



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

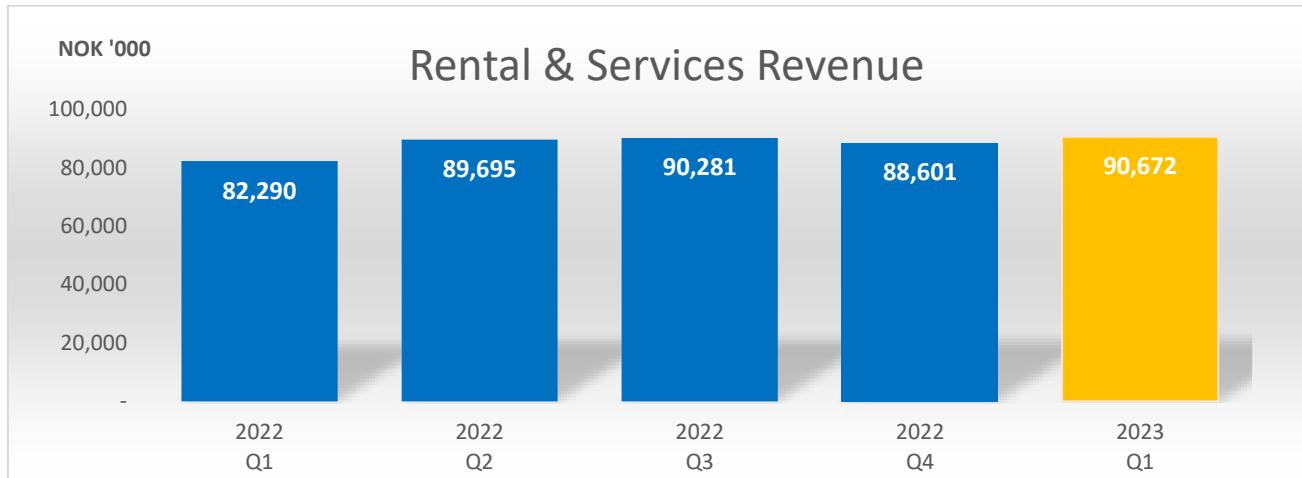
At the end of Q1 2023 the Norway Group had 74 employees.

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

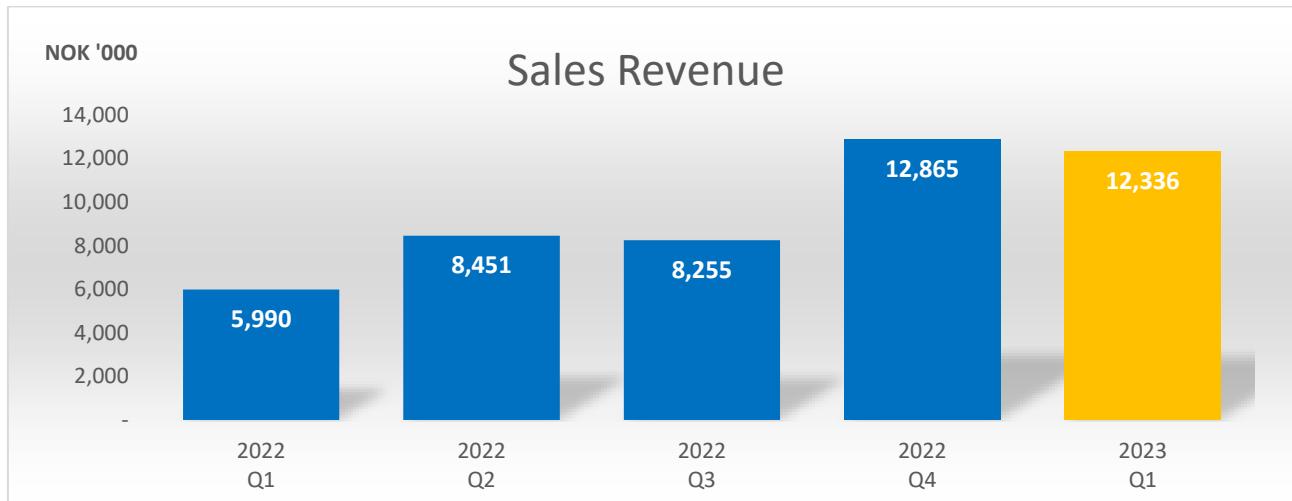
Rentals & Services

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 acitivites	(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 2023	Q4 2022	Q1 2022
Amounts in NOK thousand			
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.