



# Modex AS

**Unaudited 3rd Quarter Results 2022**

**31 October 2022**



We are pleased to present the Quarter 3 2022 Interim Accounts for Euro Offshore Holdings AS (“EOH”) and MODEX AS (“MAS”) (together “the Norway Group”).

Following the corporate reorganisation at the end of 2021 and in line with the Q2 2022 reporting, the trading summary for Q3 2022 no longer include any results relating to legacy MODEX businesses outside of Norway, which are no longer part of the Norway Group.

In order to preserve comparability of total trading results pre and post reorganisation the trading comparatives for Q3 2021 include results for the MODEX businesses outside of Norway, as well as MAS and EOH (together “the Prior Group”).

## Trading Overview

The highlights for the Norway Group for Q3 2022 were:

- Revenue of NOK 98.5m was up 10.6% compared to NOK 89.1m in Q3 2021.
- Gross profit margin increased to 78% from 68% in Q3 2021 driven by a change in the sales mix towards higher margin rental and services activities.
- EBITDA before foreign exchange gains/losses was NOK 38.9m an increase of 16%, as compared to NOK 33.5m in Q3 2021.
- EBITDA margin before foreign exchange gains/losses increased to 39% in Q3 2022 compared to 38% in Q3 2021.

## Income Statement Q3 2022 versus Q2 2022

Total revenue in Q3 2022 was NOK 98.5m for the Norway Group versus Q2 2022 of NOK 98.1m.

In Norway Group’s core Rental/Services segment, revenue increased from NOK 89.7m to NOK 90.3m (+1%) reflecting increased utilisation through heightened customer activity.

Revenue in the Sales segment was NOK 8.3m in Q3 2022 which was broadly in line with Q2 2022 (NOK 8.5m).

Overall gross profit margin of 78% in Q3 2022 was broadly in line with Q2 2022 (79%).

Overheads increased in Q3 2022 versus Q2 2022 by approximately NOK 9.4m primarily due to the release of the holiday pay adjustment in the prior quarter.

Net financial cost in Q3 2022 was NOK 14.0m and includes NOK 14.4m of Bond interest.

## Balance Sheet

Total assets for the Norway Group were NOK 1,120m at the end Q3 2022.

The book equity ratio at 30 September 2022 increased to 42% (30 June 2022: 41%) including adjusting for intercompany loans which have been subordinated in line with the terms of the Bond reconstruction.

The Norway Group had interest-bearing debt of NOK 573.3m and held cash balances of NOK 52.4m, an decrease of NOK 7.8m on the quarter.

The Norway Group’s leverage ratio decreased to 3.34 times as at Q3 2022 from 3.40 times as at Q2 2022.



### **Cash Flow**

Cash flow from operating activities was NOK 24.4m in Q3 2022.

Net outflows from investment activities were NOK 18.5m – largely due to capital expenditure on rental equipment (including NOK 3.5m for improvements to existing rental units and NOK 15.0m investment in expanding the rental fleet).

Net cashflow consumed by financing activities was an outflow of NOK 13.6m in Q3 2022 and primarily relates to the bond interest payments and lease payments.

### **Order Backlog & Market**

Activity in 2022 has continued to show the steady improvement ongoing since mid 2020 and the outlook is supported by a favourable macroeconomic backdrop for the Norwegian oil and gas market.

### **HSEQ**

At the end of Q3 2022 the Norway Group had 75 employees.

