EXCELLENCE LOGGING HOLDING LIMITED

Annual Report and Financial Statements
for the year ended 31 December 2023

Excellence Logging Holding Limited

Company number: 09536399

COMPANY INFORMATION

Registered office address:	45 Gresham Street London United Kingdom EC2V 7BG
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
Independent Auditors:	BDO LLP 55 Baker Street London W1U 7EU
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EXCELLENCE LOGGING HOLDING LIMITED

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 2023. 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

Excellence Logging Group is a specialist energy services company providing surface data logging, light well intervention, and data & consulting services for customers in the oil and gas industry. We operate in more than 30 countries and employ over 1,700 people of 69 nationalities. Our services provide our customers with the highest levels of operational safety in the delivery of technically advanced services to provide geological data, surface formation evaluation, drilling monitoring and production technologies.

Excellence Logging is a mid-size and growing company, operating in a dynamic industry. We are experts in those businesses where our expertise and focused competence make a material difference to customer performance. Being dedicated to innovation and continuously pursuing excellence in action through our people driven organisation, we deliver superior service backed by our operational resilience, high standards, and a clear environmental, sustainability and governance (ESG) commitment.

Formed in 2015 through the combination of a series of small and medium-sized specialized companies, each with strong regional presence, Excellence Logging benefits from an experienced management team, and innovative research and engineering capabilities that provide a collaborative approach to exceeding customer needs. Our heritage has evolved from the individual companies from which our organization was created.

Since its founding, and continuing throughout 2023, the principal activity of the company has been to provide Surface data logging (SDL), Well intervention (WIN) and Data and consulting (D&C) services to the oil and gas industry. Surface data logging provides critical information on the hydrocarbon content and potential extraction properties of a well in a cost-effective way, using physical samples of rock and hydrocarbon 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 SDL 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 SDL and WIN services to the growing geothermal, gas storage and hydrogen exploration energy transition market segments in onshore Europe, US Land, Africa, Middle East and Asia. We are in the process of growing market share in the markets where we already operate, and also adapting and expanding our SDL 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 SDL 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 2023, Excellence Logging achieved organic and inorganic growth by acquiring small and medium-sized companies specialising in a segment with a strong regional presence. This has helped build a group whose revenues were in 2023, 53% from SDL and 47% from WIN with a critical mass in revenues reached in 2019 through the acquisition of the SDL 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. In 2023, Excellence Logging has further expanded its activity in WIN through the acquisition of the well intervention business of Well Services Group in the Netherlands consisting of coiled tubing, slickline and well testing services. This transaction not only expands Excellence Logging's market reach and capabilities in Northern Europe; it also adds industry leading coil tubing and slickline capabilities. The acquisition further strengthens Excellence Logging's well testing capabilities in what is expected to be a growing market driven by the needs of European natural gas production and storage.

Exlog has continued its New Product Development (NPD) activities designed to improve and complement basic surface data logging activities by developing 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 1,700 people. At the date of this report, Exlog is active in the following countries: Saudi Arabia, Iraq, Kuwait, UAE, India, Argentina, Ecuador, Bolivia, Colombia, Oman, Kazakhstan, Italy, Algeria, Tunisia, Libya, Turkey, Switzerland, Angola, Congo, Uganda, Great-Britain, USA, Canada, Malaysia, Thailand, Indonesia, Netherlands and Germany.

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.

CHIEF EXECUTIVE OFFICER'S REVIEW

Excellence Logging delivered a solid performance in 2023 as the upcycles in the SDL and WIN markets gathered pace.

In 2023, Group revenue increased by 27% to US $ 148.7 million (2022: US $ 116.8 million), driven by higher activity in our SDL and WIN businesses. Group EBITDA of US $ 28.3 million (2022: US $ 21.6 million) resulted in an EBITDA margin of 19.0% (2022: 18.5%). On a like for like basis (excluding acquisition) group revenue increased by 20%. Our SDL and WIN business experienced continued positive momentum in 2023. Higher tendering activity resulted in another year of strong order intake, and tightening fleet capacity supported an improvement in pricing. The acquisition of the well intervention business of Well Services Group in the Netherlands with its final completion on 23rd August 2023 added US $ 8.7 million to group revenues for 2023.

In 2023, against a backdrop of heightened geopolitical uncertainty and conflict, the world continues to grapple with the energy trilemma: addressing the need for secure and affordable energy, while simultaneously working to decarbonise our energy sources. In 2023, this challenge was compounded by high inflation and rising interest rates – representing significant headwinds to the economics of oil and gas exploration and production. We began with a positive view of the outlook for the group, supported by a solid order intake and increase in tendering activity. The group experienced upcycles in demand for both its SDL and WIN markets supported by the continued drive of major economies for energy security and decarbonisation. The group is well placed to benefit from a strong demand for our services which is expected to be sustained over several years. The upward trajectory of demand is moderated by the capital discipline of our clients, but this is mirrored on the supply side by Exlog with limited additions to the fleet due to increased costs and internal capital discipline.

Exlog is focussed on supporting the energy transition with a strong offering of advanced technologies across the energy landscape from geothermal energy, carbon capture and future opportunities in hydrogen and helium energy. We are playing a key role in supporting our clients in seizing opportunities to deliver a diverse range of innovative solutions that, together can help decarbonise our economies.

While hydrocarbons are likely to remain part of the energy mix for some time, with lower-carbon gas replacing more highly polluting fuels such as coal, the production of hydrogen and helium from natural accumulations is becoming a reality and will be an important contributor to the world's push to net zero. These emerging energies offer the Group a valuable source of incremental growth ensuring Exlog is placed at the heart of the energy transition in the future. We therefore anticipate a sustained demand for our surface data logging and well intervention services into the next decade with a growing emphasis on technology and customer service.

Sustainability is one of our core values and underpins our strategy. This year we continued to make progress against our ambitions and 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 decarbonize our operations and reduce emissions through the adoption of cleaner fuels as they become more widely available to market together with protecting the environment through initiatives for waste management and recycling.

The success of Exlog is the product of collective drive of nearly 1,700 individuals, in collaboration with our clients and suppliers. Our people are the foundation of our business and the strong positive culture within our organisation has enabled us to grow our headcount rapidly this year while continuing to deliver a solid performance both financially and operationally. My thanks to everyone within the Exlog family and across our stakeholder groups for making this possible.

OPERATING REVIEW

Overview

Our SDL and WIN businesses delivered strong growth that should underpin increasing cash flow in the years ahead. Over the course of the year, our portfolio of projects began a gradual shift from those won in weaker market conditions to more recent awards with improved pricing and cash flow profile.

In 2023, excluding the inorganic growth from the Well Services Group acquisition, group revenue increased by 20%. This strong performance was driven by:

- SDL: Revenue within SDL increased by 34%, reaching US $ 76.5 million
- WIN: Revenue in WIN increased by 6% to US $ 58.4 million
- Data & Consulting and equipment sales: Revenue increase by 8% to US $ 5.1 million

Both SDL and WIN experienced regional growth across the board in 2023 compared to 2022.

SDL regional highlights:

- Middle East (MEA) region continues to be the largest contributor to SDL revenue, with a robust 42% growth in 2023, reaching US $ 38.0 million led by the SDL activity in Saudi Arabia.
- Europe & Africa (EAF) region grew by an impressive 60% to reach US $ 12.6 million in 2023, solidifying its position as a key contributor to SDL growth.
- North America region increased activity with growth of 46% in SDL activity to reach US $ 7.5 million.

WIN regional highlights:

- EAF region remained the largest contributor to WIN revenue in 2023, delivering a steady 15% growth year on year to US $ 43.8 million.
- Latin America (LAM) region continues to be impacted by hyperinflation and exchange devaluations and political uncertainty. The LAM business contracted by 17% to reach US $ 9.8 million in 2023.

The acquisition of the well intervention business of the Well Services Group contributed US $ 8.7 million to the overall group revenue in 2023 since the completion of the acquisition on 23rd August 2023. We anticipate this acquisition to generate a further US $ 38.1 million in revenues in 2024.

The strategic acquisition of the well intervention business of Well Services Group in 2023 positions Excellence Logging for a more balanced revenue distribution in 2024. Previously, our revenue stream leaned towards SDL services, accounting for 57% of the total. With the integration of Well

Services Group's expertise, we anticipate a significant shift, with SDL and WIN businesses contributing equally to group revenue.

This strategic move fosters a more balanced portfolio, mitigating dependence on any single business line. This diversification strengthens our market position and enhances our ability to weather potential fluctuations in oil prices. The combined expertise of Excellence Logging and Well Services Group positions us to capitalize on growth opportunities across both SDL and WIN segments, ultimately driving long-term sustainable development for the company.

Cash generated by the Group benefitted from higher activity levels and 2023 was a year of re-investment in the business with capital expenditure of US $ 5.9 million mainly relating to new SDL cabins, WIN trucks and trailers equipment and some maintenance capex.

In 2024 we expect revenue and EBITDA margins to be higher than in 2023. We are focused on capitalising on the current upcycles in the oil and gas industry to maximise cash generation and invest for the future to generate increased returns. We will maintain internal capital investment disciplines and therefore anticipate an increase in free cash flow in 2024. Overall Excellence Logging is well placed to deliver the energy support services the world needs for today and tomorrow.

The Business Environment

Commodity prices including oil and gas remained volatile during 2023 as the market reflected inflation data, expectations for future interest rates, and the implications for economic growth. The Brent oil price ended the year down 10% at US $ 77 per barrel, having spent much of the year between US $ 75 and US $ 85 per barrel, supported by a commitment to production quotas by OPEC. The primary drivers of volatility included the geopolitical tension in the Middle East that began in October between Israel and Hamas raising security concerns for the Strait of Hormuz and the on-going war between Ukraine and Russia impacting the acceptability of Russian energy supplies. The situations escalated in 2024 but with little direct impact on energy commodity prices.

	Brent Oil (i)	**North American Rig count (ii)**	**International Rig Count (iii)**
31 Dec 2023	77.63	708	948
31 Dec 2022	84.71	897	851
31 Dec 2021	77.24	606	755
31 Dec 2020	51.80	526	825
31 Dec 2019	66.23	1,079	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.
(iii) Average rig count – source Baker Hughes Rig Count

Business fundamentals remain the same and 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. From the table we can see there is a correlation between higher oil prices and increased rig-count activity. While the market prices for oil and gas fluctuate, our clients continue to base their investment decisions on long-term planning assumptions that remain supportive. In addition, the strategic impetus behind the need for Europe to remove its reliance on Russian gas, means back-filling existing capacity with new production to protect energy security as well as develop alternative energy solutions through the energy transition.

Against this positive backdrop, the market for surface data logging strengthened throughout the year as the industry recovered from a ten year low in global oil demand in 2020 to 101 million barrels per day in 2023. The message from many major oil companies remained one of capital discipline but, after years of under investment, tendering activity for new developments increased. Overall, order intake in 2023 increased for a third consecutive year. As a source of reliable energy, the hydrocarbon industry is likely to remain a key contributor to global production under all probable energy transition scenarios. Achieving this output will require significant on-going investment. Against this backdrop we anticipate continued robust demand for our SDL and WIN services alongside increasing demand to offset the emissions footprint of our client's developments into the next decade.

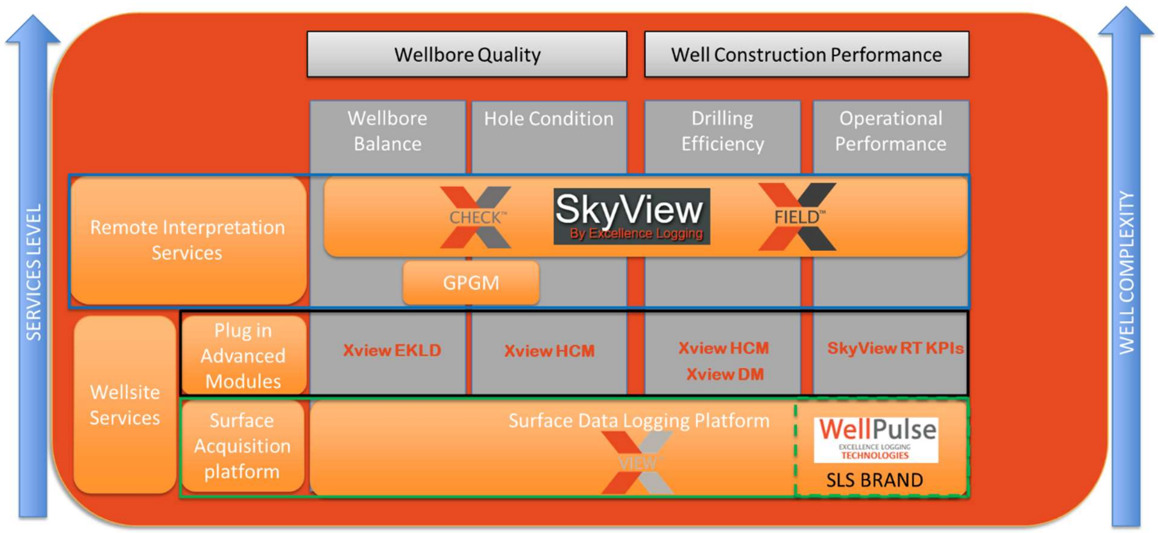
Competitive landscape

Exlog has two types of SDL 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 SDL market. The second category includes integrated and multi-service companies such as Schlumberger, Halliburton, and Baker Hughes. These companies have their own SDL 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 commoditized 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.

