



Modex AS

Unaudited 4th Quarter Results 2022
28 February 2023



We are pleased to present the Quarter 4 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 Q3 2022 and Q4 2021 reporting, the trading summary for Q4 2022 no longer include any results relating to legacy MODEX businesses outside of Norway, which are no longer part of the Norway Group.

Trading Overview

The highlights for the Norway Group for Q4 2022 were:

- Total revenue of NOK 101.5m was up 20% compared to NOK 84.5m in Q4 2021. Rental/Services revenue were up 13% versus Q4 2021, while Sales revenues were up 111%.
- Gross profit margin for Rental & services was 81% up 4% versus Q4 2021 while overall gross profit margin of 73% was in line with Q4 2021 because of a change in the sales mix with more lower margin sales activity including an increase in revenue from our recycling segment in the current quarter.
- EBITDA before foreign exchange gains/losses was NOK 39.7m an increase of 26%, as compared to NOK 31.5m in Q4 2021.
- EBITDA margin before foreign exchange gains/losses increased to 39% in Q4 2022 compared to 37% in Q4 2021, driven by stronger activity on a largely fixed cost base.

Income Statement Q4 2022 versus Q3 2022

Total revenue in Q4 2022 was NOK 101.5m for the Norway Group versus Q3 2022 of NOK 98.5m.

In Norway Group’s core Rental/Services segment, revenue decreased slightly from NOK 90.3m to NOK 88.6m (-2%) in line with lower activity levels experienced during the winter months.

Revenue in the Sales segment was NOK 12.9m in Q4 2022 which 56% higher than Q3 2022 (NOK 8.3m) due to several large sales in the quarter.

Overall gross profit margin of 73% in Q4 2022 was down on Q3 2022 (78%) due to the increased contribution from the, typically, lower margin sales segment.

Overheads decreased in Q4 2022 versus Q3 2022 by approximately NOK 3.5m.

Net financial cost in Q4 2022 was NOK 15.4m and includes NOK 15.9m of Bond interest.



Annual Trading Overview

Below are the key numbers from the annual income statement of the Norway Group for FY 2022.

In order to preserve comparability of total trading results pre and post reorganisation the trading comparatives for FY 2021 include results for the MODEX businesses outside of Norway for O1 - O3 2021 together with the results of the Norway Group for Q4 2021 post the corporate reorganisation.

Summary	FY 2022	FY 2021
Amounts in NOK thousand		
Rental & Services Revenue	350,867	295,140
Sales revenue	35,561	54,982
Total Revenue	386,428	350,122
Rental & Services GP	287,476	221,296
Sales GP	9,206	16,937
Total Gross Profit	296,682	238,233
EBITDA pre Foreign exchange	164,358	135,698

The highlights for FY 2022 are:

- Total revenue of NOK 386.4m increased 10% compared to NOK 350.1m in FY 2021.
- Gross profit of NOK 296.7m increased 25% compared to NOK 238.2m in FY 2021.
- EBITDA of NOK 164.4m increased 21% compared to NOK 135.7m in FY 2021.

See page 6 for the full annual income statement.

Balance Sheet

Total assets for the Norway Group were NOK 1,118m at 31 December 2022.

The book equity ratio at 31 December 2022 was 42% (30 September 2022: 42%).

The Norway Group had interest-bearing debt of NOK 570.9m and held cash balances of NOK 69.9m, an increase of NOK 17.5m on the quarter.

The Norway Group's leverage ratio strengthened to 3.05 times as at Q4 2022 from 3.34 times as at Q3 2022 and 3.89 times at Q4 2021.

Cash Flow

Cash flow from operating activities was NOK 65.9m in Q4 2022 (NOK 24.4m in Q3 2022) with the improvement in cash inflows primarily driven by reversal of prior quarters working capital outflows.

Net outflows for investment activities were NOK 26.6m, related to capital expenditure on rental equipment (including NOK 8.2m for improvements to existing rental units and NOK 18.4m investment in expanding the rental fleet).

