



interwell

Financial Statement  
2023  
Interwell Norway AS

# Board of Directors' Report 2023

## Company background

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

## Financial overview

The total revenue in 2023 for Interwell Norway AS was NOK 1 284.5 million, compared to a similar NOK 1 175.7 million last year. Around 46% of the revenue in 2023 was intercompany related in Interwell Group. Operating profit was NOK 363.7 million, compared to NOK 451.5 last year.

The increase in revenue in 2023 was mainly due higher activity in Norway, Denmark and Caspian region. The financial results reflect a combination of higher activity in a demanding competitive landscape and weakened operational efficiency compared to the previous year. Especially payroll expenses and other operating expenses have increased more relative to revenue, with declining margins as a result. Interwell Norway's main revenue comes from offshore activities in Norway and Denmark and revenue sourced through other companies in Interwell Group.

The equity ratio at the end of the year was 80,6 % compared to 66,7 % in 2022. The equity ratio includes the right to use liability on assets according to the accounting standard for lease agreements (IFRS 16). The net lease liability was NOK 33.4 million in 2023 compared to NOK 33.5 million in 2022.

The net profit after tax for 2023 ended at NOK 328.2 million, compared to NOK 379.7 million in 2022.

The net cash generation from operations in 2023 was NOK 710.7 million, compared to NOK 433.8 million in the previous year. The positive cashflow was primarily reinvested in the upgrade and broadening of tools inventory available for rent, securing an appropriate financial platform for further growth initiatives and allocation group contribution. Investments increased to NOK 324 million in 2023, up from NOK 237.8 million in 2022. Investments include investments in Research and Development.

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

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

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

## **Going concern**

The 2023 annual accounts have been prepared on a going concern bases, and the Board of Directors hereby confirm that the going concern assumption was present at the time of approval of the financial statement.

## **Operational overview**

The instability that defined most of the global economy in 2022 continued into 2023. The outcomes of the war in Ukraine will have a potentially lasting impact on the geopolitical situation and the global energy supply chains. The conflict has caused volatile energy prices and soaring inflation, where the use of traditional hydrocarbons remains imperative to meet the expected energy demand of an expanding global economy. Yet the energy transition will require significant investments and technological development in a world where decarbonisation remains an increasingly important focus to the public. Fortunately, the past few years have demonstrated that the global energy sector has the capability to lead in both facets of the new energy economy. Interwell Norway AS's core business relies heavily on continuing to serve global E&P companies in the extraction of hydrocarbons. We do this by providing market-leading solutions to increase production efficiency and reduce carbon emissions for our customers. Interwell is also spending significant resources on developing new technology to permanently plug and abandon hydrocarbon wells and new solutions for emerging energy sources.

The Company delivered solid operational performance and enjoyed a robust and resilient business model. It focused heavily on the health and safety of employees while maintaining operational capability and capacity for ongoing and planned operations. As a result, the Company increased its market share in several key markets and delivered revenue growth by expanding its product portfolio to new customers and geographies.

However, Interwell Norway AS was not immune to global economic challenges like higher inflation rates and increased operational costs. Consequently, profit margins were under pressure and were overall lower in 2023 compared to 2022. Despite the challenging economic environment, Interwell Norway AS has performed well and achieved solid financial results. We are pleased to report that the business has delivered revenue growth in several markets. The success results from our ongoing commitment to providing high-quality products and services to our customers and our ability to adapt to changing market conditions and customer needs.

We have continued to invest in our business, expanding the product offering and maintaining a focused R&D program to ensure that we remain well-positioned for long-term growth. A high focus on innovation and customer satisfaction remains critical for our success. By listening to the customers and developing new products and services to meet their needs, we have set ourselves apart from competitors and maintained a market-leading position. As we look ahead, we remain confident in our ability to continue delivering strong financial performance and driving growth across our markets.

Sustainable energy supply and the associated energy transition continue to be a global megatrend that will force the entire E&P industry to focus on sustainability and efficiency improvements and proactively develop new technology. Interwell is well-positioned to support such initiatives, including new operating models and the introduction of low-carbon business models. We will continue to develop and introduce new products and solutions to help and support the energy transition.

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

In the other markets, Interwell Norway benefits from the operation of sister companies in Interwell Group. The activity has demonstrated regional variances, but overall positive development in most regions.

Through organic growth initiatives, we have introduced new products and services that meet the continuously changing needs of our customers. Our investment in R&D has led to the development of several value-adding technologies and solutions with promising reception in the market. We have also leveraged our existing customer relationships to expand our reach and market share in key regions.