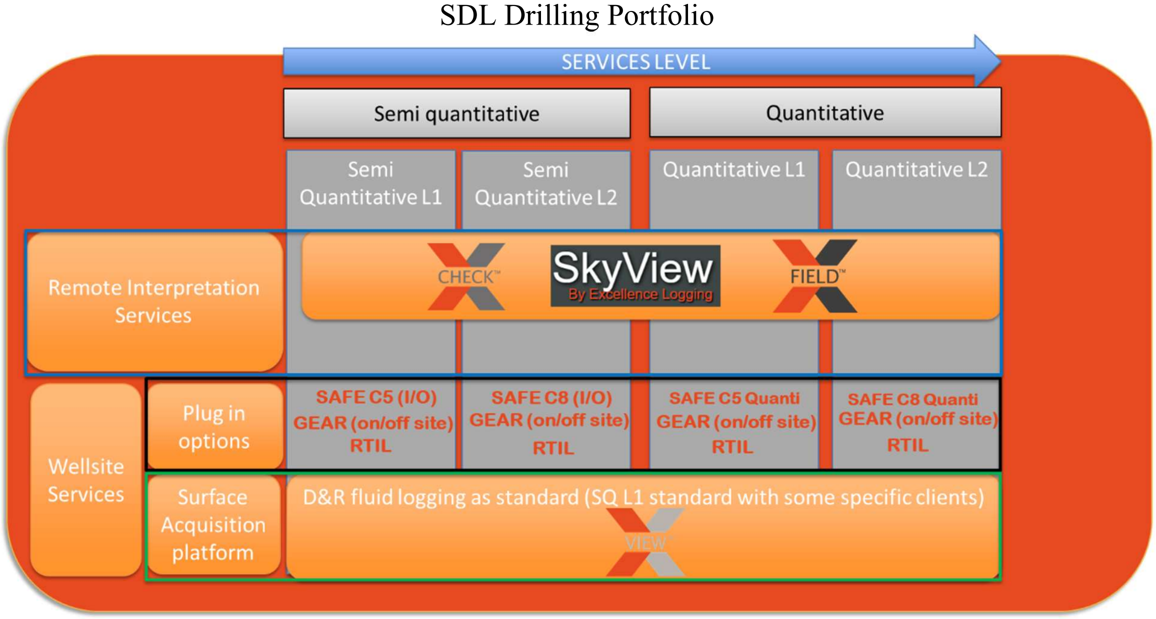
We believe that we have a competitive advantage in terms of performing SDL and WIN services efficiently. Exlog is well placed to push innovation, both from a business and technological model perspective, and continues to make progress in reducing the cost of production to help customers make oil and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

Technology:

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



SDL Drilling Portfolio



SDL Formation Evaluation Portfolio

Xview is the core acquisition system of Exlog SDL services. It is the first layer of data acquisition allowing Exlog SDL 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. 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 they be required in certain sales packages.

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 SDL 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 characterization. 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.

Technology and advanced services are key to Excellence Logging SDL profitability. When advanced services are contracted in addition to standard SDL, it highly improves the overall project profitability.

Advanced services revenue is growing faster than standard revenue, highlighting the increasing demand for sophisticated data acquisition and analysis. The contribution of advanced services to Exlog's overall revenue has steadily increased, reaching 13% in 2022, 14% in 2023, and a projected 16% in 2024. Furthermore, standard data logging services are significantly enhanced by the capabilities of advanced offerings, with an estimated 50% of standard revenue enabled by advanced services.

Looking deeper, the growth in advanced revenue can be attributed to specific areas of expertise. Formation Evaluation (FE) services were the key driver of advanced revenue growth in 2023, explaining 83% of the increase. Based on current trends, we expect FE services to remain a significant contributor in 2024 along with Real-Time Data Services (RTDS), accounting for an estimated 82% of the growth projected for this segment. This data underscores the increasing importance of advanced data acquisition and analysis for comprehensive reservoir characterization and wellbore decision-making.

Advanced services margins have experienced robust growth, with gross margin increasing by a notable 49% from 2022 to 2023. This demonstrates their increasing value proposition to clients. While the growth rate is anticipated to moderate to 28.3% in 2024, it signifies a sustained upward trend.

Advanced services are not only growing, but also acting as key profitability drivers. A detailed analysis reveals that Advanced Gas (ADG), GEAR, and EKLD services were the primary contributors to this success, collectively responsible for over 90% of the gross margin improvement in 2023. Notably, ADG led the surge with a 47% contribution, followed by GEAR at 28% and RTDS at 18%. This pinpoints areas of exceptional expertise within the advanced service portfolio, allowing SDL to capture a premium for its specialised skillsets. Furthermore, advanced services maintained a strong profitability margin of 69% year-over-year in 2023, underscoring their consistent value creation.

The profitability of standard services (STD) has also seen positive enhancement. This metric increased from 36% in 2022 to 42% in 2023, indicating successful strategic implementation. These improvements likely stem from a focus on high-value STD projects and proactive management of margins through price optimization when contracts allowed.

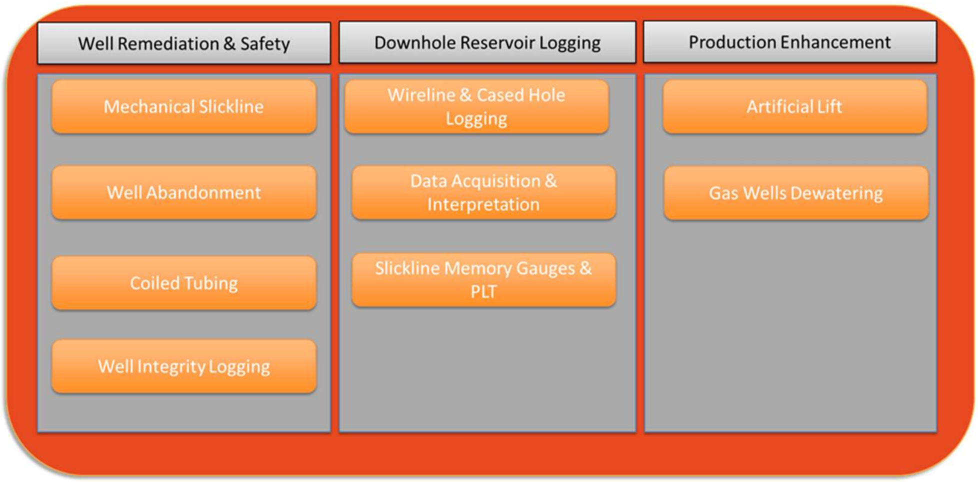
SDL's service model is a strategic advantage. Advanced services are experiencing high and growing profitability, while also significantly contributing to overall margin improvement. The success of both advanced and standard services highlights the effectiveness of SDL's service model positioning. By leveraging these strengths, SDL is well positioned for continued financial success.

By continuously innovating and expanding its technology portfolio, Excellence Logging is well-positioned to capitalize on the growing demand for advanced services in the surface data logging market. This focus on technology not only strengthens the company's competitive advantage but also translates directly to improved project profitability, especially when advanced services are bundled with standard offerings.

Exlog’s WIN 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 involves surface equipment which is used to increase the production of the well.



Well Intervention Portfolio

Well intervention maximizes profitability through a strategic approach to service complexity. Standard operations, like those performed with mechanical slickline, form the foundation of this approach. The pricing for these services reflects the technology and resources needed for standard operations, resulting in a lower cost.

However, higher profit potential lies in more intricate interventions. These involve deploying sophisticated tools like electrical slickline logging equipment to address complex wellbore challenges. The advanced nature of these interventions necessitates specialized equipment, a highly skilled workforce, and often carries a higher risk profile. As a result, these Well Intervention operations can justifiably charge more for these services compared to standard operations. This pricing structure reflects the added value delivered through these complex interventions, ultimately driving up profitability.

It is important to acknowledge that the path to advanced WIN services requires careful consideration. The capital expenditure (capex) required for this specialized equipment can be substantial. Therefore, well intervention maintains a rigorous approach when evaluating new projects and expanding its advanced service offerings. While the potential for increased margins is undeniable, ensuring a healthy return on investment remains a critical factor in the decision-making process.

2023 saw a significant development for Excellence Logging's well intervention business line with the acquisition of the well intervention activity of Well Services Group (WSG). This strategic move consolidated Exlog's offerings in coiled tubing, slickline, and well testing services, leading to an expanded market presence and enhanced capabilities in Northern Europe.

The WSG acquisition presents several opportunities for Exlog:

- Broadened Service Portfolio: Exlog now offers a comprehensive suite of well intervention services. This wider range of solutions allows us to cater to a more diverse set of customer requirements and optimize performance.
    - Strengthened Well Testing Expertise: The acquisition strengthens Exlog's capabilities in well testing, a sector with anticipated growth driven by Europe's

increasing focus on natural gas production and storage. This positions Exlog to participate in this potentially lucrative market segment.

- Extended Geographic Reach: By integrating Well Services Group's established presence in Northern Europe, Exlog gains a stronger foothold in this strategic region. This expanded geographic footprint opens doors to new client opportunities and market segments.

The successful integration of the Well Services Group well intervention business is expected to generate synergies and contribute to Exlog's long-term growth strategy. This move demonstrates Exlog's commitment to strategic expansion and its focus on positioning itself for success in evolving market dynamics.

Performance

In 2023, Exlog reported revenues of US $ 148.7 million (2022:US $ 116.8 million), net operating profit of US $ 13.2 million (2022: US $ 7.1 million) and EBITDA of US $ 28.3 million (2022: US $ 21.6 million), as the group benefits from the upcycle in the oil and gas industry. Over the course of the year, our SDL and WIN projects began a gradual shift from those won in weaker market conditions to more recent awards with improved pricing and cash flow profile. Our progress this year stems from the increase in activity in the oil and gas market:

-acquisition of the well intervention business of the Well Services Group in northern Europe,

-leveraging the tightening market by being more selective on projects we choose to undertake to improve pricing and payments terms of our contracts,

-successful in new contract awards for major customers of the Group securing repeat business with better pricing and margins,

-growth in our advanced services offering and our technology in readiness for energy transition requirements of our customers,

-continued to deliver a strong safety performance with four lost-time injury during the year (2022: five)

The SDL business unit experienced a strong order book with revenue increasing by 34% in the Europe and Africa region and the Middle East. The WIN business unit continued to make progress with revenue increasing by 6% (excluding acquisition revenues) with activity increasing in Europe and Angola. In a year of prolonged upcycle for Exlog, higher tendering activity resulted in strong order intake and tightening fleet capacity supported an improvement in pricing over the course of the year.

Future Developments

The Brent oil price ended the year down 10% at US $ 77 per barrel having spent much of the year between US $ 75 to US $ 85 per barrel supported by a commitment to production quotas by OPEC.

As a source of reliable energy, the hydrocarbon industry is likely to remain a key contributor to global production under all probable energy transition scenarios. Achieving this output will require significant on-going investment. Against this backdrop we anticipate continued robust demand for our SDL and WIN services alongside increasing demand to offset the emissions footprint of our client's developments into the next decade.

Our strategic priorities for the year ahead include:

-continue to improve future profitability through selective tendering,

-closely monitor and manage the SDL and WIN supply chain, monitoring the sharp uptick in general inflation especially in countries such as Argentina,

-collaborate and seek out acquisitions with attractive economics which bolt on to the existing business,

-re-investment in the business by upgrading our European truck fleet to meet new regulations

-optimize equipment/fleet utilization and reduce emissions and our carbon footprint,

-enable advanced technology to capture the emerging energy transition market including a global deployment of the advanced Xview technology to enhance advance services offerings.