Net cashflow consumed by financing activities was an outflow of NOK 21.9m 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 Q4 2022 the Norway Group had 75 employees.

There were 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.



Modex AS Annual Financial Statements

Below are the key numbers from the annual income statement of Modex AS for the year to 31 December 2022 (“FY 2022”) compared to the year to 31 December 2021 (“FY 2021”). Please note that the FY 2022 results include Modex AS together with the legacy OEG Norway business (OEG Offshore AS) which was merged into Modex AS at the end of Q1 2022 as part of the corporate reorganisation.

The FY 2022 figures are presented on a consistent basis to the audited FY 2021 financial statements.

Summary	FY	FY
Amounts in NOK thousand	2022	2021
Total Revenue	386,428	258,665
Operating result	74,640	41,672
Result before tax	40,086	10,177

The highlights for FY 2022 are:

- Total revenue of NOK 386.4m increased 49% compared to NOK 258.7m in FY 2021.
- Operating result of NOK 74.6m increased 79% compared to NOK 41.7m in FY 2021.
- Result before tax of NOK 40.1m increased 294% compared to NOK 10.2m in FY 2021.

See page 12 for the full annual financial statement income statement of Modex AS.

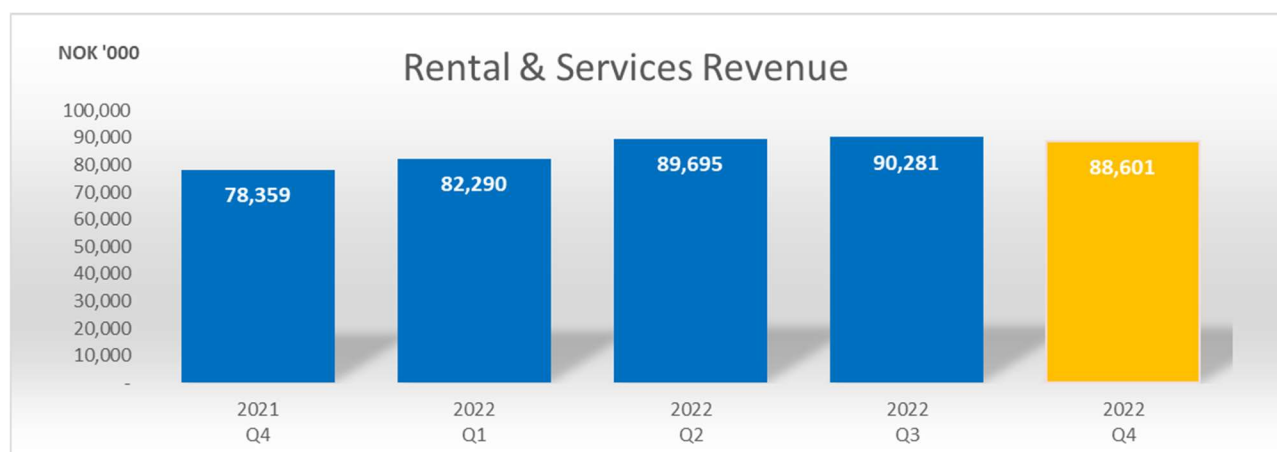
For completeness, the number of containers disposed of in the year to 31 December 2022 was 144 and the net income in relation to these disposals was NOK 1.6m.



