8th Floor – Suite 805, Jl. Raya Pasar Minggu no.17A, Jakarta 12780 (Indonesia)
DHI Services (Thailand) Ltd	10/124(1103) 11th Floor, The Trendy Office Building, Soi Sukhumvit 13 (Sangchan), Khlongtoey-Nua, Wattana, Bangkok, Thailand 10110
Excellence Logging Malaysia Sdn Bhd	30-3, Jalan Kuchai Maju 10, Kuchai Entrepreneurs Park, Off Jalan Kuchai Lama, Kuala Lumpur, Wilavah Persekutuan, Malaysia 58201
Excellence Logging Pte Ltd	2 Kallang Avenue, #09-16 CT Hub, Singapore 339407
DHI Services International Ltd	Unit 701 7/F Citicorp Centre 18 Whitfield Road Causeway Bay (Hong Kong)

EXCELLENCE LOGGING HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Appendix 1 – Subsidiary companies registered offices (continued)

Subsidiary Company	**Registered Office**
DHI Logging Services Sdn Bhd	30-3, Jalan Kuchai Maju 10, Kuchai Entrepreneurs Park, Off Jalan Kuchai Lama, Kuala Lumpur, Wilavah Persekutuan, Malaysia 58201
Dajan S.R.L.	Studio Fabrizio Salusest, Via Venezia 7 Cap, 64121 Pescara, Italy Business Office: Viale Milanofiori, Strada 1, Palazzo F1, 20090 Assago, Italy
Excellence Logging Ecuador S.A.	Av. Eloy Alfaro y 6 de diciembre, Edif. Monasterio Plaza, Piso 10, Quito 170135, Équateur
International Logging Technology Limited	25 Moorgate, London, England, EC2R 6AY
Excellence Logging Saudi Limited	King Saud Road, Alothman Office Tower, Alqashla District, Kingdom of Saudi Arabia
Excellence Logging Services LLC (Qatar)	West Bay - Bay Tower II, 8th floor, Unit 825, PO Box 14023 Doha, Qatar
Excellence Logging LLC (Oman)	Shatti Al Qurm, Regus Business Center LLC, Building 31, Plot 12, Block 226, Way. 44 Al Shatti, Office 23, Muscat, Oman
Excellence Logging Kazakhstan	Office 404, 4th floor, Block 1Б, Nurly-Tau Business Center, 19 Al-Farabi Avenue, Bostandyk region, Almaty city, 050059, Kazakhstan
Excellence Logging Panama Limited	MMG Tower, 23rd Floor, Ave. Paseo del Mar, Costa del Este, Panama City, Republic of Panama
Excellence Logging Trinidad & Tobago Limited	P 7 Guayamare Link West, Off Uriah Butler Highway – Warehouse B, Charlieville, Trinidad & Tobago
Excellence Logging Canada Ltd	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC, V6C 3L6, Canada
Intergas Servicios Petroleros SRL	AV Iberica No 82, Barrio Las Palmas, Santa Cruz de la Sierra, Bolivia

Excellence Logging Holding Limited
Company Financial Statements
For the year ended 31 December 2021

Company number: 09536399

EXCELLENCE LOGGING HOLDING LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 US $	2020 US $
Non-current assets			
Investment in subsidiary	9	101,464,402	101,464,402
Current assets			
Debtors	10	295,210	288,906
Cash		48,391	53,532
		343,601	342,438
Total Assets		**101,808,003**	**101,806,840**
CREDITORS: amounts falling due within one year			
Other creditors	11	(1,308,479)	(1,308,847)
Total Liabilities		**(1,308,479)**	**(1,308,847)**
Net Assets		**100,499,524**	**100,497,993**
Capital and reserves			
Share capital		156,464,400	156,464,400
Capital reserve		23,081	23,081
Accumulated losses		(55,987,957)	(55,989,488)
Total equity		**100,499,524**	**100,497,993**

These financial statements of the Company, registered number 09536399, were approved by the Directors on and were authorised for issue on 30 May 2022. They were signed on behalf of the directors' behalf by:

DocuSigned by:
John Lechner
206CB749ACF0462.
John Lechner
Director
31 May 2022

EXCELLENCE LOGGING HOLDING LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital US $	Capital reserve US $	Retained earnings US $	Total equity US $
Balance on 1 January 2020	154,964,400	23,081	(55,665,002)	99,322,479
Issue of ordinary shares	1,500,000	-	-	1,500,000
Loss for the year and total comprehensive loss	-	-	(324,486)	(324,486)
Balance on 31 December 2020	156,464,400	23,081	(55,989,488)	100,497,993
Profit for the year and total comprehensive profit	-	-	1,531	1,531
Balance on 31 December 2021	156,464,400	23,081	(55,987,957)	100,499,524

EXCELLENCE LOGGING HOLDING LIMITED
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Excellence Logging Holding Limited is a private limited company incorporated in England and Wales and domiciled in the United Kingdom. The address of the registered office and the principal place of business is given in the company information page. The principal activity of the Company is to act as the parent company for the Excellence Logging group of companies whose principal activity is to provide mud logging and slick-line well intervention services to the oil and gas industry. The Company will remain as the parent company for the Excellence Logging Holding Limited group of companies in the foreseeable future. Excellence Logging Group is a global provider of mud logging and well intervention services to the oil and gas industry. The Company's parent company and ultimate controlling party is disclosed in note 33 of the consolidated group accounts.