The geopolitical tension in the Middle East that began in October between Israel and Hamas raising security concerns for the Strait of Hormuz and the on-going war between Ukraine and Russia has had little impact on operations as Exlog does not have any operations in these locations.

We currently expect that revenue in 2024 will be in the range of US $ 192 – 196 million, driven by SDL growth in the Middle East, acquisition of the well intervention business of Well Services Group with consequential improvement in EBITDA and cash generation.

Environmental Social and Governance (ESG)

As the energy transition accelerates, we are focused on reducing the carbon footprint of our oilfield services while monitoring, limiting and balancing our own carbon emissions with the most efficient offset measures appropriate to the geography and infrastructure where we work, making net-zero operations our goal. In parallel with this, we are targeting those sectors of the low-carbon energy market, including hydrogen and geothermal, that offer the greatest opportunities for our technology and expertise to be of value and application to customers and consumers. We are therefore committed to the policies and systems that actively monitor all aspects of our ESG performance, with specific concern for employee and contractor health and safety, care for the environment, respect for the communities in which we live and work, good ethical behaviour and strong business governance. We continually identify and assess the risks associated with our activities to be able to put the most appropriate management, mitigation and control measures in place. Our strategic direction is backed by the integral elements and policies of our management system. These support our goals to comply with all relevant health and safety standards in the countries in which we operate; protect the environment through best environmental practices; achieve and maintain excellence in all quality aspects of our operations; develop and sustain irreproachable ethical behaviour in every country in which we conduct business; and optimize security, including cybersecurity to minimize exposure of personnel, assets and information to potential threats.

Excellence Logging seeks to make a positive impact on sustainable development in its industry and community through the application of its technologies, operations, processes and practices to the projects on which it works.

The Excellence Logging ESG Charter expresses this ambition and establishes the framework of measurable targets as the company works to respond to climate change and other major global development challenges.

Our Charter is built on industry standards and practices in support of the United Nations Sustainable Development Goals (UNSDG) and is further underpinned by the Excellence Logging Management System. This structure reflects our belief that sustainability ambitions must go beyond business as usual to provide a defense against inflated claims of impact or effect. Linked in this way, the UNSDGs, which are long term, provide a strategic axis for us to demonstrate continuous progress in our operations, standards, services and products.

Five pillars make up our Charter:

-climate change & energy usage

-social commitment

-environment

-safety, health & security

-governance & business ethics.

Excellence Logging's commitment to ESG goes beyond establishing a framework. Our 2023 assessment by APEX, a leading ESG evaluation firm, reflects significant progress compared to our 2022 scores. We saw substantial improvements across all three pillars: Environment (E), Social (S), and Governance (G), with our scores increasing from 13-26-46 to 64-72-78, respectively. This strong performance underscores our dedication to continuous improvement in ESG practices.

Environmental Advancement: A key area of focus in 2023 was reducing the environmental footprint of our operations. We implemented several initiatives to achieve this, including:

- Optimizing energy usage to minimize fuel consumption and emissions as well as water usage.
- Exploring alternative power sources for wellsite operations.

The success of these initiatives is reflected in our improved environmental score within the APEX assessment. We remain committed to seeking opportunities to further minimize our environmental impact.

Social Responsibility: Our commitment to social responsibility extends to both our employees and the communities where we operate. In 2023, we:

- Increased investment in employee training and development programs.
- Enhanced safety protocols and implemented new initiatives to promote employee well-being.
- Strengthened our community engagement programs, focusing on education and environmental sustainability initiatives.

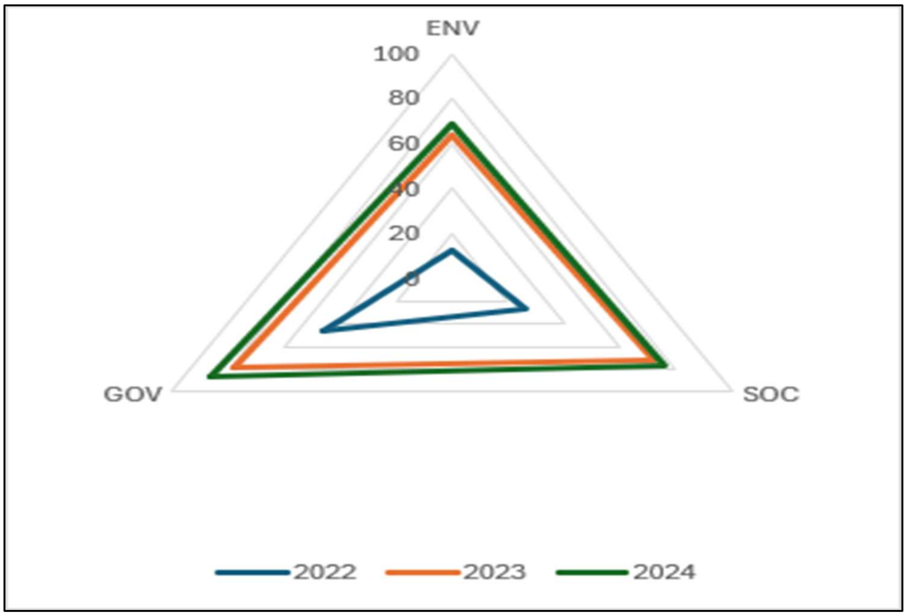
These efforts contributed to a significant improvement in our social score within the APEX assessment. We are committed to fostering a positive social impact and will continue to prioritize the well-being of our employees and the communities we serve.

Governance and Transparency: Excellence Logging maintains strong corporate governance practices and is committed to transparency. During 2023, we:

- Enhanced our internal ESG management systems for continuous monitoring and improvement.
- Published our first comprehensive ESG report (can be downloaded here: https://www.exlog.com/esg, providing stakeholders with a detailed overview of our sustainability efforts.
- Strengthened our risk management framework to address potential ESG challenges proactively.

The Group appointed APEX ESG services to benchmark Exlog against best in class ESG measures and provide data analytics tools for improvement of the environmental impact that positively impacts the business for a sustainable tomorrow. These actions resulted in a significant improvement in our governance score by APEX. We are committed to upholding the highest ethical standards and maintaining transparency in all our business practices.

The progress we made in 2023 demonstrates Excellence Logging's dedication to ESG principles. We are confident that by continuing to focus on these areas, we can make a positive contribution to a sustainable future for our industry and the communities we serve.



In 2023 & 2024, the company continued its ESG actions that focus on reducing carbon footprint and expanding energy transition technologies and APEX measures shows demonstrable improvement across the years:

	APEX Rating		
	Q3/2022	Q1/2023	Q1/2024
E	13	64	69
S	26	72	76
G	46	78	86

FINANCIAL REVIEW

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

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Revenue	148,672	116,797
EBITDA	**28,287**	**21,622**
Depreciation (note 6)	(11,951)	(11,081)
Amortisation (note 6)	(1,772)	(2,450)
Impairment (note 14)	(371)	-
Inventory charges (note 6)	(1,034)	(982)
Operating profit	**13,159**	**7,109**
Acquisition/Restructuring costs (note 6)	(1,337)	(837)
Foreign exchange (loss) / gain (note 8)	(5,431)	(1,990)
(Loss)/Profit on disposal of assets (note 8)	(6)	59
Net finance costs (note 10)	(7,416)	(4,337)
(Loss) / profit before tax	**(1,031)**	**4**
Taxation (note 11)	(4,041)	(1,979)
Net loss	**(5,072)**	**(1,975)**

* EBITDA is a non-GAAP measure and adds back restructuring costs, foreign exchange gain/loss and profit/loss on disposal. There are no other adjustments in arriving at this number. **EBITDA margin % is EBITDA / Revenue.

Revenue & EBITDA

Group revenue for the year ended 31 December 2023 was US $ 148.7 million (2022: US $ 116.8 million), an increase of 27%. 2023 was a year of positive upcycle for Exlog. This includes US $ 8.7 million of revenues from the acquisition of the WIN operations from the WSG. On a like for like basis group revenue increased by 20%. The group experienced a recovery in demand for both SDL and WIN services in 2023, supported by the continued drive of major economies for energy security and decarbonisation. The year-on-year increase was mainly due to increased SDL activity in the Middle East and Europe and WIN activity in Europe and Angola.

EBITDA was US $ 28.3 million (2022: US $ 21.6 million) equivalent to a margin of 19.0% (2022: 18.5%) and reflects strong order intake, rapid tightening of fleet/equipment availability with a consequential improvement in new project margins. The EBITDA result includes US 0.4 million profit of the newly acquired WIN operations from the WSG.

Net operating profit

Operating profit for the year ended 31 December 2023, was US $ 13.2 million (2022: US $ 7.1 million). As noted above, the improved financial performance was supported by improved results in both SDL and WIN business units as the demand for the group's services in the oil and gas sector increased.

Net loss

Net loss was US $ 5.1 million (2022: US $ 2.0 million). The net loss in 2023 was primarily due to:

- The operating profit of US $ 13.2 million.
- Foreign exchange loss of US $ 5.4 million. The weakening of the $ against the € resulted in an exchange loss on the € loan facility together with a 39% devaluation of the Angolan Kwanza due to lower oil prices and a 78% devaluation of the peso in Argentina which remains a hyperinflationary economy resulting in exchange losses.
- Net finance costs were US $ 7.4 million on the term loan facility and € loan facility which is up on the previous year due to an increase in interest rates.
- Taxation charge for the year was US $ 4.0 million as the Group continues to meet its responsibility to pay taxes locally.
- Net loss includes US $ 2.6 million loss in respect of the acquired operations of the WIN operations from the WSG as the business set up its standalone infrastructure.

Cash and Net debt

The Group's liquidity improved through net cash generation of US $ 0.8 million. The Group held cash and cash equivalents of US $ 9.8 million (2022: US $ 10.3 million) and had borrowings of US $ 67.5 million (2022: US $ 55.6 million) and unutilised credit facilities of US $ 4.5 million (2022: US $ 4.2 million).

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Cash and cash equivalents beginning of year	10,285	7,129
Net cash generated from operating activities	10,840	8,149
Net cash used in investing activities	(28,590)	(4,960)
Net cash generated from financing activities	18,595	93
Effect of exchange rate differences	(1,326)	(126)
Cash and cash equivalents end of year	**9,804**	**10,285**

Net cash generated from operating activities was US $ 10.8 million (2022: US $ 8.1 million) driven by improved profitability. Net cash used in investing activities was US $ 28.6 million (2022: US $ 5.0 million) including the acquisition of the well intervention business for US $ 22.0 million with a further US $ 3.3 million payment due in 2024. Other investing activities included mainly expenditure on research and development and capital expenditure on SDL units and WIN trucks, cranes and trailers. Net cash generated from financing activities was US $ 18.6 million (2022: US $ 0.1 million) including the issue of fixed return preference shares of US $ 11.0 million and a convertible loan note for US $ 10.0 million. This was offset by a US $ 0.5 million repayment of the revolving credit facility and repayment of lease liabilities.

Net debt on 31 December 2023 was US $ 59.4 million (2022: US $ 46.8 million). Net cash generated from the business was offset by rolled up interest on the € loan facility together with lease liabilities from the WIN acquisition and renewal of lease facilities for existing operational facilities.

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Cash	9,804	10,285
Less restricted cash (refer to note 18)	(1,705)	(1,525)
Borrowings	(67,467)	(55,576)
Net debt	**(59,368)**	**(46,816)**

In view of the debt maturity profile, subsequent to the balance sheet date, the directors have taken the opportunity to refinance the bank debt and this was successfully completed on 6 June 2024 – see note 36.

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 about 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 Enduring Need for Hydrocarbons:
The global energy landscape presents a multitude of challenges and opportunities. While the urgency to address climate change is undeniable, the immediate displacement of hydrocarbons by

renewables is simply not feasible. The scale of the global energy demand requires a diverse and reliable energy mix, where oil and gas will continue to play a critical role for the foreseeable future.

Renewables: A Part of the Solution, Not the Entire Answer:
The growth of renewable energy sources like solar and wind is commendable. However, their intermittent nature creates significant challenges in meeting baseload power requirements. Additionally, the infrastructure needed to integrate and distribute large-scale renewable energy generation into existing grids is costly and time-consuming.

Focus: Secured and Sustainable Hydrocarbons:
The immediate concern is not "if" hydrocarbons will be needed, but rather "from where" they will be sourced. Existing reserves have finite volumes and deplete at predictable rates. The geopolitical landscape further complicates the issue, as uncertainties in key producing regions can disrupt supply and exacerbate price volatility.

