

Modex AS

Unaudited 1st Quarter Results 2023
30 May 2023



We are pleased to present the Quarter 1 2023 Interim Accounts for Euro Offshore Holdings AS (“EOH”) and MODEX AS (“MAS”) (together “the Norway Group”).

Trading Overview

The highlights for the Norway Group for Q1 2023 were:

- Total revenue of NOK 103.0m increased 17% compared to NOK 88.3m in Q1 2022. Comprising Rental/Services revenue higher by 10% whilst Sales revenues were up 106% on a like for like basis.
- Rental and Services gross profit margin was 74% - down 600pps versus Q1 2022. Due primarily to anticipatory fleet repairs during the seasonally slower first quarter.
- Overall gross profit margin was 68% - down 900pps on Q1 2022 - due to the reduction in the Rental & Services margin (noted above) and lower margin related to changes in the product mix in Q1 23 versus Q1 22.
- EBITDA before foreign exchange gains/losses increased to NOK 39.0m, an increase of 6%, as compared to NOK 36.7m in Q1 2022.
- EBITDA margin before foreign exchange gains/losses reduced to 38% in Q1 2023, compared to 42% in Q1 2022, driven largely by the lower gross profit margin noted above.

Income Statement Q1 2023 versus Q4 2022

Total revenue in Q1 2023 was NOK 103.0m for the Norway Group versus Q4 2022 of NOK 101.5m.

In Norway Group’s core Rental/Services segment, revenue increased slightly from NOK 88.6m to NOK 90.7m (+2%) as activity levels begin to increase after the winter hiatus period.

Revenue in the Sales segment was NOK 12.3m in Q1 2023 which was broadly in line with Q4 2022 (NOK 12.9m).

Overall gross profit margin of 68% in Q1 2023 was lower than Q4 2022 (73%) due to the previously reported anticipatory repairs and maintenance during Q1 2023.

Overheads decreased in Q1 2023 versus Q4 2022 by approximately NOK 3.3m.

Net financial cost in Q1 2023 was NOK 16.0m and includes NOK 16.6m of Bond interest.

Balance Sheet

Total assets for the Norway Group were NOK 1,123m at 31 March 2023.

The book equity ratio at 31 March 2023 was 42% (31 December 2022: 42%).

The Norway Group had interest-bearing debt of NOK 563.8m and held cash balances of NOK 85.5m (an increase in cash of NOK 15.6m on the quarter).

Norway Group’s leverage ratio continues to strengthen, measuring 2.87 times as at Q1 2023 from 3.05 times as at Q4 2022 and 3.75 times at Q1 2022.



Cash Flow

Cash flow from operating activities was NOK 40.3m in Q1 2023 (NOK 65.9m in Q4 2022) with the higher Q1 2023 and Q4 2022 cash inflows primarily driven by reversal of prior quarters working capital outflows.

Net outflows for investment activities were NOK 9.8m, related to capital expenditure on rental equipment (including NOK 0.8m for improvements to existing rental units and NOK 8.3m investment in expanding the rental fleet).

Net cashflow consumed by financing activities was an outflow of NOK 15.0m in Q1 2023 and primarily relates to the bond interest payments and lease payments.

Order Backlog & Market

Activity at the start of 2023 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

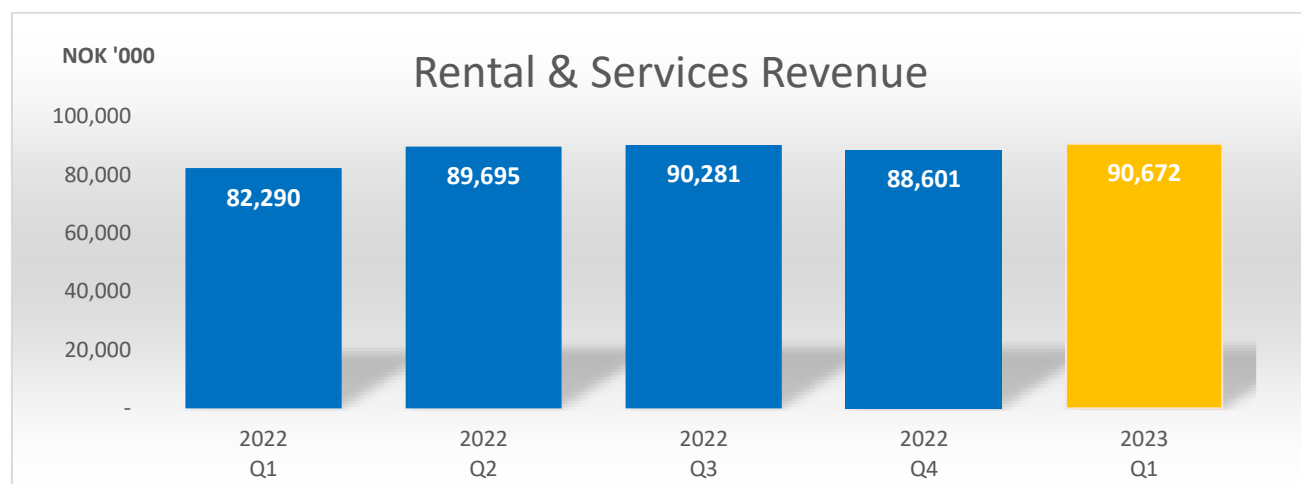
At the end of Q1 2023 the Norway Group had 74 employees.