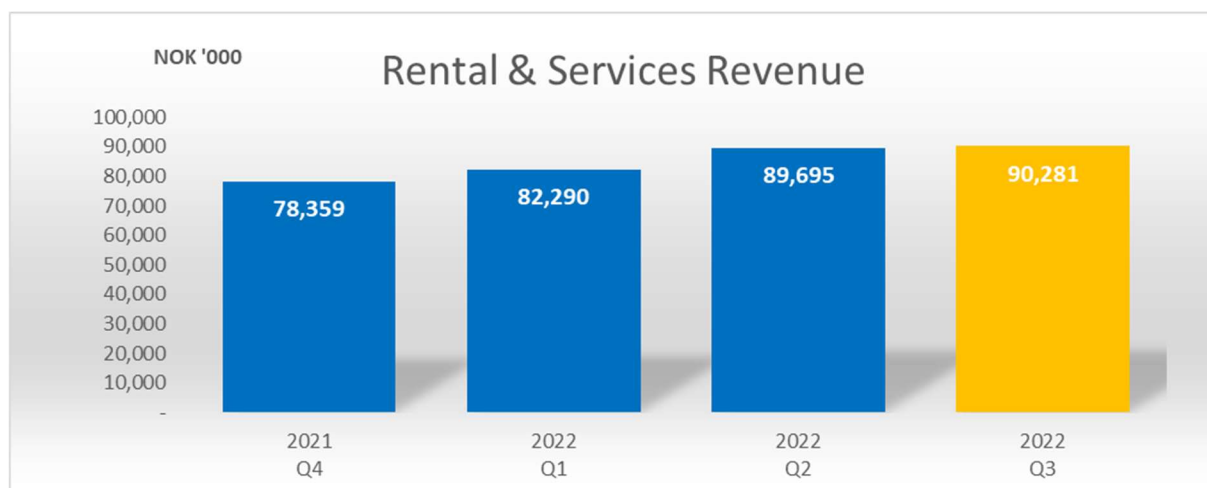
No serious incidents this quarter, resulting in a total Serious Incident Frequency (SIF) in the period of Nil and Nil during the last 12 months.



## Business Segments

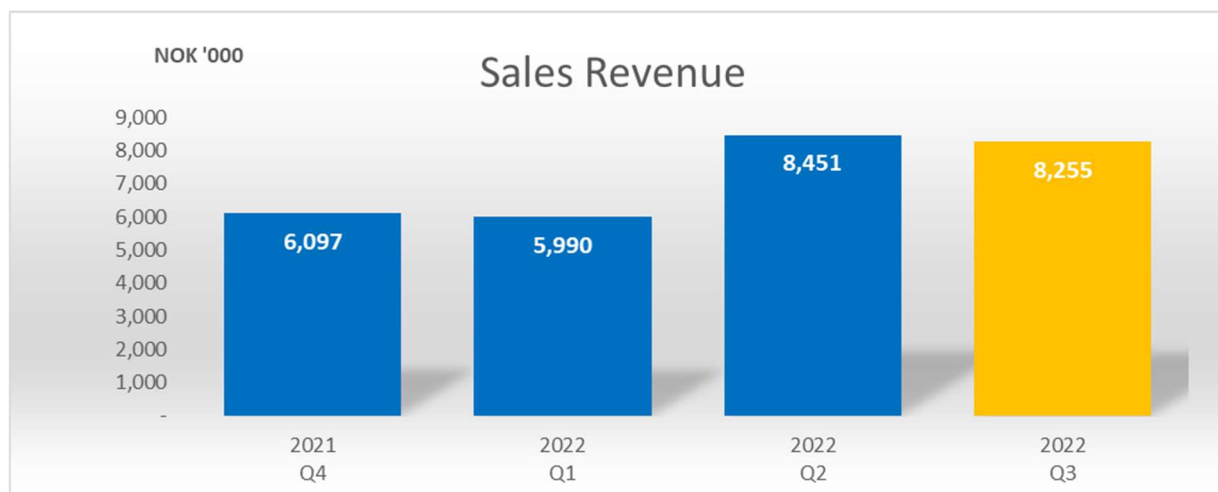
### Rentals & Services

The Rentals & Services segment increased by 1% in Q3 2022 for the Norway Group versus Q2 2022.



### Sales

Revenue in the Sales segment of NOK 8.3m in Q3 2022 is broadly in line with Q2 2022 and higher than Q1 2022 due to an increase in sales market activity.