The Strategic Importance of Reliable Sources:
In this context, reliable and responsible producers like the United States and select countries in the Middle East become critical partners in ensuring stable and secure energy supplies. These regions possess significant reserves, coupled with established infrastructure and expertise. Importantly, many responsible producers are also making strides in reducing their environmental footprint through investments in carbon capture and storage technologies.

Offshore: A Vital Source for the Future:
Offshore and deep-water exploration and production remain vital for maintaining global energy security. These regions hold substantial reserves but require advanced technology and significant investments. International Oil Companies (IOCs) navigating the energy transition need to balance these investments with sustainability efforts.

Exlog's Commitment to Responsible Energy:
Exlog recognizes the complexities of the energy transition. While we support the development and integration of renewable energy sources, we also believe that responsible and sustainable production of hydrocarbons remains essential for a stable and secure energy future. We are committed to collaborating with our clients and stakeholders to navigate this evolving landscape and contribute to a responsible energy future for all.

The global energy mix of the future will likely be a combination of various sources, including renewables, hydrocarbons, and potentially new technologies. While renewables will play an increasingly important role, their large-scale integration will be gradual. In the meantime, secure and responsible sources of hydrocarbons will remain critical for meeting global energy needs. Exlog is committed to supporting this transition in a responsible and sustainable manner.

Competition risk

Excellence Logging operates in a competitive market with services normally awarded on a competitive bid basis. 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 surface data 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 surface data 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 mobilization 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 for the group to remit earnings out of the country. Access to capital markets is difficult and expensive in the current climate. The Board of directors recognised there is a liquidity risk as the Group's bank debt approaches maturity. Debt maturity in respect of the final repayment of the senior debt facility and multi-currency revolving credit facility is April 2025 and the Euro loan PIK facility is October 2025. In order to ensure the Group is not exposed to excessive refinancing risk, the Board of directors opened discussions with lenders with a view to refinancing the bank debt and on 6 June 2024, the company issued a 11.5% corporate bond in the Norweigian market of US $ 100 million – see note 36 for further details.

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 suffered Covid-19 infections since the declaration of the global Covid pandemic in 2020. Future restrictions on movement have the potential to negatively impact Exlog and specifically the operating companies and management has processes in place for risk mitigation.

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 recognize 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 conduct 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 surface data 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 to 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 benefit from the positive momentum to meet customer needs as the market recovered from post Covid-19 and the global demand for energy rebounded with supply side constraints creating inflationary pressures.

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 neighbor 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. Management continues to develop the Environmental, Social and Governance program, targeting specific projects in each geographic region that contribute to sustainability initiatives and selecting those that have maximum impact on the five pillars that make up our charter.

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 recognize the importance of a continuing

and effective dialogue. The main topic of engagement recently has been the growth of the business post Covid-19 and keeping shareholders and debt investors abreast of market developments and outlook and how the Board plans to take opportunity of this positive momentum whether through organic or acquisitive growth.

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

DocuSigned by:
John Lechner
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John Lechner
Director
2 August 2024

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)
Bruno Patrick Burban (appointed 14 July 2017)
William James Wright (appointed 14 July 2017)
Mark Simon Dickinson (resigned 1 May 2023)
John Michael Lechner (appointed 3 April 2020)

Results

The loss for the year, after taxation, amounted to US $ 5,072,000 (2022: loss US $ 1,975,000). Future developments of the group are discussed on page 14 of the strategic report and technological advancements and how they impact the group are discussed on page 10-13 of the strategic report.

People

On 31 December 2023, the number of employees in the Group was 1,712 (31 December 2022:1,285).

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 surface data 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. The Group is not required to report under streamlined energy carbon reporting (SECR) as it uses less than 40,000 kWh energy in the UK in a reporting period.

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 82 days (2022: 69 days).

Charitable and political donations

The Group has made no charitable or political donations during the year (2022: US $ nil).

Dividends

No interim dividend was paid (2022: US $ nil) and the directors are not proposing to pay a final dividend for the year ended 31 December 2023 (2022: 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

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 36 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.

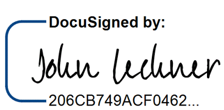
Company law requires the directors to prepare financial statements for each fiscal year. Under that law the directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the Group financial statements have been prepared in accordance with UK adopted international accounting standards and for the Company financial statements applicable UK Accounting Standards have been followed 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,



John Lechner
Director
2 August 2024

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 at 31 December 2023 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 properly 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 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and the Company Balance Sheet, the Consolidated and the Company Statement of Changes In Equity, the Consolidated Cashflow Statement and the notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and 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.

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 or 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 Directors 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 in the course of 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 in the course of 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 in the course of 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’s 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 on the basis of 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 are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Company and Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group’s policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework and local tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the local health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these; and

Based on our risk assessment, we considered the areas most susceptible to fraud to be manipulating revenue and EBITDA through fictitious journal entries.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias including Goodwill impairment, the purchase price allocation of the acquired Netherlands business and estimates of required expected credit losses.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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
2 August 2024

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 2023

	Note	Year ended 31 December 2023 US $'000	Year ended 31 December 2022 US $'000
Revenue	5	148,672	116,797
Cost of sales		(110,656)	(90,691)
Gross profit		**38,016**	**26,106**
Administrative expenses		(24,857)	(18,997)
Operating profit	6	**13,159**	**7,109**
Restructuring costs	6	(1,337)	(837)
Other loss	8	(5,437)	(1,931)
Finance income	10	1,487	1,926
Finance costs	10	(8,903)	(6,263)
(Loss) / profit before taxation		**(1,031)**	**4**
Taxation	11	(4,041)	(1,979)
Net loss for the year		**(5,072)**	**(1,975)**

All amounts arise from continuing operations.

The accompanying notes are an integral part of these financial statements.

EXCELLENCE LOGGING HOLDING LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	31 December 2023 US $'000	31 December 2022 US $'000
Net loss for the year attributable to Owners of the parent	(6,766)	(1,822)
Net profit / (loss) attributable to non-controlling interests	1,695	(153)
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations and hyper inflation adjustments	(4,323)	1,577
Items that may not be reclassified to profit or loss in subsequent periods:		
Actuarial gain / (loss)	28	(58)
Total comprehensive loss for the year	(9,366)	(456)

	31 December 2023 US $'000	31 December 2022 US $'000
Total comprehensive loss attributable to:		
Owners of the parent	(10,987)	(308)
Non-controlling interests	1,621	(148)
	(9,366)	(456)

The accompanying notes are an integral part of these financial statements.

EXCELLENCE LOGGING HOLDING LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

ASSETS	**Note**	**31 December 2023 US $'000**	**31 December 2022 US $'000**
Non-current assets			
Property, plant and equipment	12	36,381	22,852
Goodwill	13	34,761	23,905
Other intangible assets	14	6,232	5,125
Deferred tax asset	26	109	1,493
Other non-current assets	30	1,240	1,208
		78,723	**54,583**
Current assets			
Trade and other receivables	16	38,550	30,363
Other current assets	17	14,475	10,130
Inventory	15	7,937	8,767
Current tax assets		2,390	2,780
Cash and cash equivalents	18	9,804	10,285
		73,156	**62,325**
Total Assets		**151,879**	**116,908**
Non-current liabilities			
Borrowings	21	(56,837)	(46,727)
Retirement benefit obligations	24	(3,334)	(3,385)
Deferred tax liabilities	26	(330)	(1,893)
Other non- current liabilities		(612)	-
		(61,113)	**(52,005)**
Current liabilities			
Trade and other payables	19	(23,463)	(17,411)
Borrowings	21	(10,630)	(8,849)
Current income tax liabilities		(2,969)	(2,138)
Other current liabilities	20	(20,023)	(13,081)
Provisions for liabilities	25	(134)	(525)
		(57,219)	**(42,004)**
Total Liabilities		**(118,332)**	**(94,009)**
Net Assets		**33,547**	**22,899**
EQUITY			
Share capital	27	167,453	156,464
Capital reserve		23	23
Convertible loan reserve	28	9,024	-
Translation reserve		(9,453)	(5,204)
Accumulated losses		(135,479)	(128,741)
Equity attributable to owners of the Company		31,568	22,542
Non- controlling interests		1,979	357
Total Equity		**33,547**	**22,899**

The accompanying notes are an integral part of these financial statements.
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
2 August 2024

EXCELLENCE LOGGING HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital US $'000	Translation reserve US $'000	Accumulated loss US $'000	Capital Reserve US $'000	Convertible loan reserve US $'000	Total US $'000	Minority Interest US $'000	Total equity US $'000
Balance on 1 January 2022	**156,464**	**(6,776)**	**(126,861)**	**23**	**-**	**22,850**	**505**	**23,355**
Loss for the year	-	-	(1,822)	-	-	(1,822)	(153)	(1,975)
IAS 29 Hyperinflation	-	1,833	-	-	-	1,833	-	1,833
Other comprehensive expense for the year	-	(261)	(58)	-	-	(319)	5	(314)
Total comprehensive income for the year	-	1,572	(1,880)	-	-	(308)	(148)	(456)
Balance on 1 January 2023	**156,464**	**(5,204)**	**(128,741)**	**23**	**-**	**22,542**	**357**	**22,899**
Ordinary shares issued	10,989	-	-	-	-	10,989	-	10,989
Equity component convertible debt (note 28)	-	-	-	-	9,024	9,024	-	9,024
Loss for the year	-	-	(6,766)	-	-	(6,766)	1,695	(5,071)
IAS 29 Hyperinflation	-	1,427	-	-	-	1,427	-	1,427
Other comprehensive expense for the year	-	(5,676)	28	-	-	(5,648)	(73)	(5,721)
	10,989	(4,249)	(6,738)	-	9,024	9,026	1,622	10,648
Balance on 31 December 2023	**167,453**	**(9,453)**	**(135,479)**	**23**	**9,024**	**31,568**	**1,979**	**33,547**

EXCELLENCE LOGGING HOLDING LIMITED

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 US $'000	31 December 2022 US $'000
Loss for the year		**(5,072)**	**(1,975)**
Adjustments for:			
Restructuring costs	6	-	837
Impairment	14	371	-
Net finance costs	10	8,843	6,168
Income tax charge	11	4,041	1,979
Depreciation of property, plant and equipment	12	11,951	11,081
Obsolescence of inventory	6	1,034	982
Amortisation of intangible assets	14	1,772	2,450
Foreign exchange (gain) / loss		1,852	(1,357)
Monetary adjustment due to hyper inflation	10	(1,427)	(1,831)
(Gain) / loss on disposal of property, plant and equipment	8	6	(59)
Operating cash flows before working capital movement		**23,371**	**18,275**
Increase in inventory		(9)	(1,639)
Increase in receivables		(3,798)	(8,540)
Decrease in payables and provisions		(2,005)	4,051
Cash generated operations		**17,559**	**12,147**
Income taxes paid		(3,673)	(2,360)
Net interest paid		(3,046)	(1,638)
Net cash generated from operating activities		**10,840**	**8,149**
Investing activities			
Acquisition of subsidiary net of cash acquired	32	(21,991)	-
Payments to acquire tangible fixed assets		(5,967)	(4,570)
Receipts from sales of tangible fixed assets		-	350
Expenditure on new product development	14	(632)	(740)
Net cash used in investing activities		**(28,590)**	**(4,960)**
Financing activities			
Proceeds from issue of shares	27	10,989	-
Proceeds from issue of convertible loan note	28	10,000	-
Drawdown o bank loan	22	(500)	1,297
Repayment of bank loan	22	122	-
Repayment of finance leases	22	(2,016)	(1,204)
Net cash flows generated from financing activities		**18,595**	**93**
Net increase in cash and cash equivalents		**845**	**3,282**
Cash and cash equivalents at beginning of year		10,285	7,129
Net increase / (decrease) in cash and cash equivalents		845	3,282
Effect of foreign exchange rate changes		(1,326)	(126)
Cash and cash equivalents at end of year	18	**9,804**	**10,285**

The accompanying notes are an integral part of these financial statements.

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 2023.

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

The consolidated financial statements have been prepared on the going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 17. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 18 to 20. Further information on the Group's borrowing arrangements is contained in note 21 and 22 of the financial statements. In addition, note 23 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and exposure to credit risk and liquidity risk.

The Group retained a strong cash position with cash and cash equivalents of US \$ 9.8 million at 31 December 2023 and has US \$ 5.8 million multi-currency revolving credit and guarantee facility remaining unutilised at the balance sheet date. The Group finances its operations through US \$ 167.5 million of shareholder equity and US \$ 60.2 million of bank and convertible loan note debt. The objective is to ensure that there is sufficient cash or committed facilities to meet its day to day working capital requirements and that there is sufficient cash or committed facilities to meet the cash flow requirements of the Group for its current business plan.