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.

Business Segments

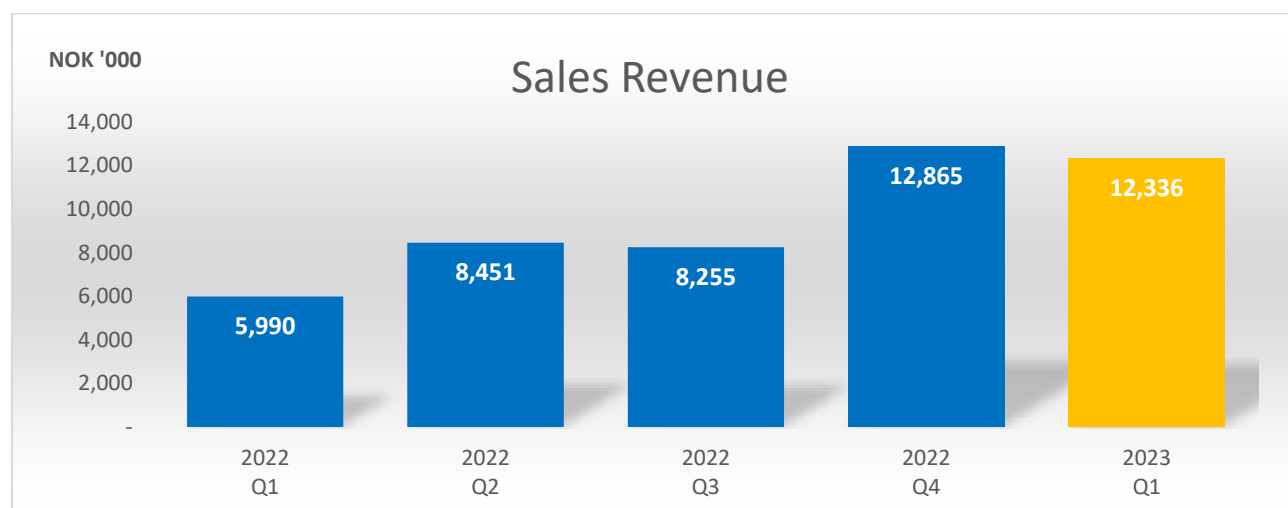
Rentals & Services

The Rentals & Services segment revenues in Q1 2023 increased by 10% on prior year comparable period due to stronger market demand and increased by 2% sequentially on Q4 2022.



Sales

Revenue in the Sales segment was NOK 12.3m in Q1 2023 which is broadly in line with Q4 2022 and 106% higher on the prior 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 | Q1 2023* | Q4 2022* | Q1 2022* |
|-------------------------------------|---------------------|---------------------|---------------------|
| Amounts in NOK thousand | | | |
| Rental & Services Revenue | 90,672 | 88,601 | 82,290 |
| Sales revenue | 12,336 | 12,865 | 5,990 |
| Total Revenue | 103,007 | 101,466 | 88,280 |
| Rental & Services GP | 67,332 | 71,542 | 65,735 |
| Sales GP | 3,024 | 2,704 | 1,900 |
| Total Gross Profit | 70,356 | 74,247 | 67,635 |
| Overheads | (31,337) | (34,595) | (30,958) |
| EBITDA pre Foreign exchange | 39,020 | 39,652 | 36,677 |
| Foreign exchange | (0) | (0) | (237) |
| EBITDA | 39,020 | 39,652 | 36,440 |
| Depreciation of plant and equipment | (19,375) | (19,878) | (19,747) |
| Leased assets depreciation | (2,292) | (1,637) | (2,832) |
| EBIT | 17,353 | 18,135 | 13,860 |
| Finance expenses | (16,047) | (15,400) | (13,176) |
| Lease assets interest expense | (156) | (129) | (230) |
| Profit before taxation | 1,150 | 2,605 | 454 |
| Income tax credit | - | - | - |
| Net profit | 1,150 | 2,605 | 454 |