Business Segments

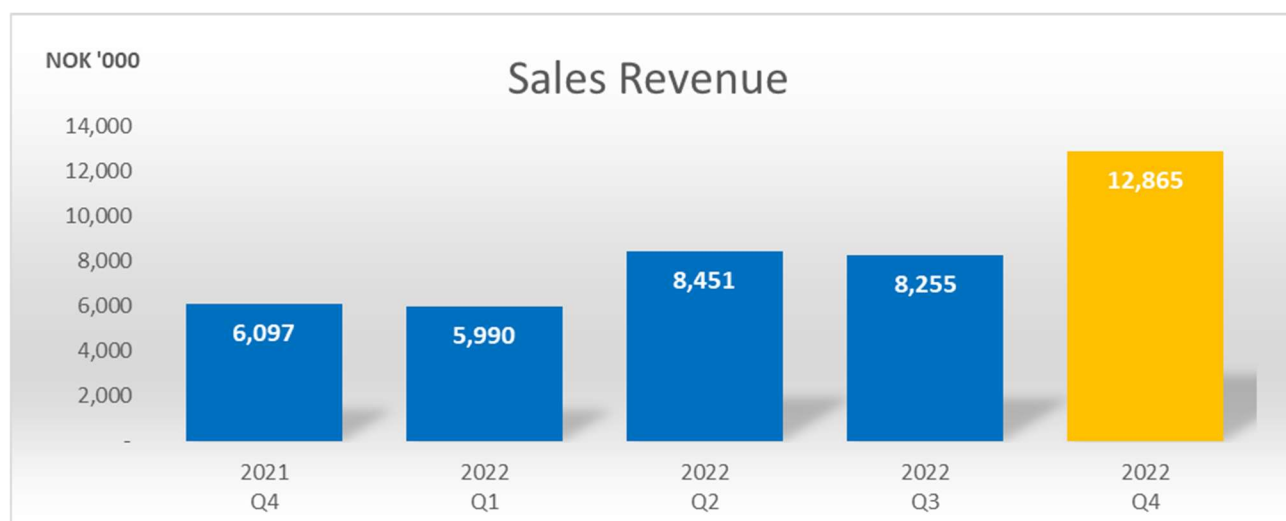
Rentals & Services

The Rentals & Services segment revenues increased by 13% on prior year comparable period due to stronger market demand but decreased by 2% sequentially in Q4 2022 primarily due to the lower activity levels experienced on the Norwegian Continental Shelf during the winter months.



Sales

Revenue in the Sales segment was NOK 12.9m in Q4 2022 and represents 56% growth sequentially and 111% on the prior year comparable period due to an increase in sales market activity in the quarter, associated with the improved market outlook.





Euro Offshore Holdings AS
Condensed Consolidated Income Statement - Quarter

Summary	Q4	Q3	Q4
Amounts in NOK thousand	2022*	2022*	2021*
Rental & Services Revenue	88,601	90,281	78,359
Sales revenue	12,865	8,255	6,097
Total Revenue	101,466	98,536	84,456
Rental & Services GP	71,543	74,981	60,051
Sales GP	2,705	2,024	1,263
Total Gross Profit	74,247	77,005	61,314
Overheads	(34,595)	(38,095)	(29,803)
EBITDA pre Foreign exchange	39,652	38,910	31,511
Foreign exchange	(0)	-	(95)
EBITDA	39,652	38,910	31,417
Depreciation of plant and equipment	(19,879)	(19,757)	(19,845)
Leased assets depreciation	(1,638)	(2,223)	(2,832)
EBIT	18,136	16,930	5,284
Finance expenses	(15,401)	(13,974)	(15,724)
Lease assets interest expense	(130)	(149)	(230)
Profit/(loss) before taxation	2,605	2,807	(10,671)
Income tax credit	-	-	-
Net profit/(loss)	2,605	2,807	(10,671)