On 6 June 2024, the company issued a 11.5% senior secured corporate bond in the Norweigian market of US \$ 100 million and used the funds to repay its existing debt facilities as follows: US \$ 40.6 million of its Euro loan PIK facility with Beechbrook Capital, US \$ 16 million of its Senior Secured Term Loan with M&G Capital and HSBC, US \$ 7.5 million of outstanding revolving credit facility with HSBC. In addition, the Group paid US \$ 27.6 million of accrued interest on senior preferred shares. The corporate bond matures on 6 June 2029 and is only subject to limited covenant (leverage ratio and minimum liquidity) and is secured over the assets of the company. The Group retains its revolving credit facility which is subject to two financial covenants, cashflow cover and leverage ratio. The cashflow cover covenant is essentially a test to ensure operational cashflows can service the financial expenses of the Group.

This debt restructuring is providing US $ 8 to US $10 million of additional liquidity to support and accelerate growth strategy of the Group. With the new bonds maturing in 2029 and the free cash flow profile of the Group, the Board of directors considers there is liquidity risk is mitigated.

Management has performed stress tests of future cash flow forecasts to evaluate the impact of severe but plausible downside scenarios. These include scenarios which reflect the loss of major contracts in our largest and most profitable territories, increasing costs and interest rates rising. Each of these scenarios could adversely impact the Group. Management has also performed reverse stress testing through modelling of reasonable worst-case scenarios to test the robustness of the business model to identify events or a combination of events that could present liquidity risk or a breach of covenant. In all reasonably plausible downside scenarios management identified no forecast breaches of banking covenants and demonstrated sufficient liquidity for the Group for the going concern period to 31 December 2025.

As a result, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 going concern basis. This assumption is based on the level of cash and cash equivalents at the year end, the credit and bond facilities in place, and the forecast cash flows for the Group.

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

Several amendments to existing IFRS were applied for the first time in 2023. There was no material impact on the consolidated financial statements of the group as a result.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. There are no IFRS standards or amendments that have been issued but not yet adopted that are expected to have a material impact on the Group.

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 are detailed below. There was no critical accounting judgements in the period.

Critical accounting estimates:

Purchase price allocation

Assets and liabilities assumed when control is obtained over a business are recognised at their fair value at the date of acquisition; the amount of purchase consideration above this value is recognised as goodwill. Estimates used in assessing fair value of assets and liabilities were based mainly on level 2 inputs including:

- third party expert's valuation of property, plant and equipment;
- the value of customer intangibles which are valued based on estimates including revenue forecasts, customer attrition, weighted average cost of capital and contributory charges.

Adverse changes in revenue forecasts could cause the values of tangible and intangible assets to be impaired.

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 2.5 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 2.5 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. Growth rates are adjusted upwards or downwards to reflect known market developments in the region. These growth rates have been used to extrapolate EBITDA and cash flows beyond the 2.5-year plan period; and
- For the current year a post-tax weighted average cost of capital (WACC) of 16.7% (2022: 18.6%) is applied to the cash flow projections except for Argentina where the

WACC is adjusted to 22.7% to allow for a higher country risk premium. Sensitivities have been considered 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 recoverability of development costs is based on discounted future cash flows based on business forecasts of revenues generated from new product development (NPD) and are difficult to estimate. Adverse changes to forecasts could cause the values of this intangible asset to be impaired. In 2023, there was an addition of US $ 0.6 million (2022: US $ 0.7 million), refer to note 14.

Expected credit losses (ECLs)
At each reporting date the Group assesses 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 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. There was no expected credit losses recognised in the period.

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. Acquisition related costs during the year were US $1.3 million (2022: 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 on short-term contracts which can be for a period of 1 to 3 years. 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 short term contract basis. 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’.

The Group has established the following 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 unless they are unavoidable and in such cases are calculated on a least net cost basis.

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.

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.

Convertible loan notes

Compound financial instruments issued by the Group comprise convertible notes denominated in USD that can be converted to common shares at the option of the holder, whereby the number of common shares to be issued is fixed, regardless of changes in their fair value. The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. Where the convertible loan note is modified, the debt and equity components are adjusted to reflect the new terms. The equity component is initially recognised in the convertible loan reserve at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component is not remeasured. Interest related to the financial liability is recognised in profit or loss. On conversion the financial liability is reclassified to equity and no gain or loss is recognised.

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 2023	2022	3,533.19	816%
31 December 2022	2021	1,134.58	300%
31 December 2021	2020	582.46	285%
31 December 2020	2019	385.88	209%

The cumulative inflation rate over 3 years as of 31 December 2023 is 816% (2022:300%) 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	2023	2022
	USD'000	USD'000
(Increase) / decrease in revenue	5,881	(98)
(Increase) / decrease in EBITDA	(278)	(10)
Net monetary gain	1,427	1,831
(Increase) / decrease in profit after tax	637	131

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 2023 US $'000	31 Dec 2022 US $'000
Surface data logging services	76,489	57,058
Well intervention services	67,101	54,891
Data & Consultancy services	2,103	2,292
Equipment sales	2,979	2,556
	148,672	116,797

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 2023 US $'000	31 Dec 2022 US $'000
Europe and Africa	67,412	48,331
North America	12,068	10,132
Latin America	20,021	20,768
Asia Pacific	11,208	10,783
Middle East	37,963	26,783
	148,672	116,797

Revenues of approximately US $ 21.8 million (2022:US $ 19.0 million) are derived from a single external customer.

6. Operating profit

Operating profit is stated after charging:

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Depreciation of property, plant and equipment (note 12)	11,951	11,081
Obsolescence of inventory	1,034	982
Amortisation of intangible assets (note 14)	1,772	2,450
Impairment of intangible asset (note 14)	371	-
Research and development costs	523	507
Net allowance for expected credit losses for financial assets	46	66
Lease rentals	9,246	8,914
Employee benefits (note 9)	60,287	52,800

Acquisition/Restructuring costs

In 2023, the Group incurred US $ 1.3 million of acquisition costs in respect of acquiring the well intervention business of the WSG Group in Northern Europe. In 2022, the Group incurred specific restructuring costs in respect of operations in the USA and Latin America. As a result, costs of US $ 0.8 million were incurred, mainly relating to termination payments.

7. Auditor remuneration

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Fees payable to company's auditor and its associates for the audit of parent company and consolidated financial statements	580	417
Fees payable to company's auditor and its associates for other services:		
-The audit of the company's subsidiaries	620	252
-Tax advisory services	166	15
-Non audit other assurance services	12	22
	1,378	706
Fees payable to company's other component auditors		
-The audit of the company's subsidiaries	167	178
-Tax advisory services	79	64
-Non audit other assurance services	-	-
	246	242

8. Other losses

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Foreign exchange loss / (gain)	5,431	1,990
(Gain) / loss on disposal of fixed assets	6	(59)
	5,437	1,931

9. Employee 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 2023 Number	31 Dec 2022 Number
Field staff & New product development	1,403	1,152
Support staff	160	133
	1,563	1,285

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Wages and salaries	51,800	45,650
Social security costs	7,202	5,682
Other pension costs	1,285	631
	60,287	51,963
Restructuring costs	-	837
	60,287	52,800

9. Employee benefit costs and employee numbers (continued)

Key management compensation

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Short term employee benefits	1,459	1,206
	1,459	1,206

Highest paid director

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Short term employee benefits	764	671
	764	671

Key management are considered to be the directors of the company. The emoluments of 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 2023 US $'000	31 Dec 2022 US $'000
Finance income		
- Bank interest	-	-
- Other financial income	60	95
- Monetary adjustment due to hyperinflation	1,427	1,831
Finance income	1,487	1,926

10. Finance income / costs (continued)

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Finance costs		
- Bank interest expense	8,025	5,354
- Other finance costs	878	909
Finance costs	8,903	6,263

11. Taxation

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
Current tax charge		
– Current year	4,219	2,522
– Prior year	-	-
Total current tax	4,219	2,522
Deferred taxation (note 26)		
Origination and reversal of timing differences		
– Current year	(178)	(543)
– Prior year	-	-
Total deferred tax	(178)	(543)
Total tax charge for the year	4,041	1,979

11. Taxation (continued)

Reconciliation of the total tax charge:

	31 Dec 2023 US $'000	31 Dec 2022 US $'000
(Loss)/profit before tax:	(1,031)	4
Tax at the UK corporation tax rate of 23.5% (2022: 19%)	(242)	1
Other permanent differences	5,085	1,935
Different tax rates of subsidiaries	(1,350)	(78)
Withholding tax and unrelieved overseas taxes	1,594	1,086
Tax effect of income not taxable	(367)	(946)
Movement in un-provided deferred tax	(679)	(19)
Prior year adjustments	-	-
Tax charge for the year	4,041	1,979

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 2023 for the purpose of the reconciliation of the total tax charge is 23.5% which corresponds to the blended tax rate applicable to UK entities (2022: 19%).

12. Property, plant and equipment

	Land & buildings US $'000	Plant & equipment US $'000	Right of use assets US $'000	Total US $'000
Cost				
On 1 January 2023	193	68,864	10,343	79,400
Additions	-	6,036	1,428	7,464
Acquisition of subsidiary	-	13,381	4,787	18,168
Disposals	-	(350)	(766)	(1,116)
Reclassification	-	(69)	-	(69)
Hyperinflation	-	7,044	218	7,262
Exchange differences	(70)	(12,724)	(179)	(12,973)
On 31 December 2023	123	82,182	15,831	98,136
Accumulated depreciation				
On 1 January 2023	101	49,545	6,902	56,548
Charge for the year	7	9,818	2,125	11,950
Disposals	-	(339)	(484)	(823)
Reclassification	-	(12)	-	(12)
Hyperinflation	-	5,400	113	5,513
Exchange differences	-	(11,385)	(36)	(11,421)
On 31 December 2023	108	53,027	8,620	61,755
Net book value				
On 31 December 2023	15	29,155	7,211	36,381
On 31 December 2022	92	19,319	3,441	22,852

Capital expenditure contracted for but not provided for on 31 December 2023 was US $ nil (2022: US $ nil).

12. Property, plant and equipment (continued)

	Land & buildings US $'000	Plant & equipment US $'000	Right of use assets US $'000	Total US $'000
Cost				
On 1 January 2022	112	82,012	11,335	93,459
Additions	74	4,496	1,120	5,690
Disposals	-	(18,719)	(1,000)	(19,719)
Reclassification	4	931	(759)	176
Hyperinflation	-	6,440	600	7,040
Exchange differences	3	(6,296)	(953)	(7,246)
On 31 December 2022	193	68,864	10,343	79,400
Accumulated depreciation				
On 1 January 2022	98	58,397	6,710	65,205
Charge for the year	7	9,588	1,486	11,081
Disposals	-	(18,420)	(901)	(19,321)
Reclassification	(4)	192	(193)	(5)
Hyperinflation	-	3,334	205	3,539
Exchange differences	-	(3,546)	(405)	(3,951)
On 31 December 2022	101	49,545	6,902	56,548
Net book value				
On 31 December 2022	92	19,319	3,441	22,852
On 31 December 2021	14	23,615	4,625	28,254

13. Goodwill

	2023 US $'000	2022 US $'000
Cost		
At start of year	41,197	39,711
Additions (note 32)	13,342	-
Impact of hyperinflation	3,945	4,168
Exchange differences	(7,705)	(2,682)
At end of year	50,779	41,197
Accumulated impairment losses		
At start of the year	17,292	17,296
Impairment	-	-
Exchange differences	(1,274)	(4)
At end of the year	16,018	17,292
Carrying amount		
At end of the year	34,761	23,905
At start of the year	23,905	22,415

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 increase in goodwill is due to the acquisition of the well intervention business of WSG in Norther Europe – see note 32.

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	2023 US $'000	2022 US $'000
Asia MLG	927	935
Europe and Africa MLG	4,070	3,981
Europe and Africa WIN	21,158	7,633
Latin America WIN	5,811	8,564
North America MLG	819	816
Middle East MLG	1,976	1,976
	34,761	23,905

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 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 all CGUs to be materially less than it's carrying amount.