As we look ahead, we remain committed to investing in our business and pursuing growth opportunities in existing and new markets. In addition, we will continue to evaluate strategic acquisitions that complement our existing offerings and maintain our focus on delivering high-quality products and services to our customers.

## **Market Outlook**

The global oil and gas market will likely remain strong in the coming year, where global conflicts and geopolitical unrest will dominate in the short term together with economic recovery plans for several markets and national economies. Interwell Norway AS is primarily exposed to the oil & gas operating companies' operational expenditure budgets, which have remained more stable through cyclical volatility than other segments in the E&P value chain. Interwell Norway AS has a strong product portfolio with an attractive business proposition for the E&P operators, where new products are expected to reach the commercial phase in 2024 and contribute to increased product and revenue diversification. The Board assesses that Interwell will remain well-positioned to serve its customers through its operations across all regions through 2024.

In parallel with increased demand for energy-based oil and gas production, we also see considerable efforts in decarbonisation initiatives in all areas where we operate. The industry must adhere to changing regulatory requirements and environmental factors, and governments are focused and committed to reducing carbon emissions. Consequently, this will drive demand for alternative energy sources and pressure traditional oil and gas companies to adapt their business models. Interwell is well-positioned to navigate between these challenges and capitalise on the global oil and gas market opportunities. At the same time, the Company is transition-ready and committed to investing in the development of new technologies and solutions that can help reduce carbon emissions and support a sustainable business cycle by continuing to provide high-quality products and services to our customers.

The Company will continue to introduce new technology to the market, and the Board is pleased to see that the continued broadening of Interwell's commercial platform is well-suited to introduce innovative and value-added solutions to our customers.

## **Organisation and Health, Safety and Work Environment**

Interwell Norway is committed to a working culture that promotes a zero-tolerance attitude towards unsafe acts and conditions. In addition, the Company has zero tolerance for unethical behaviour and actions. Interwell Norway employed 292 people in 2023, an increase of 33 people from last year.

The Board believes that the work environment and relations within the Company are sound, with an overall sick leave of 2,3 % for the Company and an acceptable level of attrition.

Interwell prioritises the health and safety of its employees and others who may be affected by the company's actions. The company's Health and Safety policy is based on the "Goal Zero" objective of preventing accidents and work-related illnesses. Unfortunately, this goal was not achieved in 2023, as two minor Lost Time Injuries (LTIs) occurred in the workshops. Both incidents were related to manual handling. The two minor LTIs resulted in back pain and strains due to incorrect lifting techniques and failure to use mechanical lifting aids. The employees involved returned to work after a few days of rest and physiotherapy. None of the LTIs resulted in permanent injuries, and both cases were investigated, with corrective actions identified to prevent recurrence. In 2024, Interwell plans to increase awareness training on ergonomics, manual handling, situational awareness, and positive safety culture.

Interwell recognises the importance of the workplace and its significant role in most people's lives. In 2023 Interwell conducted a Group Work Environment survey, and the results show a high satisfaction score, supported by a low employee turnover. Findings and action plans from this survey has been shared with the employees in town hall meeting.

Among Interwell Norway's 292 employees, 51 were women. The proportion of women in Interwell Norway was 17,5 %. Company policy is that work of equal value will give equal pay. Particular attention is paid to equality between women and men. When recruiting, both internally and externally, personal qualifications have the highest priority, irrespective of gender.

Interwell works to promote equal opportunity and non-discrimination within its business. The Company employs - and has historically employed - personnel from different nationalities. The Company's long tradition of dealing with different nationalities has built up a sound international understanding and knowledge base. As a result, no discrimination cases were reported in 2023. Interwell also aims to provide a workplace without discrimination on the grounds of disability. Please visit [www.interwell.com](http://www.interwell.com) for more information on the equality report and the transparency report in relation to the Norwegian Transparency Act.

Interwell has an insurance program for the board, senior management, and directors to protect individuals from lawsuits that originate from Interwell-related activity.

## **Sustainability**

Interwell Norway AS acknowledges our responsibilities and is committed to balancing environmental protection with sustainable development. Interwell Norway AS has a circular business model where most of our equipment - unless permanently installed, will be reused. Our corporate social responsibility (CSR) programs cover all aspects of our business. Particular focus is given to sound design of products, low environmental footprint production, support to local communities, effective waste management, low energy consumption, conscious procurement, broad anti-bribery and corruption training, fair employment, and working practices. CSR is present in Interwell's considerations when making strategic decisions, business partner and supplier selection, and how it connects to the Company's vision and values.

The Company has a dedicated sustainability program in place which is integrated into our operations and underpins relevant UN Sustainable Development Goals. The Company has through a stakeholder assessment and input along with a benchmarking process identified the Strategic Primary and Secondary Sustainable Development Goals, which are pursued through appropriate programs. In our efforts, we will strive to go beyond the statutory obligations and the Company will continuously update its sustainability goals to reflect the development we see around us.