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



Euro Offshore Holdings AS
Condensed Consolidated Income Statement - Annual

Summary	FY	Q1 to Q3 Prior	Q4 Norway	FY
Amounts in NOK thousand	2022*	Group	Group	2021**
		2021	2021	
Rental & Services Revenue	350,867	216,781	78,359	295,140
Sales revenue	35,561	48,885	6,097	54,982
Total Revenue	386,428	265,666	84,456	350,122
Rental & Services GP	287,476	161,245	60,051	221,296
Sales GP	9,206	15,674	1,263	16,937
Total Gross Profit	296,683	176,919	61,314	238,233
Overheads	(132,325)	(72,732)	(29,803)	(102,535)
EBITDA pre Foreign exchange	164,358	104,187	31,511	135,698
Foreign exchange	(237)	(922)	(95)	(1,016)
EBITDA	164,121	103,265	31,417	134,682
Extraordinary expenses	-	-	(3,456)	(3,456)
Depreciation of plant and equipment	(79,064)	(69,392)	(19,845)	(89,237)
Leased assets depreciation	(9,270)	(11,396)	(2,832)	(14,228)
EBIT	75,784	22,477	5,284	27,761
Finance expenses	(56,071)	(38,693)	(15,724)	(54,417)
Lease assets interest expense	(682)	(1,029)	(230)	(1,259)
Profit/(loss) before taxation	19,030	(17,245)	(10,671)	(27,916)
Income tax credit	-	1,133	-	1,133
Net profit/(loss)	19,030	(16,113)	(10,671)	(26,783)

* Represents the unaudited consolidated financial results of the Norway Group for the year to 31 December 2022.

** Represents the Q1 to Q3 (Jan 21 - Sep 21) of the unaudited consolidated financial results of the Prior Group before the Bond reconstruction plus Q4 (Oct 21 - Dec 21) of the Norway Group.



Euro Offshore Holdings AS Condensed Consolidated Balance Sheet

Group Summary

Amounts in NOK thousand	Dec-22*	Sep-22*	Dec-21*
Property, plant and equipment	708,766	702,144	727,746
Investments/Goodwill	210,188	210,188	210,188
Right of use assets	10,988	13,612	18,749
Total Non-Current Assets	929,941	925,944	956,682
Inventories	11,876	13,539	12,886
Trade receivables	73,114	83,709	51,425
Other debtors and prepayments	33,660	44,183	32,414
Bank balances and cash	69,876	52,428	52,737
Total Current Assets	188,526	193,858	149,462
TOTAL ASSETS	1,118,467	1,119,802	1,106,144
Total Equity & Subordinated intercompany loans	464,233	466,628	454,861
Other payables	-	-	1,218
Bond	550,000	550,000	550,000
Lease liabilities	3,700	5,310	10,969
Deferred tax	49,214	49,214	43,572
Total Non-Current Liabilities	602,914	604,524	605,759
Trade Payables	15,873	14,976	14,173
Other payables and accruals	18,262	15,659	15,578
Loans	6,657	5,874	3,933
Lease liabilities	10,529	12,141	11,841
Total Current Liabilities	51,320	48,649	45,524
TOTAL LIABILITIES	654,235	653,174	651,283
TOTAL EQUITY AND LIABILITIES	1,118,467	1,119,802	1,106,144

*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.



Euro Offshore Holdings AS
Condensed Consolidated Statement of Cash Flow

Amounts in NOK thousands	Q4 2022*	Q3 2022*	Q4 2021*
EBITDA	39,652	38,910	31,417
Change in net working capital	26,297	(14,512)	4,349
Others non-operating expenses	-	-	(3,456)
Net cash flow from operating activities	65,948	24,398	32,310
Capex less disposals	(26,561)	(18,526)	(7,875)
Net cash flow from investing activities	(26,561)	(18,526)	(7,875)
(Settlement)/Invoicing of 3rd Party expenses paid by the Global Group	(5,036)	2,939	11,283
Change in other long term liabilities	(1,503)	(2,566)	(4,144)
Net interest paid	(15,401)	(13,974)	(15,954)
Net cash flow from financing activities	(21,940)	(13,601)	(8,815)
Total Cash flow	17,448	(7,730)	15,620
Opening bank balance	52,428	60,158	37,117
Closing bank balance	69,876	52,428	52,737