14. Other intangible assets

	Development costs US $'000	Customer relationships US $'000	Patents and trademarks US $'000	Total US $'000
Cost				
On 1 January 2023	10,742	15,730	902	27,374
Additions	580	-	52	632
Acquisition of subsidiary	-	2,453	-	2,453
Hyperinflation	-	169	-	169
Exchange differences	332	124	9	465
On 31 December 2023	11,654	18,476	963	31,093
Accumulated amortisation				
On 1 January 2023	5,891	15,558	800	22,249
Amortisation charge for the year	1,309	401	62	1,772
Impairment	371	-	-	371
Reclassification	-	12	(12)	-
Hyperinflation	-	130	-	130
Exchange differences	207	128	4	339
On 31 December 2023	7,778	16,229	854	24,861
Carrying amount				
On 31 December 2023	3,876	2,247	109	6,232
On 31 December 2022	4,851	172	102	5,125

As part of the group's research and development activity, US $ 0.6 million (2022: US $ 0.7 million) of development costs were capitalised during the year. An impairment of US $ 0.4 million (2022: US $ nil) as booked in respect of development projects which have been aborted.

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 2022	10,599	16,461	893	27,953
Additions	692	-	48	740
Reclassification	-	-	12	12
Disposal	-	-	(28)	(28)
Hyperinflation	-	(20)	-	(20)
Exchange differences	(549)	(711)	(23)	(1,283)
On 31 December 2022	10,742	15,730	902	27,374
Accumulated amortisation				
On 1 January 2022	4,782	14,872	740	20,394
Amortisation charge for the year	1,336	1,013	101	2,450
Reclassification	-	-	11	11
Disposal	-	-	(28)	(28)
Hyperinflation	-	185	-	185
Exchange differences	(227)	(512)	(24)	(763)
On 31 December 2022	5,891	15,558	800	22,249
Carrying amount				
On 31 December 2022	4,851	172	102	5,125
On 31 December 2021	5,817	1,589	153	7,559

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.

15. Inventory

	2023 US $'000	2022 US $'000
Small equipment & spare parts	7,937	8,767
	7,937	8,767

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 $ 8.8 million (2022: US $ 8.5 million) and inventory charges of US $ 1.0 million (2022: US $ 1.0 million) were expensed to the statement of comprehensive income.

16. Trade and other receivables

	2023 US $’000	2022 US $’000
Trade receivables	30,638	22,983
Less: allowance for expected credit losses	(246)	(170)
	30,392	22,813
Accrued income	8,158	7,550
	38,550	30,363

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. During the period, the provision for expected credit loss was increased by US $ 0.1 million.

17. Other current assets

	2023 US $'000	2022 US $'000
Prepayments	1,942	1,496
Amounts due from related parties	1,003	884
Other debtors	11,530	7,750
	14,475	10,130

Other debtors include US $ 0.8 million (2022:US $ 0.5 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.

18. Cash and cash equivalents

	2023 US $'000	2022 US $'000
Cash at bank and in hand	8,099	8,760
Restricted cash bank deposits	1,705	1,525
	9,804	10,285

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 approximates to their fair value. Total cash amounts to US $ 9.8 million (2022: US $ 10.3 million). This includes US $ 1.7 million (2022: US $ 1.5 million) cash considered as restricted as located in countries with restriction to conversion and repatriation (Angola & Argentina).

19. Trade and other payables

	2023 US $'000	2022 US $'000
Trade payables	17,539	11,046
Other payables	5,924	6,365
	23,463	17,411

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

	2023 US $'000	2022 US $'000
Amounts due to related parties	905	676
Other taxes and social security	3,985	3,903
Accruals and deferred income	15,133	8,502
	20,023	13,081

Included within accruals and deferred income are amounts due to employees of US $ 5.9 million (2022:US $ 5.0 million), deferred consideration payable to the seller of US $ 3.3 million in September 2024 for the acquisition of the well intervention of WSG and covid-19 tax liabilities repayable to the Dutch government US $ 1.7 million. Other taxes and social security include payroll taxes, VAT and other local taxes.

21. Borrowings and Leases liabilities

	2023 US $'000	2022 US $'000
Current		
Bank borrowings	7,170	7,501
Liability component of convertible loan note (note 28)	1,016	-
Lease liabilities	2,444	1,348
	10,630	8,849
Non-current		
Bank borrowings	52,060	44,862
Lease liabilities	4,777	1,865
	56,837	46,727
Total borrowings and leases	67,467	55,576

The Group has the following lines of credit:

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

- US $ 16 million (2022: US $ 16 million) senior loan facility had a term of five years maturing in April 2025. 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 5.5% which is settled in cash at the end of each interest period. The facility was fully drawn down on 31 December 2023.
- US $ 17 million (2022: US $ 17 million) multicurrency revolving credit facility (RCF). The RCF is available for the issuance of guarantees and cash drawings until April 2025. Interest rates are based on LIBOR plus a margin of 4%. US $ 7.0 million of the facility has been carved out to provide a bank guarantee facility leaving US $ 10.0 million available for working capital purposes of which US $ 5.5 million was drawn down on 31 December 2023 (2022: US $ 6.0 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 30 June 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 $ 20.0 million bears interest on 3 month EURIBOR plus 12.5% maturing in October 2025. The interest on the loan 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 2023.

Other facilities

In addition to the above Dajan S.R.L has a € working capital facility US $ 2.2 million (2022: US $1.6 million) of which US $ 1.8 million was utilised.

In view of the debt maturity profile of the bank debt, subsequent to the balance sheet date, the directors have taken the opportunity to refinance the bank debt and this was successfully completed on 6 June 2024 – see note 36.

Leases

The Group has in place property, equipment, vehicle and trailer leases. On 31 December 2023, the Group's lease liabilities were as follows:

	2023 US $'000	2022 US $'000
Maturity analysis – contractual undiscounted cash flows		
Within one year	2,820	1,499
Years two to five inclusive	4,400	1,527
After five years	1,114	422
Total undiscounted lease liabilities	8,334	3,448
Effect of discounting	(1,113)	(235)
Discounted lease liabilities	7,221	3,213
Consisting of:		
Current	2,444	1,348
Non-current	4,777	1,865
Total lease liabilities	7,221	3,213

22. Net debt reconciliation

Net debt is the net of total cash and cash equivalents and loans and borrowings. This section sets out an analysis of net debt/cash and the movements in net debt for each of the periods presented.

	2023 US $'000	2022 US $'000
Cash and cash equivalents including restricted cash	9,804	10,285
Less: Restricted cash	(1,705)	(1,525)
Cash and cash equivalents excluding restricted cash	8,099	8,760
Borrowings and lease liabilities		
Current	10,630	8,849
Non-current	56,837	46,727
Total borrowings and lease liabilities	67,467	55,576
Net debt	(59,368)	(46,816)

	Cash US $'000	Leases US $'000	Converti-ble loan note US $000	Bank debt <1 year US $'000	Bank debt >1 year US $'000	Total US $'000
Net debt 1 Jan 2022	(5,644)	3,713	-	6,358	42,262	**46,689**
Net increase in cash flows	(3,242)	-	-	-	-	(3,242)
New lease liabilities	-	1,120	-	-	-	1,120
Repayment of bank borrowings/finance leases	-	(1,112)	-	(92)	-	(1,204)
Drawdown of bank borrowings	-	-	-	1,297	-	1,297
Interest paid	-	(292)	-	(391)	(947)	(1,630)
Accrued interest	-	-	-	398	4,904	5,302
Foreign exchange adjustments	126	(216)	-	(69)	(1,357)	(1,516)
Net debt 31 Dec 2022	**(8,760)**	**3,213**	-	**7,501**	**44,862**	**46,816**
Net increase in cash flows	1,302	-	-	-	-	1,302
Acquisition of subsidiary	(409)	5,056	-	-	-	4,647
New lease liabilities	-	1,535	-	-	-	1,535
Modification of convertible loan note	-	-	976	-	-	976
Repayment of bank borrowings/finance leases	-	(2,016)	-	(500)	-	(2,516)
Drawdown of bank borrowings	-	-	-	122	-	122
Interest paid	-	(562)	-	(784)	(1,700)	(3,046)
Accrued interest	-	-	40	784	7,046	7,870
Foreign exchange adjustments	(232)	(5)	-	47	1,852	1,662
Net debt 31 Dec 2023	**(8,099)**	**7,221**	**1,016**	**7,170**	**52,060**	**59,368**

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.

Classification of financial instruments
Financial instruments are classified as follows:

	Categories	Carrying amount	
		2023	2022
		US $'000	US $'000
Financial Assets			
Trade receivables	Amortised cost	38,550	30,363
Other financial assets	Amortised cost	7,931	5,465
Cash and cash equivalents	Amortised cost	9,804	10,285
Financial Liabilities			
Borrowings (non-current)	Amortised cost	(56,837)	(46,727)
Borrowings (current)	Amortised cost	(10,630)	(8,849)
Trade and other payables	Amortised cost	(23,466)	(17,411)
Other financial liabilities	Amortised cost	(17,663)	(9,178)

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.

Fair value hierarchy
The financial liabilities were valued using level 2 of the financial instruments valuation hierarchy.

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 2022. 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 $ 167.5 million of shareholder equity and US $ 67.5 million of debt. The Group had cash balances excluding restricted cash of US $ 8.1 million (2022: US $ 8.8 million). The Group has the ability to access additional equity support for further acquisitions and/or working capital support. On 6 June 2024, the company issued a 11.5% senior secured corporate bond in the Norweigian market of US $ 100 million and used the funds to repay its existing debt facilities. Details are provided in note 2 on going concern and note 36 post balance sheet events.

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 2025, the Euro loan PIK facility is October 2025 and Dajan's bank borrowings is 30 September 2025. To avoid excessive re-financing risk, on 6 June 2024 the company issued a 11.5% senior secured corporate bond of US $100 million and used the funds to repay its existing debt facilities -see note 36. This debt restructuring provided an additional US $ 8 to US $ 10 million of additional liquidity to support and accelerate the growth strategy of the Group. The maturity profiles of existing borrowings based on repayment dates are as follows:

23. Financial instruments and financial risk management (continued)

	2023 US $'000	2022 US $'000
Amounts falling due within one year	7,170	7,501
1-2 years	52,060	-
2-5 years	--	44,862
Bank borrowings	59,230	52,363
Amounts falling due within one year		
Liability component of convertible loan note	1,016	-
Amounts falling due within one year	2,447	1,348
1-2 years	2,372	1,453
2-5 years	1,892	412
>5 years	510	-
Leases	7,221	3,213
Total borrowings, convertible loan note and leases	67,467	55,576
Amounts falling due within one year	10,633	8,849
1-2 years	54,432	1,453
2-5 years	1,892	45,274
>5 years	510	-
Total borrowings, convertible loan note and leases	67,467	55,576

The contracted undiscounted cash flows for the bank borrowings is US $ 60.3 million.

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)	13,470	3,770	110	189	17,539

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, 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 six and half years maturing in October 2025 and bears interest at 12.5% 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 2023, 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:

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	US $'000	US $'000	US $'000	US $'000
Kwanza	5,272	(2,143)	10,313	(3,049)
Euros	69,661	(35,705)	42,939	(49,140)
Argentinian Peso	4,100	(1,126)	13,229	(3,127)
Malaysian Ringgit	1,058	(691)	3,203	(1,108)
Thai Baht	1,734	(1,197)	4,096	(1,127)
Saudi Riyal	5,389	(5,324)	5,555	(2,761)
Emirati Dirham	1,148	(1,561)	998	(3,078)
Bolivian Boliviano	1,963	(339)	1,626	(725)
Kuwaiti Dinar	4,706	(2,395)	3,857	(1,896)

If the USD strengthened 10% against the currencies mentioned above, the gain in the year taken to the income statement would have been reduced by US $ 0.7 million (2022: reduced US $ 2.2 million) and gain taken to equity reduced by US $ 0.7 million (2022: reduced by US $ 2.2 million). If the USD weakened 10% against the currencies above, the loss in the year taken to the income statement would have been reduced by US $ 0.7 million (2022: decreased US $ 2.2 million) and the loss taken to equity reduced by US $ 0.7 million (2022: decreased by US $ 2.2 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. 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	24,228	5,860	380	170	-	30,638
Trade receivables considered as impaired	-	(76)	-	(170)	-	(246)
Total trade receivables (Note 16)	**24,228**	**5,784**	**380**	**-**	**-**	**30,392**

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Amounts over 90 days primarily relate to clients based in Kuwait and Italy. Gross customer receivables in Kuwait at 31 December 2023 amounts to US $ 1.2 million and in Italy US $ 1.9 million. Management's assessment of recoverability is based on the debt being due from a government backed organisation (Kuwait) and history of payments (Italy). 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 2023 US $'000	31 Dec 2022 US $'000
Customer A	9,993	4,979
Customer B	2,628	3,401
Customer C	2,387	2,163
Customer D	1,535	1,701
Customer E	1,494	1,680

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 5.50-7.50% depending on Leverage Covenant ratios achieved in 2023 which is settled in cash at the end of each interest period. The US $ 17.0 million multicurrency revolving credit facility A bears interest at LIBOR plus a margin of 4%. The US $ 20 million € loan PIK facility bears an interest rate at EURIBOR plus 12.5% 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 3% (2021: 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.