The world's energy systems are gradually changing, with an increased focus on energy transition projects. The Company will continue to take a proactive approach and actively contribute to solutions for reduced carbon emissions and developing alternative energy sources.

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

## **Environment**

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

Integrated Operations product offerings have been part of Interwell Norway AS Strategic Technology direction over the last five years. Interwell Norway AS delivers standard products supported or remotely operated from Interwell onshore control centre. This reduces customers operational cost and carbon footprint. We are further exploring options to expand our Integrated Operation product range. Interwell Norway AS works closely with all our customers and actively supports their efforts as they strive to achieve the UN Sustainable Development Goals.

## Anti-Corruption and Bribery

Interwell Norway AS is a part of the Interwell Group corporate governance structure, which is compliant with recognised governance principles, and in compliance with the different regulatory requirements which the business is operating under. The Company has reviewed compliance with various rules and regulations, such as the Norwegian Code of Practice for Corporate Governance. Anti-corruption considerations are integrated into Interwell's business activities and decisions taking a risk-based approach with regular reporting to several stakeholders. During 2023 we continued our interaction with partners and suppliers on ethics, anti-corruption and anti-bribery, focusing on high-risk countries. We will continue this work going forward.

## Statement on the annual accounts and allocation of profit


In the Board's opinion, the submitted profit and loss account and balance sheet including notes provide a correct representation of the Company's 2023 result and its financial position at year-end 2023. No events have occurred after the end of the financial year that impacts the assessment of the annual accounts. The company posted a net profit of NOK 328 217 984 in 2023 where the Board of Directors is proposing the following allocation:

Net Profit	NOK	328 217 984
Transferred to other equity	NOK	328 202 140
Group Contribution	NOK	15 844

Stavanger, 19. March 2024



Thormod Langballe  
Chairman of the Board



Trond Arve Stamnes  
Director



Tor Olav Meberg  
CEO

# Interwell Norway AS

## Income Statement

	Note	2023	2022
<b>Operating Revenue</b>			
Revenue	1, 2	1 284 488 491	1 175 682 739
<b>Total Operating Revenue</b>		<b>1 284 488 491</b>	<b>1 175 682 739</b>
<b>Operating Expenses</b>			
Cost of materials consumed	2	261 308 934	228 365 609
Payroll Expenses	3	324 303 183	232 848 580
Depreciation of Fixed Assets and Intangibles	4, 5	162 149 516	141 222 189
Write-down on Fixed Assets and Intangibles	5	35 828 270	30 851 135
Other Operating Expenses	2, 3, 6	137 196 013	90 880 392
<b>Total Operating Expenses</b>		<b>920 785 916</b>	<b>724 167 905</b>
<b>Operating Result</b>		<b>363 702 575</b>	<b>451 514 834</b>
<b>Financial Income and Expenses</b>			
Other Interest Income		16 724 798	8 785 017
Net Agio		37 831 046	26 455 380
Other Interest Expense	6	1 058 997	1 205 662
<b>Net Financial Result</b>		<b>53 496 847</b>	<b>34 034 734</b>
<b>Net Profit Before Tax</b>		<b>417 199 422</b>	<b>485 549 568</b>
Tax Expense	7	88 981 438	105 803 716
<b>Profit for the Year</b>		<b>328 217 984</b>	<b>379 745 852</b>
<b>Year End Dispositions</b>			
Transferred to/from Other Equity		328 202 140	38 683 432
Paid dividend		0	55 516 306
Group Contribution net tax		15 844	285 546 114
<b>Total allocations</b>		<b>328 217 984</b>	<b>379 745 852</b>

## Statement of Comprehensive Income

	2023	2022
<b>Profit for the year</b>	<b>328 217 984</b>	<b>379 745 852</b>
<b>Items that may be subsequently reclassified to profit or loss</b>		
Currency translation differences	0	0
	0	0
<b>Other Comprehensive Income net of tax</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the year</b>	<b>328 217 984</b>	<b>379 745 852</b>