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



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	Q4	Q3	Q2
Amounts in NOK thousand	2022	2022	2022
Rental & Services Revenue	88,601	90,281	89,695
Sales revenue	12,865	8,255	8,451
Total Revenue	101,466	98,535	98,146
Rental & Services GP	71,543	74,981	75,218
Sales GP	2,705	2,024	2,578
Total Gross Profit	74,247	77,004	77,797
Overheads	(34,595)	(38,095)	(28,677)
EBITDA pre Foreign exchange	39,652	38,910	49,119
Foreign exchange	(0)	(0)	(0)
EBITDA	39,652	38,910	49,119
Depreciation of plant and equipment	(19,879)	(19,757)	(19,682)
Leased assets depreciation	(1,638)	(2,223)	(2,578)
EBIT	18,136	16,930	26,859
Finance expenses	(9,195)	(8,481)	(8,589)
Lease assets interest expense	(130)	(149)	(174)
Profit before taxation	8,811	8,300	18,096
Income tax credit	-	-	-
Net Profit	8,811	8,300	18,096



Modex AS
Balance Sheet

Summary	Q4	Q3	Q2
Amounts in NOK thousand	Dec-22	Sep-22	Jun-22
Property, plant and equipment	627,615	620,993	622,224
Loans to associated companies	302,834	301,880	289,907
Right of use assets	10,988	13,612	15,582
Total Non-Current Assets	941,436	936,485	927,713
Inventories	9,318	10,981	11,068
Trade receivables	73,114	83,709	79,722
Other debtors and prepayments	33,660	44,183	37,689
Bank balances and cash	69,652	52,208	59,925
Total Current Assets	185,744	191,080	188,404
TOTAL ASSETS	1,127,180	1,127,565	1,116,116
Total Equity	293,818	284,926	278,139
Bond	550,000	550,000	550,000
Lease liabilities	3,700	5,310	6,916
Deferred tax	44,699	44,699	44,699
Total Non-Current Liabilities	598,399	600,009	601,615
Trade Payables	15,873	14,976	20,459
Other payables and accruals	18,232	15,633	13,576
Loans	6,657	5,874	5,521
Lease liabilities	10,529	12,141	12,987
Loans from associated companies	183,673	194,006	183,819
Total Current Liabilities	234,964	242,630	236,363
TOTAL LIABILITIES	833,363	842,639	837,978
TOTAL EQUITY AND LIABILITIES	1,127,180	1,127,565	1,116,116



Modex AS
Statement of Cash Flow

Amounts in NOK thousands	Q4 2022	Q3 2022	Q2 2022
EBITDA	39,652	38,910	49,119
Change in net working capital	26,293	(14,498)	(16,249)
Others non-operating expenses	-	-	-
Net cash flow from operating activities	65,944	24,411	32,870
Capex less disposals	(26,561)	(18,526)	(7,421)
Net cash flow from investing activities	(26,561)	(18,526)	(7,421)
(Settlement)/Invoicing of 3rd Party expenses paid by the Global Group	(5,036)	2,939	(2,485)
Change in other long term liabilities	(1,503)	(2,566)	(3,281)
Net interest paid	(15,401)	(13,974)	(13,521)
Net cash flow from financing activities	(21,940)	(13,601)	(19,287)
Total Cash flow	17,443	(7,716)	6,161
Opening bank balance	52,208	59,925	53,763
Closing bank balance	69,652	52,208	59,925



Modex AS Annual Accounts Format Income Statement

Below we have summarised the Full Year 2022 income statement of Modex AS in a consistent basis to how they are presented in the Modex AS Annual Report.

Summary	FY 2022*	FY 2021**
Amounts in NOK thousand		
Total Revenue	386,428	258,665
Material costs	87,528	45,759
Salary cost	69,773	51,282
Depreciation	79,066	58,385
Other operating expenses	75,421	61,566
Total operating costs	311,788	216,993
Operating result	74,640	41,672
Interest income from group companies	21,375	16,143
Interest income	1,021	49
Interest expense	(57,094)	(46,513)
Other finance income/(expense)	143	(1,174)
Result before tax	40,086	10,177

* Represents the unaudited financial results of the Modex AS for the year to 31 December 2022 prepared on a consistent basis to the year to 31 December 2021.