24. End of service benefit obligations

	2023 US $'000	2022 US $'000
Provision for end of service benefits	3,334	3,385
	3,334	3,385

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 2023 was US $ 0.5 million (2022: US $ 0.5 million). As of 31 December 2023, the end of service liabilities total US $ 3.3 million (2022 US $ 3.4 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 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 118 (2022: 110) qualifying employees. For the year ended 31 December 2023, a service cost of US $ 0.2 million (2022: US $ 0.2 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 136 (2022:113) qualifying employees and the defined benefit cost of US $ 0.2 million (2022:US $ 0.2 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 113 (2022:109) qualifying employees and following an actuarial valuation, the provision was reassessed and US $ 0.1 million (2022:US $ 0.1 million defined benefit cost) was charged to the profit and loss account.

25. Provisions

	Restructuring US $'000	Other US $'000	Total US $'000
On 1 January 2023	(460)	(65)	(525)
Utilised	287	45	332
(Charged) / credited to income statement	139	(80)	59
On 31 December 2023	(34)	(100)	(134)

Restructuring
Restructuring provision relates to litigation in respect of termination of employment which is pending the outcome of a court case.

Other
Follow completion of the payroll audits in respect of social security contributions for international employees assigned to Gabon, a residual provision remains for the tax audit for 2020-2021 pending the outcome of discussions with the tax authorities and litigation in respect of specific employment contracts in Saudi.

26. Deferred tax

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

	2023 US $'000	2022 US $'000
Deferred tax assets	109	1,493
Deferred tax liabilities	(330)	(1,893)
Net deferred tax liabilities	(221)	(400)

	Accelerated Capital Allowances US $'000	Tax losses US $'000	Other US $'000	Total US $'000
On 1 January 2023	1,337	136	(1,873)	(400)
Credit/(charge) to income statement	(82)	561	(300)	179
On 31 December 2023	1,255	697	(2,173)	(221)

The other deferred tax liability of US $ 1.9 million (2022: US $ 1.9 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 $ 75.3 million (2022: US $ 80.4 million loss) available for offset against future profits. No deferred tax asset has been recognised in respect of the US $ 66.7 million (2022: US $ 75.8 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US $ 7.1 million (2022: US $ 13.2 million) that will expire between 1-5 years and US $ 59.1 million (2022: US $ 62.4 million) with no expiry date. In addition to unrecognised tax losses, the Group did not have any other unrecognised short-term timing differences (2022: US $ nil).

27. Share capital

	2023 Number of shares	2022 Number of Shares	**2023 US$**	2022 US$
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
Fixed return preference shares $1 par value	10,989,000	-	10,989,000	-
	167,453,400	**156,464,400**	**167,453,400**	**156,464,400**

	2023 Number of shares	2022 Number of shares	**2023 US$**	2022 US$
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
Fixed return preference shares of $1	10,989,000	-	10,989,000	-
	164,839,744	**153,850,744**	**164,839,744**	**153,850,744**
	167,453,400	**156,464,400**	**167,453,400**	**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 proposed by the Board for the year ended 31 December 2023.

The company issued 10,989,000 fixed return preference shares par value $1 each. They do not carry voting rights and are subordinate to the senior preferred shares. The shares carry a return based on multiples of the subscription price in the event of a dividend, return of capital or exit.

28. Convertible loan note reserve

On 23rd August 2023, the Company issued an unsecured US $ 10 million convertible loan note to its shareholders, as a bridge finance for the acquisition of the Netherlands well intervention business and received gross proceeds of US $ 10 million. The convertible loan note matures on 23rd August 2024 and interest is accrued at secured overnight financing rate (SOFR) plus margin and interest is cash settled at maturity. During this bridging period, the Company would look to seek alternative financing to replace the convertible loan note. In the event alternative financing is not forthcoming, the convertible loan note is mandatorily converted into fixed return preference shares par value US $1. In December 2023, the Board of directors agreed the company will look to cash settle any interest due on the convertible loan note at the conversion date.

Under IAS 32, the convertible loan note is a compound financial instrument with a debt and equity component because company has entered into a contractual obligation to cash settle any interest due on the convertible loan note (liability component) at the conversion date at which point the loan note is exchanged for a fixed number of 8% preferred shares (equity component). At modification date, the convertible loan note was bifurcated into its liability and equity components using a discount rate of 11.5% for an equivalent financial instrument as follows:

	US $
Transaction price	10,000,000
Fair value of liability component	(976,034)
Fair value of equity component	**9,023,966**

	US $
Fair value of liability component at modification	976,034
Accrued interest	40,175
Fair value of liability component at 31 Dec 2023 (note 21)	**1,016,209**

29. 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 and the matter is the subject of litigation. 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

30. Commitments and guarantees

	2023 US $'000	2022 US $'000
Rental commitments	989	1,037
Other deposits	251	171
	1,240	1,208

Rental commitments

Included within Other non-current assets are US $ 1.0 million (2022: 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 (2022: €355,507) and expires on 6 July 2025. The likelihood of the guarantee being called upon is remote.

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 2023, the Group had US $ 0.2 million (2022: US $ 0.2 million) in performance bonds and surety outstanding within Other non-current assets. The Group has a US $ 17.0 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 $ 7.0 million (2022: US $ 7.0 million). On 31 December 2023, the Group issued US $ 5.9 million (2022: US $ 5.6 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.

31. Operating lease arrangements

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 $1.0 million (2021: US $ 0.2 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	**2023 US $'000**	**2022 US $'000**
Within one year	910	174
Between one and five years	142	24
	1,052	198

32. Acquisition of Netherlands well intervention business

On 23 August 2023, the group acquired 100% of the issued share capital of Excellence Logging Netherlands B.V., an oil and gas services provided specialising in services and products delivery related to coiled tubing, slickline and well testing. The acquisition is part of the group's strategy and complements the group's well intervention services.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	US $ 000
Cash consideration – SPA	7,208
Cash consideration – APA	13,582
Interim period consideration	679
Seller's receivable	930
Deferred consideration	3,260
Total purchase consideration	**25,659**
Less cash acquired	(409)
Purchase price net of cash acquired	**25,250**

The assets and liabilities recognised as a result of the acquisition are as follows:

US $ 000	Book value	Fair value Adjustments	Fair value
Intangible assets	-	2,456	2,456
Property, plant and equipment	13,651	(272)	13,379
Finance lease assets	4,787	-	4,787
Other non-current assets	3	-	3
Inventory	195	-	195
Trade and other receivables	8,002	-	8,002
Other current assets	381	-	381
Other operating payables -long term	(2,286)	-	(2,286)
Finance lease liability	(5,056)	-	(5,056)
Other operating payables – short term	(796)	-	(796)
Trade creditors	(8,350)	-	(8,350)
Other creditors	(807)	-	(807)
Net identifiable assets acquired	**9,724**	**2,184**	**11,908**
Goodwill			**13,342**
Net assets acquired			**25,250**

The goodwill is attributable to the existing infrastructure and assembled workforce to execute slick-line activities and the high profitability of the business. Fair value adjustments relate customer intangibles, an assessment of the fair value of fixed assets, recognition of leases novated across to the acquired well intervention group from its previous parent company and adjustments to the carrying value of inventory and payables.

The acquired business contributed revenues of US $ 8.7 million and net loss of US $ 2.5 million to the group for the period from 23rd August to 31st December 2023. Acquisition costs of US $ 1.3 million are directly included in administrative costs in the consolidated statement of income. The full year results for the acquired business was revenue of US $ 35.8 million and a net profit of US $ 1.2 million.

33. 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 67.71% 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.

34. Related party transactions

The principal subsidiary undertakings on 31 December 2023 are shown in note 35. 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 2023				
Excellence Logging Manco S.A.R.L.	Investor	-	1,003	-
Bruno Patrick Burban	Director	-	13	-
Yves Gehan	Employee	-	-	52
Double B Energy Leasing LLC	Employee	19	-	-
Revoil SRL	Same directors	1,398	-	782
Gabe SRL	Same directors	-	-	15
SGI Solutions Ltd	Consultant	-	-	56
Year ended 31 December 2022				
Excellence Logging Manco S.A.R.L.	Investor	-	884	-
Bruno Patrick Burban	Director	-	13	-
Yves Gehan	Employee	-	-	52
Double B Energy Leasing LLC	Employee	19	-	-
Revoil SRL	Same directors	896	-	624

35. Subsidiaries

Details of the Company's subsidiaries on 31 December 2023 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
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 DMCC	UAE	100	100
PT DHI Excellence Logging	Indonesia	95	95
DHI Services (Thailand) Ltd	Thailand	49	49
Thai Oil Venture Holding 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
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
Exlog Bolivia Servicios Petroleros S.A	Bolivia	100	100
Excellence Logging Canada Limited	Canada	100	100
Excellence Logging Netherlands BV	Netherlands	100	100
Coil Services BV	Netherlands	100	100
Slickline Services BV	Netherlands	100	100
Slickline Services GmbH	Germany	100	100

35. Subsidiaries continued….

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, Thai Oil Venture Holding Ltd and 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).

The following subsidiaries which are included in these consolidated accounts are exempt from the requirements of the Dutch Civil code from preparing consolidated financial statements:

Excellence Logging Netherlands BV (registered number: 90451473; RSIN: 865319911

36. Events after the balance sheet date

On 29 April 2024, the company undertook a share capital reduction from US $ 167,453,400 to US $ 50,014,116 by reducing the nominal value of each of the issued fully paid-up voting and non-voting preference shares from US $ 1 to US $ 0.01. This resulted in a credit to distributable reserves and the reduction in retained earnings deficit of US $ 117,439,284.

On 6 June 2024 the company issued a corporate bond of US $ 100 million and used the funds to repay US $ 40.6 million of its mezzanine loan with Beechbrook Capital, US $ 16 million of its Senior Secured Term Loan with M&G Capital and HSBC, US $ 7.5 million of outstanding revolving credit facility with HSBC and US $ 27.6 million of accrued interest on senior preferred shares. The Group's new capital structure comprises US $ 50 million of equity and US $ 100 million of debt.

Appendix 1 – Subsidiary companies registered offices

Subsidiary Company	Registered Office
Excellence Logging Finance 2 Limited	45 Gresham Street, London, England, EC2V 7BG
Excellence Logging Finance Limited	45 Gresham Street, London, England, EC2V 7BG
Excellence Logging Limited	45 Gresham Street, London, England, EC2V 7BG
Excellence Logging Services Ltd	45 Gresham Street, London, England, EC2V 7BG
Excellence Logging Middle East Ltd	45 Gresham Street, London, England, EC2V 7BG
Excellence Logging Latin America Ltd	45 Gresham Street, London, England, EC2V 7BG
Excellence Logging (Switzerland) SARL	Route de Moncor 2, c/o Cabinet de Conseil Fiscal, André-Claude Cotting, 1752 Villars-sur-Glâne, Switzerland
Excellence Logging France SAS	56/58 Avenue Jean Jaurès, Bat. Alley, 92700 Colombes, France
Excellence Logging Services SAS	56/58 Avenue Jean Jaurès, Bat. Alley, 92700 Colombes, France
Excellence Logging International FZ LLC	P.O. Box 4422 Fujairah, Fujairah Creative Tower, (United Arab Emirates)
WLG Servicios S.A	Avenida Santa Fe 931, 4° Piso, Ciudad Autonoma de Buenos Aires, Argentina
Excellence Logging Tunisie	Centre Urbain Nord, Immeuble Golden Tower App. B3.2., 1082 Tunis, 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	Cogency Global Inc., 850 New Burton Road, Suite 201, Dover Delaware 19904, 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	Taman Tekno BSD Blok H1-8, BSD - Serpong - Banten, Setu, South Tangerang City, Banten, 15314, Indonesia.
DHI Services (Thailand) Ltd	398/2,7 Monterey Place, 2nd Floor, Soi Paisingto, RamaIV Road, Kweang Khlongtoey, Khet Khlongtoey, Bangkok 10110, Thailand
Thai Oil Venture Holding Ltd	10/84 5th Floor, the Trendy Office, Soi Sukhumvit 13, Sukhumvit Road, Khlongtoey Nua Sub-Distroct, Wattana District, Bangkok.
Excellence Logging Malaysia Sdn Bhd	E-11-5, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Excellence Logging Pte Ltd	1 North Bridge Road, #11-06 High Street Centre, Singapore 179094
DHI Services International Ltd	Unit 701 7/F Citicorp Centre 18 Whitfield Road Causeway Bay (Hong Kong)