## Euro Offshore Holdings AS Condensed Consolidated Income Statement

Summary	Q3 2022*	Q2 2022*	Q3 2021**
Amounts in NOK thousand			
Rental & Services Revenue	90,281	89,695	73,615
Sales revenue	8,255	8,451	15,487
<b>Total Revenue</b>	<b>98,535</b>	<b>98,146</b>	<b>89,101</b>
Rental & Services GP	74,981	75,218	54,997
Sales GP	2,024	2,578	5,695
<b>Total Gross Profit</b>	<b>77,004</b>	<b>77,796</b>	<b>60,692</b>
Overheads	(38,095)	(28,677)	(27,173)
<b>EBITDA pre Foreign exchange</b>	<b>38,910</b>	<b>49,119</b>	<b>33,519</b>
Foreign exchange	(0)	-	1,092
<b>EBITDA</b>	<b>38,910</b>	<b>49,119</b>	<b>34,612</b>
Depreciation of plant and equipment	(19,757)	(19,682)	(23,612)
Leased assets depreciation	(2,223)	(2,578)	(3,665)
<b>EBIT</b>	<b>16,930</b>	<b>26,859</b>	<b>7,334</b>
Finance expenses	(13,974)	(13,521)	(12,025)
Lease assets interest expense	(149)	(174)	(305)
<b>Profit/(loss) before taxation</b>	<b>2,807</b>	<b>13,164</b>	<b>(4,995)</b>
Income tax credit	-	-	262
<b>Net profit/(loss)</b>	<b>2,807</b>	<b>13,164</b>	<b>(4,733)</b>

\* Represents the unaudited consolidated financial results of the Norway Group for the entire quarter.

\*\*Represents the unaudited consolidated financial results of the Prior Group before the formation of the Norway Group and the amendment to the guarantee under the Bond terms converted at the following rate:  
Q3 2021 NOK 8.7642



## Euro Offshore Holdings AS Condensed Consolidated Balance Sheet

### Group Summary

Amounts in NOK thousand	Sep-22*	Jun-22*	Sep-21**
Property, plant and equipment	702,144	703,375	762,117
Investments/Goodwill	210,188	210,188	350,577
Finance lease receivable	-	-	23,225
Right of use assets	13,612	15,582	16,652
<b>Total Non-Current Assets</b>	<b>925,944</b>	<b>929,145</b>	<b>1,152,571</b>
Inventories	13,539	13,626	13,988
Trade receivables	83,709	79,722	73,908
Other debtors and prepayments	44,183	37,689	35,662
Bank balances and cash	52,428	60,158	41,358
Finance lease receivables	-	-	6,845
<b>Total Current Assets</b>	<b>193,858</b>	<b>191,195</b>	<b>171,761</b>
<b>TOTAL ASSETS</b>	<b>1,119,802</b>	<b>1,120,339</b>	<b>1,324,332</b>
<b>Total Equity &amp; Subordinated intercompany loans</b>	<b>466,628</b>	<b>461,643</b>	<b>643,441</b>
Other payables	-	-	27,476
Bond	550,000	550,000	549,997
Lease liabilities	5,310	6,916	8,887
Deferred tax	49,214	49,214	40,885
<b>Total Non-Current Liabilities</b>	<b>604,524</b>	<b>606,130</b>	<b>627,245</b>
Trade Payables	14,976	20,459	19,053
Other payables and accruals	15,659	13,599	21,236
Loans	5,874	5,521	-
Lease liabilities	12,141	12,987	13,357
<b>Total Current Liabilities</b>	<b>48,649</b>	<b>52,566</b>	<b>53,646</b>
<b>TOTAL LIABILITIES</b>	<b>653,174</b>	<b>658,696</b>	<b>680,891</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,119,802</b>	<b>1,120,339</b>	<b>1,324,332</b>

\*Represents the unaudited consolidated balance sheet of the Norway Group adjusted for intercompany loans which have formally been subordinated in line with the terms of the Bond reconstruction.

\*\*Represents the unaudited consolidated balance sheet of the Prior Group before the formation of the Norway Group and the amendment to the guarantee under the Bond terms converted at the following rate: Q3 2021 NOK 8.7642