** Represents the audited financial results of the Modex AS for the year to 31 December 2021 under Norwegian GAAP.



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

Group Summary	Full Year 2022*	Q4 2022*	Q3 2022*	Q2 2022*	Q1 2022*
Amounts in USD thousand					
Total Revenue	301,801	74,318	80,227	74,814	72,441
Cost of Sales	(134,635)	(32,899)	(36,015)	(33,406)	(32,314)
Total Gross Profit	167,166	41,420	44,212	41,408	40,126
Overheads/other	(71,051)	(18,092)	(20,066)	(15,943)	(16,950)
EBITDA pre Foreign exchange	96,115	23,327	24,146	25,466	23,176
Foreign exchange**	(17,071)	7,694	(8,891)	(13,240)	(2,635)
EBITDA	79,044	31,022	15,255	12,226	20,541
Depreciation of plant and equipment	(47,814)	(12,160)	(12,249)	(11,450)	(11,955)
Leased assets depreciation	(5,444)	(1,361)	(1,361)	(1,361)	(1,361)
EBIT	25,786	17,501	1,645	(585)	7,225
Finance expenses	(26,107)	(21,343)	(1,505)	(1,544)	(1,715)
Lease assets interest expense	(780)	(195)	(195)	(195)	(195)
Profit/(loss) before taxation	(1,102)	(4,037)	(54)	(2,325)	5,315
Income tax	(2,625)	(1,007)	(745)	(536)	(337)
Profit/(loss) after tax	(3,726)	(5,044)	(800)	(2,860)	4,978
Dividends paid	-	-	-	-	-
Retained profit/(loss)	(3,726)	(5,044)	(800)	(2,860)	4,978

*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	Group Q4 Dec-22*	Group Q3 Sep-22*	Group Q2 Jun-22*
Property, plant and equipment	297,894	276,862	247,449
Right of use assets	18,510	18,510	18,510
Total Non-Current Assets	316,404	295,372	265,959
Inventories	4,224	4,367	3,670
Trade and other receivables	102,615	100,080	90,422
Cash and cash equivalents	27,557	24,929	39,398
Total Current Assets	134,395	129,375	133,490
TOTAL ASSETS	450,799	424,747	399,448
Borrowings	78,156	64,276	58,178
Lease liabilities	43,473	34,369	21,600
Deferred tax	8,279	5,647	5,878
Total Non-Current Liabilities	129,908	104,292	85,657
Trade and other payables	47,420	38,580	33,265
Lease liabilities	6,485	6,485	4,450
Total Current Liabilities	53,905	45,065	37,715
TOTAL LIABILITIES	183,813	149,357	123,371
NET ASSETS BEFORE SUBORDINATED INTERCOMPANY LOANS	266,986	275,390	276,077
Total Equity & Subordinated Intercompany Loans	266,986	275,390	276,077
TOTAL EQUITY AND LIABILITIES	450,799	424,747	399,448

*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

	Q4	Q3	Q2
Amounts in USD thousands	2022*	2022*	2022*
EBITDA	31,022	15,255	12,226
Taxes paid	(2,300)	(1,364)	(1,420)
Change in net working capital	2,295	(2,839)	(14,099)
Other non-operating expenses	2,250	3,317	(0)
Net cash flow from operating activities	33,267	14,369	(3,294)
Net capital expenditure	(8,254)	(13,765)	(8,073)
Net cash flow from investing activities	(8,254)	(13,765)	(8,073)
Net repayment of interest bearing debt	(5,312)	(3,296)	(3,270)
Loan (to)/from parent company	(12,201)	9,953	15,965
Business (acquisitions)/disposals	-	(15,126)	5,493
Net interest paid	(2,358)	(2,167)	(2,225)
Net cash flow from financing activities	(19,871)	(10,636)	15,963
Total Cash flow	5,142	(10,032)	4,596
Cash received on acquisitions	(0)	1,039	-
Effect of currency translation	(2,513)	(5,476)	(2,842)
Opening bank balance	24,929	39,398	37,644
Closing bank balance	27,557	24,929	39,398

*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.