# Interwell Norway AS

## Balance Sheet

31.12.2023

ASSETS	Note	2023	2022
<b>Fixed Assets</b>			
<b>Intangible Fixed Assets</b>			
Research and Development	4	133 563 329	97 672 229
Concessions, Patents, Licenses, Trade Marks and Similar Rights	4	18 989 569	16 010 373
Deferred Tax Asset	7	38 263 651	39 388 202
<b>Total intangible fixed assets</b>		<b>190 816 550</b>	<b>153 070 804</b>
<b>Tangible Fixed Assets</b>			
Right of use asset	5, 6, 8	33 057 153	32 693 637
Rental Tools and Equipment	5, 8	306 128 863	235 657 400
Machinery and Equipment	5, 8	42 612 049	36 263 406
<b>Total tangible fixed assets</b>		<b>381 798 066</b>	<b>304 614 443</b>
<b>TOTAL FIXED ASSETS</b>		<b>572 614 616</b>	<b>457 685 247</b>
<b>Current Assets</b>			
<b>Inventories</b>			
Inventory	8, 9	360 335 034	199 584 883
<b>Total inventory</b>		<b>360 335 034</b>	<b>199 584 883</b>
<b>Receivables</b>			
Trade Receivables and Accrued Revenue	8, 10, 11	361 620 922	523 382 206
Other Receivables	10, 12	483 880 026	475 219 919
<b>Total short term receivables</b>		<b>845 500 948</b>	<b>998 602 125</b>
<b>Cash and Cash Equivalents</b>	13	<b>0</b>	<b>47 285</b>
<b>Total Current Assets</b>		<b>1 205 835 982</b>	<b>1 198 234 293</b>
<b>TOTAL ASSETS</b>		<b>1 778 450 598</b>	<b>1 655 919 540</b>



# Interwell Norway AS

## Balance Sheet

31.12.2023

EQUITY AND LIABILITIES	Note	2023	2022
<b>Shareholder's Equity</b>			
Share Capital	14, 15	1 800 000	1 800 000
Share Premium	14	63 139 736	63 139 736
<b>Total contributed equity</b>		<b>64 939 736</b>	<b>64 939 736</b>
<b>Retained Earnings</b>			
Other Equity	14	1 367 788 325	1 039 118 839
<b>Total Retained Earnings</b>		<b>1 367 788 325</b>	<b>1 039 118 839</b>
<b>TOTAL EQUITY</b>		<b>1 432 728 061</b>	<b>1 104 058 575</b>
<b>Other non current liabilities</b>			
Non current lease liability	6	16 583 949	12 843 333
<b>Total non-current liabilities</b>		<b>16 583 949</b>	<b>12 843 333</b>
<b>Current Liabilities</b>			
Current lease liability	6	16 801 299	20 668 648
Current intercompany debt	10	20 313	366 084 762
Trade payables	10	179 610 031	102 901 238
Tax payable	7	46 880 386	-2 082 057
Public duties payable		24 356 246	16 699 173
Other current liabilities	10	61 470 313	34 745 868
<b>Total current liabilities</b>		<b>329 138 588</b>	<b>539 017 632</b>
<b>TOTAL LIABILITIES</b>		<b>345 722 537</b>	<b>551 860 965</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 778 450 598</b>	<b>1 655 919 540</b>

Board of Directors Interwell Norway AS  
Stavanger, 19. March 2024

  
Thormod Langballe  
Chairman

  
Trond Arve Stamnes  
Board Member

  
Tor Olav Meberg  
CEO

## CASHFLOW STATEMENT

	Note	2023	2022
<b>Cash flow from operation</b>			
Net profits before tax		417 199 422	485 549 568
<i>Adjusted for</i>			
Paid tax in period		-38 986 298	-59 844 695
Depreciations and amortisations	4,5	162 149 516	141 222 189
Write down fixed assets	5	35 828 270	30 851 135
- Gain / loss disposal of fixed assets		38 428 956	24 019 274
<i>Change in working capital</i>			
Change in inventory		-160 750 151	-63 350 339
Change in Accounts receivable		161 761 284	-112 638 306
Change in Accounts payable		76 708 793	-1 309 362
Change in other working capital items		18 423 420	-25 281 383
Change due to merger with Cannseal		0	14 612 195
<b>Net cash flow from operation</b>		<b>710 763 212</b>	<b>433 830 276</b>
<b>Cash flow from investment activities</b>			
Net payments from purchase of fixed assets	4,5	-324 029 375	-237 846 763
<b>Net Cash flow from investment activities</b>		<b>-324 029 375</b>	<b>-237 846 763</b>
<b>Cash flow from financing activities</b>			
Proceeds from increase in long term intercompany debt		0	0
Change current intercompany cashpool		1 371 407	-58 646 860
Lease payments principal part		-22 067 768	-18 612 872
Paid Dividend		0	-55 516 306
Net group contribution		-366 084 762	-73 875 807
<b>Net cash flow from financing activities</b>		<b>-386 781 123</b>	<b>-206 651 845</b>
<b>Net change in cash and cash equivalents</b>		<b>-47 286</b>	<b>-10 668 332</b>
Cash due to merger with Cannseal		0	10 715 616
Balance of cash and cash equivalents at beginning of period		47 285	0
<b>Balance of cash and cash equivalents at end of period</b>		<b>0</b>	<b>47 285</b>

## **Accounting principles**

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

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

Functional and presentation currency is Norwegian kroner.