**Euro Offshore Holdings AS**  
**Condensed Consolidated Statement of Cash Flow**

Amounts in NOK thousands	Q3 2022*	Q2 2022*	Q3 2021**
EBITDA	38,910	49,119	34,615
Taxes paid	-	-	(289)
Change in net working capital	(14,512)	(16,285)	(9,207)
Others non-operating expenses	-	-	-
<b>Net cash flow from operating activities</b>	<b>24,398</b>	<b>32,833</b>	<b>25,118</b>
Proceeds from finance lease receivables	-	-	798
Interest received	-	-	351
Capex less disposals	(18,526)	(7,421)	(10,719)
<b>Net cash flow from investing activities</b>	<b>(18,526)</b>	<b>(7,421)</b>	<b>(9,571)</b>
Net repayment of interest bearing debt	-	-	(4,172)
Loan from/(to) associated companies	2,939	(2,485)	-
Change in other long term liabilities	(2,566)	(3,281)	-
Net interest paid	(13,974)	(13,521)	(12,051)
<b>Net cash flow from financing activities</b>	<b>(13,601)</b>	<b>(19,287)</b>	<b>(16,223)</b>
<b>Total Cash flow</b>	<b>(7,730)</b>	<b>6,125</b>	<b>(675)</b>
Effect of currency translation	-	-	(9,606)
Opening bank balance	60,158	54,033	51,639
<b>Closing bank balance</b>	<b>52,428</b>	<b>60,158</b>	<b>41,358</b>

\*Represents the unaudited consolidated statement of cash flows of the Norway Group for the entire quarter.

\*\*Represents the unaudited consolidated statement of cash flows of the Prior Group before the formation of the Norway Group and the amendment to the guarantee under the Bond terms converted at the following rate: Q3 2021 NOK 8.7642



In accordance with Clause 12.1 (b), Information Undertakings – Financial Reports, please find attached our interim accounts for Modex AS (“the Issuer”):

## Modex AS Income Statement

Summary	Q3	Q2	Q1
Amounts in NOK thousand	2022	2022	2022
Rental & Services Revenue	90,281	89,695	82,290
Sales revenue	8,255	8,451	5,990
<b>Total Revenue</b>	<b>98,535</b>	<b>98,146</b>	<b>88,280</b>
Rental & Services GP	74,981	75,218	65,735
Sales GP	2,024	2,578	1,900
<b>Total Gross Profit</b>	<b>77,004</b>	<b>77,797</b>	<b>67,635</b>
Overheads	(38,095)	(28,677)	(30,958)
<b>EBITDA pre Foreign exchange</b>	<b>38,910</b>	<b>49,119</b>	<b>36,677</b>
Foreign exchange	(0)	(0)	(237)
<b>EBITDA</b>	<b>38,910</b>	<b>49,119</b>	<b>36,440</b>
Depreciation of plant and equipment	(19,757)	(19,682)	(19,747)
Leased assets depreciation	(2,223)	(2,578)	(2,832)
<b>EBIT</b>	<b>16,930</b>	<b>26,859</b>	<b>13,860</b>
Finance expenses	(8,481)	(8,589)	(8,432)
Lease assets interest expense	(149)	(174)	(230)
<b>Profit before taxation</b>	<b>8,300</b>	<b>18,096</b>	<b>5,198</b>
Income tax credit	-	-	-
<b>Net Profit</b>	<b>8,300</b>	<b>18,096</b>	<b>5,198</b>





## Modex AS Balance Sheet

Summary	Q3	Q2	Q1
Amounts in NOK thousand	Sep-22	Jun-22	Mar-22
Property, plant and equipment	620,993	622,224	634,485
Loans to associated companies	301,880	289,907	278,549
Right of use assets	13,612	15,582	18,560
<b>Total Non-Current Assets</b>	<b>936,485</b>	<b>927,713</b>	<b>931,594</b>
Inventories	10,981	11,068	11,082
Trade receivables	83,709	79,722	62,850
Other debtors and prepayments	44,183	37,689	39,523
Bank balances and cash	52,208	59,925	53,763
<b>Total Current Assets</b>	<b>191,080</b>	<b>188,404</b>	<b>167,219</b>
<b>TOTAL ASSETS</b>	<b>1,127,565</b>	<b>1,116,116</b>	<b>1,098,812</b>
<b>Total Equity</b>	<b>284,926</b>	<b>278,139</b>	<b>270,730</b>
Bond	550,000	550,000	550,000
Lease liabilities	5,310	6,916	10,856
Deferred tax	44,699	44,699	35,451
<b>Total Non-Current Liabilities</b>	<b>600,009</b>	<b>601,615</b>	<b>596,307</b>
Trade Payables	14,976	20,459	16,167
Other payables and accruals	15,633	13,576	19,379
Loans	5,874	5,521	5,626
Lease liabilities	12,141	12,987	12,406
Loans from associated companies	194,006	183,819	178,198
<b>Total Current Liabilities</b>	<b>242,630</b>	<b>236,363</b>	<b>231,775</b>
<b>TOTAL LIABILITIES</b>	<b>842,639</b>	<b>837,978</b>	<b>828,082</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,127,565</b>	<b>1,116,116</b>	<b>1,098,812</b>