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



Euro Offshore Holdings AS Condensed Consolidated Balance Sheet

Group Summary

| Amounts in NOK thousand | Mar-23* | Dec-22* | Mar-22* |
|---|------------------|------------------|------------------|
| Property, plant and equipment | 699,150 | 708,766 | 715,636 |
| Investments/Goodwill | 210,188 | 210,188 | 210,188 |
| Right of use assets | 9,496 | 10,988 | 18,560 |
| Total Non-Current Assets | 918,834 | 929,941 | 944,384 |
| Inventories | 13,460 | 11,876 | 13,640 |
| Trade receivables | 74,107 | 73,114 | 62,850 |
| Other debtors and prepayments | 31,469 | 33,660 | 39,523 |
| Bank balances and cash | 85,460 | 69,876 | 54,033 |
| Total Current Assets | 204,497 | 188,526 | 170,046 |
| TOTAL ASSETS | 1,123,331 | 1,118,467 | 1,114,431 |
| Total Equity & Subordinated intercompany loans | 469,770 | 464,233 | 456,396 |
| Other payables | - | - | - |
| Bond | 550,000 | 550,000 | 550,000 |
| Lease liabilities | 5,005 | 3,700 | 10,856 |
| Deferred tax | 49,214 | 49,214 | 43,572 |
| Total Non-Current Liabilities | 604,220 | 602,914 | 604,428 |
| Trade Payables | 14,801 | 15,873 | 16,167 |
| Other payables and accruals | 25,760 | 18,262 | 19,148 |
| Loans | 1,496 | 6,657 | 5,626 |
| Lease liabilities | 7,285 | 10,529 | 12,406 |
| Income tax payable | - | - | 261 |
| Total Current Liabilities | 49,342 | 51,320 | 53,607 |
| TOTAL LIABILITIES | 653,561 | 654,235 | 658,035 |
| TOTAL EQUITY AND LIABILITIES | 1,123,331 | 1,118,467 | 1,114,431 |

*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 | Q1 2023* | Q4 2022* | Q1 2022* |
|---|-----------------|-----------------|-----------------|
| EBITDA | 39,020 | 39,652 | 36,440 |
| Change in net working capital | 1,309 | 26,297 | (13,555) |
| Others non-operating expenses | - | - | - |
| Net cash flow from operating activities | 40,329 | 65,948 | 22,885 |
| Capex less disposals | (9,759) | (26,561) | (7,637) |
| Net cash flow from investing activities | (9,759) | (26,561) | (7,637) |
| (Settlement)/Invoicing of 3rd Party expenses paid by the Global Group | 3,930 | (5,036) | 1,212 |
| Change in other long term liabilities | (2,869) | (1,503) | (2,000) |
| Net interest paid | (16,047) | (15,401) | (13,176) |
| Net cash flow from financing activities | (14,986) | (21,940) | (13,964) |
| Total Cash flow | 15,584 | 17,448 | 1,284 |
| Effect of currency translation | - | - | 12 |
| Opening bank balance | 69,876 | 52,428 | 52,737 |
| Closing bank balance | 85,460 | 69,876 | 54,033 |