### **Exemption in simplified IFRS**

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

### **Use of estimates**

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

### **Revenue**

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

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

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

### **Classification of balance sheet items**

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

### **Measurement of fair value**

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

### **Purchase cost**

Purchase costs for assets includes the purchasing price, with deduction of bonuses, discounts and similar, and with the addition of purchase costs (freight, duties, public dues which are not refunded, and any other direct purchase costs). Purchases paid in foreign currencies are entered in the balance sheet at the exchange rate applying on the date of transaction.

### **Intangible assets**

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

### **Tangible fixed assets**

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

**Depreciation and impairment of fixed assets**

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

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

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

**Inventory**

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

**Receivables**

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

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

**Foreign currency**

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

**Pensions**

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

**Taxes**

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

**Cash flow statement**

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

## Leases

At the inception of the contract the Group assesses whether a contract is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

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

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

**Right-of-use assets**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement of the lease and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37 "Provisions, contingent liabilities and contingent assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the date when the asset is ready for use.

**As a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The Company leases tools, on a day rate basis, to its customers. Rental income is recognised on.

**Note 1 Operating Revenue**

<b>Geographical Distribution</b>	<b>2023</b>	<b>2022</b>
Norway	563 094 872	514 251 009
Europe*	261 127 395	179 082 140
Caspian	69 808 853	35 313 089
Russia	0	1 379 617
Middle East	193 094 014	239 128 310
Americas	95 136 519	76 121 241
Asia/Pacific	102 226 838	130 407 333
<b>Total</b>	<b>1 284 488 491</b>	<b>1 175 682 739</b>

\* Revenue in Africa is included in UK which sorts under Europe.

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

**Note 2 Intercompany transactions**

<b>Transaction between group companies:</b>	<b>2023</b>	<b>2022</b>
<b>a) Revenue from sale and services rendered</b>		
- Interwell AS	1 189 591	572 392
- Interwell US LLC	84 251 205	72 093 192
- Interwell Canada Inc	1 380 366	1 092 538
- Interwell Limited (UK)	172 832 783	143 239 140
- Interwell Mena Holding Ltd	0	93 981
- Interwell Middle East FZE	8 042 086	28 528 055
- Interwell KSA	165 909 654	179 715 377
- Interwell Oman SPC	51 723 004	35 344 764
- Interwell Australia	55 663 212	102 307 652
- Interwell P&A AS	2 722 207	1 615 477
- Interwell MENA Production LLC	-15 207 836	0
- Interwell MENA Trading LLC	-135 160	0
- Flowpro Well Technology AS	1 267 361	16 793 163
- Interwell Southeast Asia	669 260	-5 478 339
- Interwell Malaysia	60 055 499	39 707 744
<b>Total Revenue from sale and services rendered</b>	<b>590 363 232</b>	<b>615 625 136</b>
<b>b) Purchase of goods and services</b>		
- Interwell Limited (UK)	7 175 561	5 960 538
- Interwell US LLC	5 945 256	3 428 474
- Interwell Canada Inc	619 934	260 908
- Interwell Middle East FZE	952 461	3 488 992
- Interwell Oman	3 914 183	2 657 862
- Interwell Mena Holding Ltd	0	37 539
- Interwell KSA	41 709 082	35 908 373
- Interwell P&A	207 182	403 784
- Interwell AS	53 901 521	29 044 450
- Interwell MENA Production LLC	176 765	0
- Interwell MENA Trading LLC	585 055	0
- Interwell Southeast Asia	217 144	457 853
- Interwell Malaysia	1 436 205	885 718
- Interwell Australia	3 027 434	3 391 392
<b>Total Purchase of goods and services</b>	<b>119 867 763</b>	<b>85 925 883</b>

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

<b>Wage Expenses</b>	<b>2023</b>	<b>2022</b>
Wages	250 748 666	176 301 587
Payroll Tax	52 817 400	40 809 325
Pension Expenses	17 475 322	14 751 489
Other Benefits	3 261 795	986 179
<b>Total</b>	<b>324 303 183</b>	<b>232 848 580</b>
Full time employees at year end were	292	259

**Mandatory Occupational Pensions**

Interwell Norway AS is covered by the Mandatory Occupational Pensions Act and has established pension schemes which meet the statutory requirements

<b>Management Remuneration</b>	<b>CEO</b>	<b>Board of Directors</b>
Wages including bonus	0	0
Pension Expenses	0	0
Fees	0	130 000
Other Benefits	0	0
<b>Total</b>	<b>0</b>	<b>130 000</b>

The company CEO is employed in the parent company Interwell AS and has no direct compensation from Interwell Norway AS.