**Modex AS**  
**Statement of Cash Flow**

Amounts in NOK thousands	Q3 2022	Q2 2022	Q1 2022
EBITDA	38,910	49,119	36,440
Taxes paid	-	-	-
Change in net working capital	(14,498)	(16,249)	(13,559)
Others non-operating expenses	-	-	-
<b>Net cash flow from operating activities</b>	<b>24,411</b>	<b>32,870</b>	<b>22,881</b>
Capex less disposals	(18,526)	(7,421)	(7,637)
<b>Net cash flow from investing activities</b>	<b>(18,526)</b>	<b>(7,421)</b>	<b>(7,637)</b>
Loan from associated companies	2,939	(2,485)	1,212
Change in other long term liabilities	(2,566)	(3,281)	(2,000)
Net interest paid	(13,974)	(13,521)	(13,176)
<b>Net cash flow from financing activities</b>	<b>(13,601)</b>	<b>(19,287)</b>	<b>(13,964)</b>
<b>Total Cash flow</b>	<b>(7,716)</b>	<b>6,161</b>	<b>1,280</b>
Effect of currency translation	-	-	12
Opening bank balance	59,925	53,763	52,471
<b>Closing bank balance</b>	<b>52,208</b>	<b>59,925</b>	<b>53,763</b>



In accordance with Clause 12.1 (c) (ii), Information Undertakings – Financial Reports, please find attached our interim consolidated accounts for OEG Offshore Group Limited (“the Global Group”):

**OEG Offshore Group Limited**  
**Condensed Consolidated Income Statement**

<b>Group Summary</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>
Amounts in USD thousand	<b>2022*</b>	<b>2022</b>	<b>2022</b>
Total Revenue	80,227	74,814	72,441
Cost of Sales	(36,015)	(33,406)	(32,314)
<b>Total Gross Profit</b>	<b>44,212</b>	<b>41,408</b>	<b>40,126</b>
Overheads/other	(20,066)	(15,943)	(16,950)
<b>EBITDA pre Foreign exchange</b>	<b>24,146</b>	<b>25,466</b>	<b>23,176</b>
Foreign exchange**	(8,891)	(13,240)	(2,635)
<b>EBITDA</b>	<b>15,255</b>	<b>12,226</b>	<b>20,541</b>
Depreciation of plant and equipment	(12,249)	(11,450)	(11,955)
Leased assets depreciation	(1,361)	(1,361)	(1,361)
<b>EBIT</b>	<b>1,645</b>	<b>(585)</b>	<b>7,225</b>
Finance expenses	(1,505)	(1,544)	(1,715)
Lease assets interest expense	(195)	(195)	(195)
<b>Profit/(loss) before taxation</b>	<b>(54)</b>	<b>(2,325)</b>	<b>5,315</b>
Income tax credit	(745)	(536)	(337)
<b>Profit/(loss) after tax</b>	<b>(800)</b>	<b>(2,860)</b>	<b>4,978</b>
Dividends paid	-	-	-
<b>Retained profit/(loss)</b>	<b>(800)</b>	<b>(2,860)</b>	<b>4,978</b>

\*Represents the unaudited consolidated financial results of OEG Offshore Group Limited and its subsidiaries (including the Norway Group which are assumed to be transferred with effect from 31 December 2021).

\*\*Foreign exchange primarily relates to the translation of intercompany loan balances.