*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 | Q1 | Q4 | Q1 |
|-------------------------------------|----------------|---------------|---------------|
| Amounts in NOK thousand | 2023 | 2022 | 2022 |
| Rental & Services Revenue | 90,672 | 5,946 | 82,290 |
| Sales revenue | 12,336 | 12,865 | 5,990 |
| Total Revenue | 103,007 | 18,811 | 88,280 |
| Rental & Services GP | 67,332 | 71,543 | 65,735 |
| Sales GP | 3,024 | 2,705 | 1,900 |
| Total Gross Profit | 70,356 | 74,247 | 67,635 |
| Overheads | (31,337) | (34,595) | (30,958) |
| EBITDA pre Foreign exchange | 39,020 | 39,652 | 36,677 |
| Foreign exchange | (0) | (0) | (237) |
| EBITDA | 39,019 | 39,652 | 36,440 |
| Depreciation of plant and equipment | (19,375) | (19,879) | (19,747) |
| Leased assets depreciation | (2,292) | (1,638) | (2,832) |
| EBIT | 17,353 | 18,136 | 13,860 |
| Finance expenses | (9,357) | (9,195) | (8,432) |
| Lease assets interest expense | (156) | (130) | (230) |
| Profit before taxation | 7,840 | 8,811 | 5,198 |
| Income tax credit | - | - | - |
| Net Profit | 7,840 | 8,811 | 5,198 |



Modex AS Balance Sheet

| Summary | Q1 Mar-23 | Q4 Dec-22 | Q1 Mar-22 |
|--------------------------------------|------------------|------------------|------------------|
| Amounts in NOK thousand | | | |
| Property, plant and equipment | 617,999 | 627,615 | 634,485 |
| Loans to associated companies | 304,562 | 302,834 | 278,549 |
| Right of use assets | 9,496 | 10,988 | 18,560 |
| Total Non-Current Assets | 932,056 | 941,436 | 931,594 |
| Inventories | 10,902 | 9,318 | 11,082 |
| Trade receivables | 74,107 | 73,114 | 62,850 |
| Other debtors and prepayments | 31,469 | 33,660 | 39,523 |
| Bank balances and cash | 85,237 | 69,652 | 53,763 |
| Total Current Assets | 201,716 | 185,744 | 167,219 |
| TOTAL ASSETS | 1,133,772 | 1,127,180 | 1,098,812 |
| Share Capital & Share Premium | 88,184 | 88,184 | 231,778 |
| Reserves | 203,014 | 205,634 | 38,952 |
| Total Equity | 291,198 | 293,818 | 270,730 |
| Bond | 550,000 | 550,000 | 550,000 |
| Lease liabilities | 5,005 | 3,700 | 10,856 |
| Deferred tax | 44,699 | 44,699 | 35,451 |
| Total Non-Current Liabilities | 599,704 | 598,399 | 596,307 |
| Trade Payables | 14,801 | 15,873 | 16,167 |
| Other payables and accruals | 25,730 | 18,232 | 19,379 |
| Loans | 1,496 | 6,657 | 5,626 |
| Lease liabilities | 7,285 | 10,529 | 12,406 |
| Loans from associated companies | 193,558 | 183,673 | 178,198 |
| Total Current Liabilities | 242,870 | 234,964 | 231,775 |
| TOTAL LIABILITIES | 842,574 | 833,363 | 828,082 |
| TOTAL EQUITY AND LIABILITIES | 1,133,772 | 1,127,180 | 1,098,812 |



Modex AS

Statement of Cash Flow

| Amounts in NOK thousands | Q1 2023 | Q4 2022 | Q1 2022 |
|---|-----------------|-----------------|-----------------|
| EBITDA | 39,020 | 39,652 | 36,440 |
| Change in net working capital | 1,310 | 26,293 | (13,559) |
| Others non-operating expenses | - | - | - |
| Net cash flow from operating activities | 40,330 | 65,944 | 22,881 |
| Capex less disposals | (9,759) | (26,561) | (7,637) |
| Net cash flow from investing activities | (9,759) | (26,561) | (7,637) |
| (Settlement)/Invoicing of 3rd Party expenses paid by the Global Group | 3,930 | (5,036) | 1,212 |
| Change in other long term liabilities | (2,869) | (1,503) | (2,000) |
| Net interest paid | (16,047) | (15,401) | (13,176) |
| Net cash flow from financing activities | (14,986) | (21,940) | (13,964) |
| Total Cash flow | 15,585 | 17,443 | 1,280 |
| Opening bank balance | 69,652 | 52,208 | 52,471 |
| Closing bank balance | 85,237 | 69,652 | 53,763 |