**Main principles for the company's executive salary policy**

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

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

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

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

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

The salary system should promote cooperation.

**Loans, Guarantees etc.**

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

**Expensed Remuneration to Auditor**

<b>(All amounts excluding VAT)</b>	<b>2023</b>	<b>2022</b>
Statutory Audit	840 750	1 004 872
Tax Consultancy from PwC Germany and PwC Denmark	500 163	273 476
Tax Consultancy (incl. tech. assistance with tax papers)	36 100	60 716
Other Assistance	114 299	50 073
<b>Total remuneration</b>	<b>1 491 312</b>	<b>1 389 137</b>



#### Note 4 Intangible Assets

	Research and Development	Patents	Total
Purchase cost pr. 01.01.	208 730 998	19 338 668	228 069 666
Additions	53 527 213	4 554 016	58 081 229
Disposals	0	0	0
<b>Purchase cost pr. 31.12.</b>	<b>262 258 211</b>	<b>23 892 684</b>	<b>286 150 895</b>
Accumulated depreciation 01.01	111 058 769	3 328 295	114 387 064
Impairment	0	0	0
Accumulated depreciation 31.12	128 694 882	4 903 115	133 597 997
<b>Net book value pr. 31.12.</b>	<b>133 563 329</b>	<b>18 989 569</b>	<b>152 552 898</b>
Depreciation in the year	17 636 113	1 574 820	19 210 933
Impairment	0	0	0
Estimated useful life	3- 10 years	3- 10 years	
Depreciation plan	Linear	Linear	

The Company has capitalized expenses for research and development where the criterias for recognition are met.  
Research and development is related to research on technology within existing types of products where management believes there is a likely potential to succeed in developing a commercial product.

#### Note 5 Fixed assets

	Right of use asset	Rental Tool and Equipment	Machinery and equipment	Total fixed assets
Purchase cost 01.01.	95 609 150	892 581 847	80 826 906	1 069 017 903
Additions	22 431 284	249 768 741	16 179 405	288 379 430
Disposals	0	-127 053 610	0	-127 053 610
<b>Purchase cost 31.12.</b>	<b>118 040 434</b>	<b>1 015 296 978</b>	<b>97 006 311</b>	<b>1 230 343 723</b>
Accumulated depreciation 01.01.	62 915 514	656 924 446	44 563 499	764 403 459
Disposals/Impairment	0	-58 796 382	0	-58 796 382
Accumulated depreciation and write downs 31.12.	84 983 282	709 168 116	54 394 262	848 545 660
<b>Net book value 31.12.</b>	<b>33 057 153</b>	<b>306 128 863</b>	<b>42 612 049</b>	<b>381 798 066</b>
Depreciation in the year	22 067 768	111 040 052	9 830 763	142 938 583
Write-offs in the year	0	0	0	0
Write-offs in the year	0	35 828 270	0	35 828 270
Expected useful life	1-3 years	3-5 years	3-8 years	2-10 years
Depreciation plan	Linear	Linear	Linear	Linear

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

## Note 6 Leases

Right of use (ending balance)	2023	2022
Industrial unit	31 283 601	31 238 564
Leasing car	442 313	616 719
Leasing Forklift / Truck	0	924
Leasing office equipment	659 671	800 001
Leasing workshop equipment	2 963	7 813
Staff House	668 605	29 616
<b>Total right of use assets at year end</b>	<b>33 057 153</b>	<b>32 693 637</b>

Lease liabilities (ending balance)	2023	2022
Industrial unit	31 594 092	32 021 434
Leasing car	446 703	632 156
Leasing office equipment	666 218	820 026
Leasing workshop equipment	2 992	8 009
Staff House	675 241	30 357
<b>Total right of use liability's calculated at year end <sup>1)</sup></b>	<b>33 385 247</b>	<b>33 511 981</b>

<sup>1)</sup> Of the total balance at year end NOK 16 801 298 is due within one year and classified as current liability. Applied weighted average discount rate at the date of initial application was 4,5%

In "Other Interest Expense" in P&L a total of NOK 873 183 has been expensed in 2023. Corresponding interest for previous year was NOK 938 351.