Appendix 1 – Subsidiary companies registered offices (continued)

Subsidiary Company	**Registered Office**
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
Dajan East Srl	Ilfov County, no 1A, Drumul Gării Odăi str, 3rd Floor, Room 313, Oras Otopeni 75100, Romania
Dajan for Well Services	Aldhara, Tripoli City, Libya
Dajan Srl - Branch Turkey	Beştepe Mah. Nergiz Sk. No:7/2 Via Flat İş Merkezi No:60-61 Söğütözü Ankara
Dajan Srl - Branch Congo Rep.	14 rue de Matsoula, Camp 31 Juillet, Arrondissement N°1 Emery Patrice LUMUMBA, Pointe Noire, République du Congo
Dajan Srl - Rep. Office Ukraine (branch)	77 Sichovykh Striltsiv, Kyiv, 04053, Ukraine
Excellence Logging Ecuador S.A.	Av. Republica de El Salvador N35-60 y Portugal, Ed. Vitra, Piso 3, Oficina 301, Pichincha, Quito, Ecuador
Excellence Logging Services Limited -branch in Uganda	C/o 4th Floor Redstone House, Plot 7, Bandali Rise, Bugolobi, Kampala, Uganda
Excellence Logging Services - Branch Algeria	Centre Commercial et des Affaires, Entrée Nord-Est, 4eme étage, 16011 Bab Ezouar, Alger, Algeria
International Logging Technology Limited	45 Gresham Street, London, England, EC2V 7BG
Excellence Logging Saudi Limited	King Saud Road, Alothman Office Tower, Alqashla District, Kingdom of Saudi Arabia
Excellence Logging Services LLC (Qatar)	Barwa towers Alsaad - Building:83 - Zone: 38 – Street: 231, Doha, Qatar
Excellence Logging LLC (Oman)	Bawshar, Building 303, Plot 390/01/01, Block 271, St. 51, Office 63, Muscat, Oman
Excellence Logging Middle East Ltd - Branch UAE	GASOS, Bin Hamoodah Tower, Capital Centre (near ADNEC), 17th Floor, Khaleej Al Arabi Road, P.O Box 6203, Abu Dhabi, United Arab Emirates
Excellence Logging Middle East Ltd - Project Office India	6A116, WeWork, Raheja Platinum, Sag Baug Road, Off Andheri Kurla Link Road, Marol, Mumbai, Maharashtra, India, 400059
International Logging Technology Ltd - Branch Kuwait	Weatherford Yard No: 5 & 6, Mina Abdullah, Postal code: 26258 Safat 13123, Kuwait
Excellence Logging Pte Ltd - Branch in Kurdistan	MRF B5 20 FLR -100MTR Street, Erbil, Kurdistan Region, Iraq
Excellence Logging Pte Ltd - Branch Iraq South	M213, Al Kindy Street, Building 106, Baghdad, Iraq
Excellence Logging Pte Ltd - branch in PNG	P.O. Box 76, Konedobu, Port Moresby, Moresby South, National Capital District, Papua New Guinea
Excellence Logging Kazakhstan	Building 1P (П), Microdistrict 7, Aksai, Burlin region, West Kazakhstan oblast, 090300, Republic of Kazakhstan
Excellence Logging Canada Ltd	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC, V6C 3L6, Canada
Excellence Logging Latin America Ltd - Branch Colombia	Calle 70 A no. 4 – 41, Bogotá D.C., Colombia

Subsidiary Company	Registered Office
Exlog Bolivia Servicios Petroleros S.A.	Avenida Quinto Anillo Nº 5070, Barrio Magisterio, Entre Avenida San Pablo y Avenida Santos Dumont, Zona Sur, Santa Cruz, Bolivia
Excellence Logging Netherlands BV	Phileas Foggstraat 65, 7825AL Emmen, Netherlands
Coil Services BV	Phileas Foggstraat 65, 7825AL Emmen, Netherlands
Slickline BV	Phileas Foggstraat 65, 7825AL Emmen, Netherlands
Slickline Service Germany GmbH	Alter Flugplatz 36, 49377 Vechta, Germany

Excellence Logging Holding Limited

Company Financial Statements

For the year ended 31 December 2023

Company number: 09536399

EXCELLENCE LOGGING HOLDING LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2023

	Note	2023 US $	2022 US $
Non-current assets			
Investment in subsidiary	9	112,453,402	101,464,402
Debtors	10	305,449	305,449
		112,758,851	101,769,851
Current assets			
Debtors	10	10,023,413	21,529
Cash		16,871	16,407
		10,040,284	37,936
Total Assets		**122,799,135**	**101,807,787**
Current liabilities			
Other creditors	11	(2,324,687)	(1,308,479)
Total Liabilities		**(2,324,687)**	**(1,308,479)**
Net Assets		**120,474,448**	**100,499,308**
Capital and reserves			
Share capital	13	167,453,400	156,464,400
Capital reserve		23,081	23,081
Convertible loan note reserve	12	9,023,966	-
Accumulated losses		(56,025,999)	(55,988,173)
Total Equity		**120,474,448**	**100,499,308**

The company made a net loss of US $ 37,826 for the year ended 31 December 2023 (2022: US $ 216 loss).

These financial statements of the Company, registered number 09536399, were approved by the Directors on and were authorised for issue on 2 August 2024. They were signed on behalf of the directors' behalf by:

DocuSigned by:
John Lechner
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John Lechner
Director
2 August 2024

EXCELLENCE LOGGING HOLDING LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital US $	Capital reserve US $	Convertible loan reserve US $	Accumulated loss US $	Total equity US $
Balance on 1 January 2022	156,464,400	23,081	-	(55,987,957)	100,499,524
Loss for the year and total comprehensive loss	-	-	-	(216)	(216)
Balance on 31 December 2022	156,464,400	23,081	-	(55,988,173)	100,499,308
Issue of fixed return preference shares (note 13)	10,989,000	-	-	-	10,989,000
Issue of convertible loan note (note 12)	-	-	9,023,966	-	9,023,966
Loss for the year and total comprehensive loss	-	-	-	(37,826)	(37,826)
Balance on 31 December 2023	167,453,400	23,081	9,023,966	(56,025,999)	120,474,448

EXCELLENCE LOGGING HOLDING LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 surface data 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 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.

3. Material accounting policies

Investment
The Company holds an investment in Excellence Logging Finance 2 Limited. The investment is included in the balance sheet at cost of acquisition. Where appropriate a provision is made for any impairment in value.

Convertible loan note
Compound financial instruments issued by the Group comprise convertible notes denominated in USD that can be converted to common shares at the option of the holder, whereby the number of common shares to be issued is fixed, regardless of changes in their fair value. The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised in the convertible loan reserve at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component is not remeasured. Interest related to the financial liability is recognised in profit or loss. On conversion the financial liability is reclassified to equity and no gain or loss is recognised.

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.

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. Management has concluded that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Company or the Group's ability to continue as a going concern.

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.

Recoverability of investment

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. Any previous impairments can be reversed if the recoverable amount of the cash generating unit is higher than its' carrying value. Management have performed an assessment and despite the increase in the recoverable amount consider it appropriate not to reverse the impairment given the early stage of recovery in the oil and gas market and uncertainty over oil prices.

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, and related notes that form a part of these approved financial statements.

The loss on ordinary activities after taxation for the financial year dealt with in the accounts of the Company was US $ 37,826 (2022:US (US $ 216) 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 (2022: US $ nil) and the remuneration for the group audit is disclosed in the group consolidated financial statements.

6. Finance income / (costs)

	2023	**2022**
	US $	**US $**
Convertible loan note – finance cost	(40,175)	-
Interest receivable from group undertaking	1,884	1,319
Net finance costs	(38,291)	1,319

7. Tax on loss

For the year ended 31 December 2023 the Company was fully taxable at an effective rate of 23.5% (2022: 19%). After taking account of required book to tax adjustments, the Company recorded a fiscal loss for the year. At the balance sheet date, the Company has unused tax losses of US $ 0.9 million (2022: US $ 0.9 million loss) available for offset against future profits. 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 (2022: US $ nil).

9. Investment in subsidiary undertaking

	2023 US $	2022 US $
Cost		
At start of year	156,464,402	156,464,402
Additions	10,989,000	-
At end of year	167,453,402	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	112,453,402	101,464,402
At start of year	101,464,402	101,464,402

During the year the company purchased 10,989,000 of ordinary shares par value US 1 in Excellence Logging Finance 2 Ltd in exchange for cash.

The principal subsidiary undertaking of the Company on 31 December 2023 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 35 of the consolidated group accounts.

10. Debtors

	2023 US $	2022 US $
Debtors – amounts falling due within 1 year		
Amounts due from subsidiary company	10,023,413	21,529
Debtors – amounts falling due after more than 1 year		
Amounts due from related parties	305,449	305,449
	10,328,862	**326,978**

During the year, the Company subscribed to a US $ 10 million convertible loan note issued by its subsidiary Excellence Logging Finance 2 Ltd in exchange for cash. The convertible loan note is interest bearing and is mandatorily converted into ordinary shares par value US $ 1 on maturity.

11. Other creditors

	2023 US $	2022 US $
Amounts due to subsidiary company	1,308,478	1,308,479
Liability component and accrued interest - convertible loan note	1,016,209	-
	2,324,687	**1,308,479**

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

12. Convertible loan note reserve

On 23rd August 2023, the Company issued an unsecured US $ 10 million convertible loan note to its shareholders, as a bridge finance for the acquisition of the Netherlands well intervention business and received gross proceeds of US $ 10 million. The convertible loan note matures on 23rd August 2024 and interest is accrued at secured overnight financing rate (SOFR) plus margin and interest is cash settled at maturity. During this bridging period, the Company would look to seek alternative financing to replace the convertible loan note. In the event alternative financing is not forthcoming, the convertible loan note is mandatorily converted into fixed return preference shares par value US $1. In December 2023, the Board of directors agreed the company will look to cash settle any interest due on the convertible loan note at the conversion date.

Under IAS 32, the convertible loan note is a compound financial instrument with a debt and equity component because company has entered into a contractual obligation to cash settle any interest due on the convertible loan note (liability component) at the conversion date at which point the loan note is exchanged for a fixed number of 8% preferred shares (equity component). At modification date, the convertible loan note was bifurcated into its liability and equity components as follows:

	2023
	US $
Transaction price	10,000,000
Fair value of liability component	(976,034)
Fair value of equity component	**9,023,966**

	US $
Fair value of liability component at modification	976,034
Accrued interest	40,175
Fair value of liability component at 31 Dec 2023 (note 21)	**1,016,209**

13. Share capital

During the year, the company issued 10,989,000 fixed return preference shares par value $1 each in exchange for cash. They do not carry voting rights and are subordinate to the senior preferred shares. The shares carry a return based on multiples of the subscription price in the event of a dividend, return of capital or exit.

Full details of the share capital structure are given in note 27 of the consolidated financial statements.

14. Parent company guarantees

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 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. The guarantee expired on 24 January 2023.

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.

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 provision of slickline services. The guarantee term is linked to the duration of the contract.

In August 2023, the Company acquired Excellence Logging Netherlands B.V. As part of the purchase price the Company guaranteed the deferred consideration of € 3 million payable to the seller in September 2024.

In September 2023 the Company's subsidiary Excellence Logging Pte Ltd entered into a parental guarantee on behalf of its subsidiary PT DHI Excellence Logging with a customer for the agreement relating to the delivery of mud logging services. The guarantee term is linked to the term of the contract.

In December 2023, the Company's subsidiary Excellence Logging France SAS entered into a parental guarantee on behalf of its subsidiary Excellence Logging Services SAS with a customer for the agreement relating to the delivery of mud logging services.

15. Events after the balance sheet date

On 29 April 2024, the company undertook a share capital reduction from US $ 167,453,400 to US $ 50,014,116 by reducing the nominal value of each of the issued fully paid-up voting and non-voting preference shares from US $ 1 to US $ 0.01. This resulted in a credit to distributable reserves and the reduction in retained earnings deficit of US $ 117,439,284.

On 6 June 2024 the company issued a corporate bond of US $ 100 million and used the funds to repay US $ 40.6 million of its mezzanine loan with Beechbrook Capital, US $ 16 million of its Senior Secured Term Loan with M&G Capital and HSBC, US $ 7.5 million of outstanding revolving credit facility with HSBC and US $ 27.6 million of accrued interest on senior preferred shares. The Group's new capital structure comprises US $ 50 million of equity and US $ 100 million of debt.