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 | Q1 2023* | Q4 2022* | Q1 2022* |
|--------------------------------------|---------------|----------------|---------------|
| Amounts in USD thousand | | | |
| Total Revenue | 76,573 | 74,318 | 72,441 |
| Cost of Sales | (32,742) | (32,899) | (32,314) |
| Total Gross Profit | 43,831 | 41,420 | 40,126 |
| Overheads/other | (16,307) | (18,092) | (16,950) |
| EBITDA pre Foreign exchange | 27,524 | 23,327 | 23,176 |
| Foreign exchange** | (2,434) | 7,694 | (2,635) |
| EBITDA | 25,090 | 31,022 | 20,541 |
| Depreciation of plant and equipment | (12,325) | (12,160) | (11,955) |
| Leased assets depreciation | (1,089) | (1,361) | (1,361) |
| EBIT | 11,677 | 17,501 | 7,225 |
| Finance expenses | (2,102) | (21,343) | (1,715) |
| Lease assets interest expense | (166) | (195) | (195) |
| Profit/(loss) before taxation | 9,409 | (4,037) | 5,315 |
| Income tax | (533) | (1,007) | (337) |
| Profit/(loss) after tax | 8,876 | (5,044) | 4,978 |
| Dividends paid | - | - | - |
| Retained profit/(loss) | 8,876 | (5,044) | 4,978 |

*Represents the unaudited consolidated financial results of OEG Offshore Group Limited and its subsidiaries.

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



OEG Offshore Group Limited Condensed Consolidated Balance Sheet

Condensed Consolidated Balance Sheet

| Amounts in USD thousand | Group Q1 Mar-23* | Group Q4 Dec-22* | Group Q1 Mar-22* |
|---|------------------------|------------------------|------------------------|
| Property, plant and equipment | 287,742 | 297,894 | 270,828 |
| Right of use assets | 15,290 | 16,378 | 19,162 |
| Total Non-Current Assets | 303,032 | 314,272 | 289,990 |
| Inventories | 4,597 | 4,224 | 3,187 |
| Trade and other receivables | 104,079 | 102,615 | 89,185 |
| Cash and cash equivalents | 27,713 | 27,557 | 37,644 |
| Total Current Assets | 136,389 | 134,395 | 130,017 |
| TOTAL ASSETS | 439,420 | 448,667 | 420,006 |
| Trade and other payables | 17,655 | 13,729 | |
| Borrowings | 63,074 | 68,062 | 67,402 |
| Lease liabilities | 40,788 | 43,646 | 24,772 |
| Deferred tax | 8,492 | 8,279 | 5,557 |
| Total Non-Current Liabilities | 130,008 | 133,715 | 97,731 |
| Trade and other payables | 38,579 | 42,678 | 38,071 |
| Lease liabilities | 5,195 | 5,364 | 4,637 |
| Total Current Liabilities | 43,774 | 48,042 | 42,708 |
| TOTAL LIABILITIES | 173,782 | 181,757 | 140,440 |
| NET ASSETS BEFORE SUBORDINATED INTERCOMPANY LOANS | 265,638 | 266,910 | 279,567 |
| Total Equity & Subordinated Intercompany Loans | 265,638 | 266,910 | 279,567 |
| TOTAL EQUITY AND LIABILITIES | 439,420 | 448,667 | 420,006 |

*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

| | Q1 | Q4 | Q1 |
|--|-----------------|-----------------|----------------|
| Amounts in USD thousands | 2023* | 2022* | 2022* |
| EBITDA | 27,524 | 31,022 | 20,541 |
| Taxes paid | (1,613) | (2,300) | (572) |
| Change in net working capital | (3,692) | 2,295 | (9,407) |
| Other non-operating expenses | 59 | 2,250 | 0 |
| Net cash flow from operating activities | 22,279 | 33,267 | 10,563 |
| Net capital expenditure | (3,482) | (8,254) | (8,404) |
| Net cash flow from investing activities | (3,482) | (8,254) | (8,404) |
| Net repayment of interest bearing debt | (5,664) | (5,312) | (1,762) |
| Loan (to)/from parent company | (7,370) | (12,201) | 48,316 |
| Business (acquisitions)/disposals | (6,700) | - | (43,645) |
| Net interest paid | (1,992) | (2,358) | (2,282) |
| Net cash flow from financing activities | (21,726) | (19,871) | 627 |
| Total Cash flow | (2,929) | 5,142 | 2,785 |
| Cash received on acquisitions | 2,540 | (0) | 8,332 |
| Effect of currency translation | 545 | (2,513) | (518) |
| Opening bank balance | 27,557 | 24,929 | 27,045 |
| Closing bank balance | 27,713 | 27,557 | 37,644 |

*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.