### Maturity analysis, undiscounted cash flow

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years
Industrial unit	16 367 474	9 112 061	6 763 712	-	-
Leasing workshop equipment	9 966	-	-	-	-
Leasing Car	187 324	187 323	81 436	-	-
Staff House	228 223	238 708	186 200	-	-
Office equipment & IT Hardware	8 311	8 541	5 968	-	-
<b>Total</b>	<b>16 801 298</b>	<b>9 546 633</b>	<b>7 037 316</b>	<b>-</b>	<b>-</b>

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

	2023	2022
Industrial unit	608 771	2 230 717
Workshop equipment etc - short term lease	616 553	276 680
Rental cars / trucks / forklifts	441 683	489 384
Other rental expenses	212 671	83 564
<b>Total</b>	<b>1 879 678</b>	<b>3 080 345</b>

The applied internal interest is calculated with the application of the current external reference rate (NIBOR 3 month), current margin on the external long term loan and a margin to compensate for the non secured asset. Interwell Norway AS still apply the NIBOR reference as this is the current communicated reference from the current lender. The additional margin is calculated based on a comparison with similar transactions with similar risks.

At year end 2023 Interwell Norway AS still apply NIBOR as the reference to assess the financial risk under IFRS 16 as this is considered to be the fair value estimate in comparison to the existing external financing

**Note 7 Tax****Calculation of Deferred Tax Liability/Tax Asset**

<b>Temporary Differences</b>	<b>Change</b>	<b>2023</b>	<b>2022</b>
Fixed Assets and intangible assets	7 042 756	-162 304 279	-169 347 035
Inventory	-2 421 409	-9 728 455	-7 307 046
Receivables	0	-1 564 858	-1 564 858
Leasing	490 249	-328 094	-818 343
Accrued revenue	98 016	-179 960	-277 976
<b>Net Temporary Differences</b>	<b>5 209 612</b>	<b>-174 105 646</b>	<b>-179 315 258</b>

Changes not included in deferred tax calculation -98 016 179 960 277 976

**Basis of Deferred Tax Liability 5 111 596 -173 925 686 -179 037 282**

**Deferred tax / (Deferred tax asset in balance) 1 124 551 -38 263 651 -39 388 202**

**Nominal Tax rate 22 % 22 %**

<b>Basis of Tax Payable</b>	<b>2023</b>	<b>2022</b>
Pre Tax Profits	417 199 422	485 549 568
Expenses not deductible for tax purposes	-34 404	-287 402
<b>Net taxable profits</b>	<b>417 165 018</b>	<b>485 262 166</b>
Change in Temporary Differences	-5 209 612	1 907 370
Interest deduction from previous year	0	-14 498 466
<b>Basis of Tax Payable in Income Statement</b>	<b>411 955 406</b>	<b>472 671 070</b>

<b>Tax expense</b>	<b>2023</b>	<b>2022</b>
Calculated tax payable on profits in Norway	90 630 189	103 987 635
Tax payable abroad	42 941 895	25 965 795
Changes in deferred tax	1 124 551	-12 129 804
Changes in deferred tax due to merger	0	14 874 952
Tax paid abroad	0	775 498
Tax paid not reclaimable	45 947	666 118
Tax credit reclaimed	-42 941 895	-25 965 795
Changes in prev. year tax expense	-2 819 249	-2 370 683
<b>Tax cost expensed</b>	<b>88 981 438</b>	<b>105 803 716</b>

<b>Current tax balance</b>	<b>2023</b>	<b>2022</b>
Calculated tax payable on profits	90 630 189	103 987 635
Group contribution	-4 469	-80 538 648
Tax paid abroad reclaimed in Norway	-42 941 895	-25 014 996
Prepaid tax paid including abroad	-803 440	-516 049
<b>Net tax payable / (receivable)</b>	<b>46 880 386</b>	<b>-2 082 057</b>

Taxes in Percentage of pre-tax profits 21,3 % 21,8 %

<b>Nominal tax rate</b>		
Tax at nominal rate	22,0 %	22,0 %
Effect from permanent and temporary differences	-0,7 %	-0,2 %
<b>Tax cost according to Profit and Loss Statement</b>	<b>21,3 %</b>	<b>21,8 %</b>

**Note 8 Guarantees and pledged security**

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

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

	2023	2022
Fixed Assets	381 798 066	304 614 444
Accounts Receivable	312 052 592	458 482 770
Inventory	360 335 034	199 584 883
<b>Total value asset pledged as security</b>	<b>1 054 185 692</b>	<b>962 682 097</b>

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

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

The Company has provided a guarantee of CAD 471 848 equivalent of NOK 3 271 275 to Encana Corporation for tool deliveries.

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

In addition Interwell Norway AS has provided a guarantee to Stavanger Municipality Tax Authorities for payroll tax withholding of NOK 15 000 000.