**OEG Offshore Group Limited**  
**Condensed Consolidated Balance Sheet**

Amounts in USD thousand	Q3 Sep-22*	Q2 Jun-22*	Q1 Mar-22*
Property, plant and equipment	276,862	247,449	270,828
Right of use assets	18,510	18,510	19,162
<b>Total Non-Current Assets</b>	<b>295,372</b>	<b>265,959</b>	<b>289,990</b>
Inventories	4,367	3,670	3,187
Trade and other receivables	100,080	90,422	89,185
Cash and cash equivalents	24,929	39,398	37,644
<b>Total Current Assets</b>	<b>129,375</b>	<b>133,490</b>	<b>130,017</b>
<b>TOTAL ASSETS</b>	<b>424,747</b>	<b>399,448</b>	<b>420,006</b>
Borrowings	64,276	58,178	67,402
Lease liabilities	34,369	21,600	24,772
Deferred tax	5,647	5,878	5,557
<b>Total Non-Current Liabilities</b>	<b>104,292</b>	<b>85,657</b>	<b>97,731</b>
Trade and other payables	38,580	33,265	38,071
Lease liabilities	6,485	4,450	4,637
<b>Total Current Liabilities</b>	<b>45,065</b>	<b>37,715</b>	<b>42,708</b>
<b>TOTAL LIABILITIES</b>	<b>149,357</b>	<b>123,371</b>	<b>140,440</b>
<b>NET ASSETS BEFORE SUBORDINATED INTERCOMPANY LOANS</b>	<b>275,390</b>	<b>276,077</b>	<b>279,567</b>
<b>Total Equity &amp; Subordinated Intercompany Loans</b>	<b>275,390</b>	<b>276,077</b>	<b>279,567</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>424,747</b>	<b>399,448</b>	<b>420,006</b>

\*Represents the unaudited consolidated balance sheet of OEG Offshore Group Limited and its subsidiaries after adjusting for subordinated intercompany loans and elimination of any goodwill/intangibles arising on consolidation.



**OEG Offshore Group Limited**  
**Condensed Consolidated Statement of Cash Flow**

	Q3	Q2	Q1
Amounts in USD thousands	2022*	2022*	2022*
EBITDA	15,255	12,226	20,541
Taxes paid	(1,364)	(1,420)	(572)
Change in net working capital	(2,839)	(14,099)	(9,407)
Other non-operating expenses	3,317	(0)	0
<b>Net cash flow from operating activities</b>	<b>14,369</b>	<b>(3,294)</b>	<b>10,563</b>
Net capital expenditure	(13,765)	(8,073)	(8,404)
<b>Net cash flow from investing activities</b>	<b>(13,765)</b>	<b>(8,073)</b>	<b>(8,404)</b>
Net repayment of interest bearing debt	(3,296)	(3,270)	(1,762)
Loan from associated companies	9,953	15,965	48,316
Business (acquisitions)/disposals	(15,126)	5,493	(43,645)
Net interest paid	(2,167)	(2,225)	(2,282)
<b>Net cash flow from financing activities</b>	<b>(10,636)</b>	<b>15,963</b>	<b>627</b>
<b>Total Cash flow</b>	<b>(10,032)</b>	<b>4,596</b>	<b>2,785</b>
Cash received on acquisitions	1,039	-	8,332
Effect of currency translation	(5,476)	(2,842)	(518)
Opening bank balance	39,398	37,644	27,045
<b>Closing bank balance</b>	<b>24,929</b>	<b>39,398</b>	<b>37,644</b>

\*This represents the unaudited consolidated cash flow statement of OEG Offshore Group Limited and its subsidiaries.



## Notes

### Note 1 – General

Euro Offshore Holdings AS is a company domiciled in Norway. The consolidated financial statements of Euro Offshore Holdings AS comprise the company and its subsidiary (MAS), are together referred to as the Norway Group.

OEG Offshore Group Limited is a company domiciled in the UK. The consolidated financial statements of OEG Offshore Group Limited comprise the company and its subsidiaries (“the Global Group”), including the Norway Group.

The Norway and Global Group’s principal activities are the provision of high-quality equipment, primarily DNV certified offshore cargo carrying units, cabins, tanks, and related services for offshore operations.

### Note 2 – Basis for preparation

The interim financial statements for the Norway Group, Modex AS and Global Group are prepared in accordance with International Financial Reporting Standards (IFRS).

### Note 3 - Judgments, estimates and assumptions

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.