2. Basis of accounting

These parent company financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out amendments IFRS that are necessary to achieve compliance with the Act and related Regulations. The Company transitioned from IFRS to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101.The Company maintains its accounting records and presents its financial statements in United States Dollars.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

EXCELLENCE LOGGING HOLDING LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3. Significant accounting policies

Investments
Investments are included in the balance sheet at their cost of acquisition. Where appropriate a provision is made for any impairment in value. An annual review of the carrying amount is performed on an individual investment basis with resulting impairments or reversals of impairment reflected in the profit and loss account in the relevant period. Earnings in investee companies are recognised when, and to the extent that, dividends are received from affiliated undertakings and participating interests.

Interest payable and receivable
Amounts owed to and owed by affiliated undertakings bear interest at commercial rates.

Other debtors
Other debtors are recognised initially at nominal amount. Provision for impairment is made when there is objective evidence that the Company may not be able to collect all the amounts due.

Amounts owed to group undertaking and other creditors
Amounts owed to group undertaking and other creditors are stated at nominal amount.

Parent company guarantees
The Company issues parent company guarantees (PCGs) to third parties on behalf of its subsidiary undertakings where requested. The Company receives a fee in respect of the PCGs issued which is recorded as other operating income and spread over the term of the contract.

4. Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires estimates and assumptions to be made by the Directors that affect the reported amount of income, expenses, assets and liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on judgements finalized at the date of approval of the financial statements, will, by definition, be based on all the relevant up to date information available but, nevertheless, actual results will typically differ from estimates. The estimates are underlying assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period and are discussed below.

Going concern

As disclosed in note 2 to the consolidated financial statements, management have prepared the financial statements on a going concern basis. That note provides detail on the approach taken by management to assessing the Group's forecasts and projections, the level of facilities available to the Group, and potential mitigating actions available to management. The global economy remains impacted by the unprecedented health and economic crises following the outbreak of the Covid-19 pandemic. Management continues to monitor the

EXCELLENCE LOGGING HOLDING LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

4. Critical accounting estimates, assumptions and judgements

potential operational, market and financial impacts to the Group including the mitigating impacts of the vaccination roll-out. Despite the remaining uncertainty regarding the potential impacts of the Covid-19 pandemic, management considers that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Group's ability to continue as a going concern.

Recoverability of investments
Shares in subsidiary undertakings are stated at cost less any provision for impairment. The Company assess investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such condition of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount and an impairment loss is recognised immediately in the statement of income.

5. Income statement disclosures

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement, statement of comprehensive income, cash flow statement and related notes that form a part of these approved financial statements.

The profit on ordinary activities after taxation for the financial year dealt with in the accounts of the Company was US \$1,531 (2020:US \$ 324,486 loss).

The Company does not have any employees.

The audit fee for the period was borne by another group company. Auditor's remuneration for non-audit fees was US \$ nil (2020: US \$ nil) and the remuneration for the group audit is disclosed in the group consolidated financial statements.

6. Finance income / costs

	2021 US \$	2020 US \$
Interest payable to group undertaking	-	1,262,477
Other interest costs	-	30,000
Interest receivable from group undertaking	(1,319)	(987,030)
Net finance cost	(1,319)	305,447

7. Tax on loss

For the year ended 31 December 2021 the Company was fully taxable at an effective rate of 19% (2020: 19%). After taking account of required book to tax adjustments, the Company recorded a fiscal loss for the year. No benefit has been recorded in respect of those losses due to uncertainty over their future recoverability.

8. Dividends

US $ nil dividends were paid or proposed in the year (2020: US $ nil).

9. Investment in subsidiary undertaking

	2021 US $	2020 US $
Cost		
At start of year	156,464,402	154,964,402
Additions	-	1,500,000
Transfers	-	-
At end of year	156,464,402	156,464,402
Accumulated value losses		
At start of year	55,000,000	55,000,000
Value adjustments for the year	-	-
At end of year	55,000,000	55,000,000
Carrying amount		
At end of year	101,464,402	101,464,402
At start of year	101,464,402	99,964,402

The principal subsidiary undertaking of the Company on 31 December 2021 was:

Name	Registered in	Proportion of ownership interest %	Proportion of voting power held %
Excellence Logging Finance 2 Limited	England & Wales	100	100

A full listing of all subsidiary undertakings can be found in Note 33 of the consolidated group accounts.

EXCELLENCE LOGGING HOLDING LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

10. Debtors

	2021 US $	2020 US $
Other debtors	-	61
Amounts due from subsidiary company	20,210	18,845
Amounts due from related parties – Excellence Logging Manco Sarl	275,000	270,000
	295,210	**288,906**

Amounts due from subsidiary companies are interest free and repayable on demand.

11. Other creditors

	2021 US $	2020 US $
Accruals	-	-
Other creditors	-	368
Amounts due to subsidiary company	1,308,479	1,308,479
	1,308,479	**1,308,847**

Amounts due to subsidiary companies are interest free and repayable on demand.

12. Events after the balance sheet date

The Company has had no further events after balance sheet date than those disclosed in note 34 of the consolidated group accounts.