**Note 9 Inventory**

	2023	2022
Raw materials & components	370 063 490	206 891 930
Impairment / obsolete goods	-9 728 456	-7 307 047
<b>Total</b>	<b>360 335 034</b>	<b>199 584 883</b>

**Note 10 Balance with group companies and other receivables**

Amounts that are included in Accounts receivable 31.12	2023	2022
Interwell UK Ltd.	49 977 074	38 678 835
Interwell US LLC	41 768 781	51 774 079
Interwell Middle East	-5 657 306	20 002 607
Interwell KSA	115 263 482	250 644 434
Interwell AS	1 189 591	376 310
Interwell Oman	12 996 072	-1 581 369
Interwell Australia	11 729 045	1 025 081
Interwell Southeast Asia	-3 571 982	49 606
Interwell Malaysia	39 487 345	21 708 002
Interwell P&A AS	1 437 630	315 129
Interwell Canada	2 534 632	1 092 538
Flowpro Well Technology AS	1 267 361	16 793 163
Interwell MENA Production LLC	-15 207 836	-
Interwell MENA Trading LLC	-135 160	-
Total receivable	253 078 729	400 878 415

Amounts that are included in Accounts Payable 31.12	2023	2022
Interwell UK Ltd	198 934	250 377
Interwell Oman	51 223	0
Interwell Middle East	12 746 340	2 096 250
Interwell KSA	179 954	29 902
Interwell AS	53 901 521	28 848 368
Interwell Australia	1 624 798	314 149
Interwell Malaysia	22 372	7 973
Interwell Southeast Asia	304 708	116 390
Interwell P&A AS	2 766 431	0
Interwell US Ltd.	1 917 741	431 721
Interwell MENA Production LLC	7 772 394	0
Interwell MENA Trading LLC	36 194	0
FX adjustments	272 333	3 655
Total Accounts Payable	81 794 943	32 098 785

Amounts that are included in other current receivables	2023	2022
Group bank account net receivable	424 103 368	425 441 742
Other short term receivable	0	85 000
Total other current receivables	424 103 368	425 526 742

Amounts that are included in other current liabilities	2023	2022
Other short term debt	0	0
Group contribution	20 313	366 084 762
Total other current liabilities	20 313	366 084 762

#### Note 11 Accrued revenue

Accrued revenue is presented in Accounts Receivable

At year end Interwell Norway has accrued NOK 49 568 330 as external revenue. Corresponding accrual for previous year was NOK 64 899 436 as accrued revenue. All accrued revenue are related to external customers and not intercompany.

#### Note 12 Government Grants

The company has recorded NOK 0 as income from government grant from "Skattefunn" a Norwegian Research & Development scheme in 2023. Corresponding amount for 2022 was NOK 376 100.

Amount received was recorded as a cost reduction on the different projects. If the project is a CAPEX project, the amount is recorded as a reduction of the CAPEX amount.

#### Note 13 Restricted cash and cash equivalents, multi currency cash pool agreement.

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

#### Note 14 Equity

Changes in Equity for the Year	Share Capital	Share Premium	Other Equity	Total
Equity 1.1	1 800 000	63 139 736	1 039 118 839	1 104 058 575
Profit for the year	0	0	328 217 984	328 217 984
Group contribution provided			-15 844	-15 844
Other changes			467 346	467 346
<b>Equity 31.12.</b>	<b>1 800 000</b>	<b>63 139 736</b>	<b>1 367 788 325</b>	<b>1 432 728 061</b>

#### Note 15 Share Capital and Shareholder's Information

##### Share Capital consists of

	Number	Nominal Value	Book value
Ordinary Shares	150 000	12,00	1 800 000
<b>Total</b>	<b>150 000</b>		<b>1 800 000</b>

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

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

Interwell AS has the following business address:

Kvernevik Ring 177  
4048 Hafrsfjord  
Norway

#### Note 16 Related-Party Transactions

Senior Management remuneration is described in note 3, and inter-group balances are described below.

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

## **Note 17 Risks**

### **Market Outlook**

The Board expect the current market conditions to continue, where E&P investments and budgets are tight and impacted by volatile oil prices and the operators own cost-reduction programs. Energy prices have been fairly stable in 2023 and the Ukraine war effect has diminished. Based on this, the Company expect the current market situation to continue to be solid during 2024 coupled with interesting market opportunities for niche players like Interwell. Key priorities for the Company are to remain focused on continuously improving the operations and at the same time introduce new technology and product solutions to the market.

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

### **Market and credit risk**

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

### **Liquidity risk**

Interwell Norway's operational cash flow sustained activities in 2023 at 2022 levels. We observe price increases on cost of goods sold and investments in rental assets. This effect has had some negative impact on margins.

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