



# Modex AS

**Unaudited 2<sup>nd</sup> Quarter Results 2023**

**22 August 2023**



We are pleased to present the Quarter 2 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 Q2 2023 were:

- Total revenue of NOK 105.4m increased 7% on prior year of NOK 98.2m in Q2 2022. Comprising Rental / Services revenue higher by 7% whilst Sales revenues were up 14% on prior year.
- Rental and Services gross profit margin was 75% - down 900pps versus Q2 2022. Due primarily to discretionary refurbishment spend on the rental asset fleet in anticipation of future demand growth.
- Overall gross profit margin was 71% - down 900pps on Q2 2022 - due to the above noted reduction in the Rental & Services margin and higher growth in the lower margin Sales segment in Q2 23 compared to prior year.
- EBITDA before foreign exchange gains/losses increased to NOK 49.5m, an increase of 1%, on prior year comparable.
- EBITDA margin before foreign exchange gains/losses reduced to 47% in Q2 2023, compared to 50% in the prior year, driven by the above noted lower gross profit margin.

## Income Statement Q2 2023 versus Q1 2023

Total revenue in Q2 2023 was NOK 105.4m for the Norway Group versus Q1 2023 of NOK 103.0m.

In Norway Group’s core Rental and Services segment, revenue increased 6% from NOK 90.7m to NOK 95.8m driven by higher activity in line with seasonal trends.

Revenue in the Sales segment was NOK 9.6m in Q2 2023 which was lower than Q1 2023 (NOK 12.3m) reflecting the higher volatility in Sales segment activities.

Overall gross profit margin of 71% in Q2 2023 was higher than Q1 2023 (68%) due to the lower relative contribution from the lower margin Sales segment in the quarter.

Overheads decreased in Q2 2023 versus Q1 2023 by approximately NOK 5.5m due almost entirely to the impact of annual holiday pay adjustment in Q2.

Net financial cost in Q2 2023 was NOK 16.1m and includes NOK 16.7m of Bond interest.

Extraordinary expenses in Q2 2023 were NOK 7.8m and relate to the loss on the call option and resale of the bonds as a result of the change of control, which is non-recurring in nature.

## Balance Sheet

Total assets for the Norway Group were NOK 1,126m at 30 June 2023.

The book equity ratio at 30 June 2023 was 43% (31 March 2023: 42%).

The Norway Group had interest-bearing debt of NOK 560.8m and held cash balances of NOK 93.9m (an increase in cash of NOK 8.4m on the quarter).

Norway Group continues to deleverage with the leverage ratio decreasing to 2.79 times as at Q2 2023 from 2.87 times as at Q1 2023 and 3.40 times at Q2 2022.



### **Cash Flow**

Cash flow from operating activities was NOK 36.2m in Q2 2023 (NOK 40.3m in Q1 2023) with the higher Q1 2023 cash inflows primarily driven by reversal of prior quarters working capital outflows.

Net outflows for investment activities were NOK 2.5m, related to capital expenditure on rental equipment (including NOK 1.2m for improvements to existing rental units and NOK 1.3m investment in expanding the rental fleet).

Net cashflow consumed by financing activities was an outflow of NOK 25.3m in Q2 2023 and primarily relates to the bond interest payments and lease payments together with the one-off bond change of control costs ~NOK 7.8m.

### **Order Backlog & Market**

Activity in the first half 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.

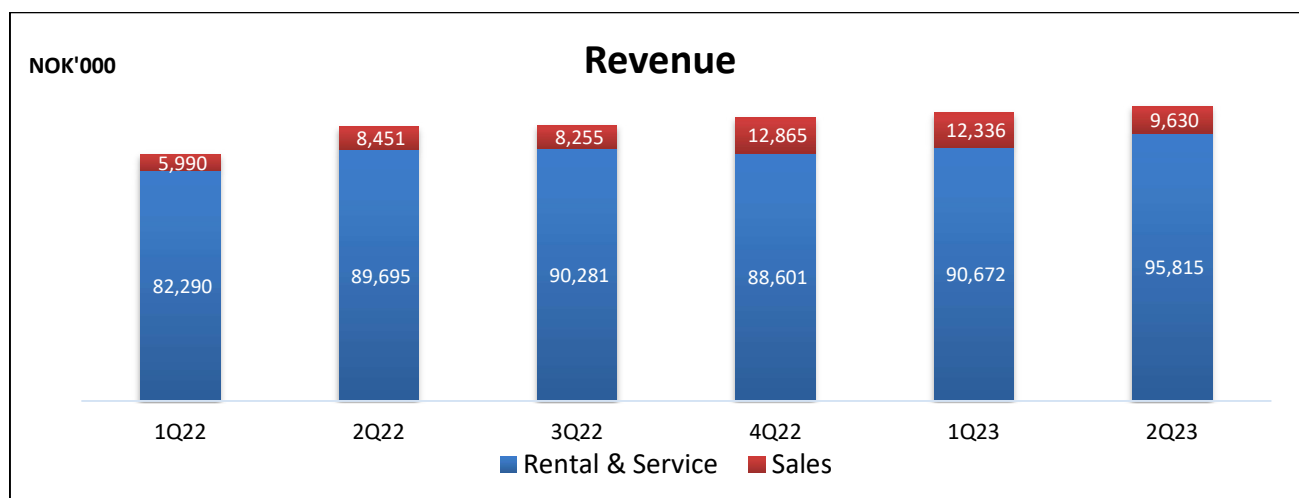
In June 2023 we signed a 5-year extension to September 2028 with Equinor our largest customer. YTD rental/services revenue attributed to Equinor Norway amounts to 40% of total rental/services revenues.

### **HSEQ**

At the end of Q2 2023 the Norway Group had 72 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.

## Historical Quarterly Trading



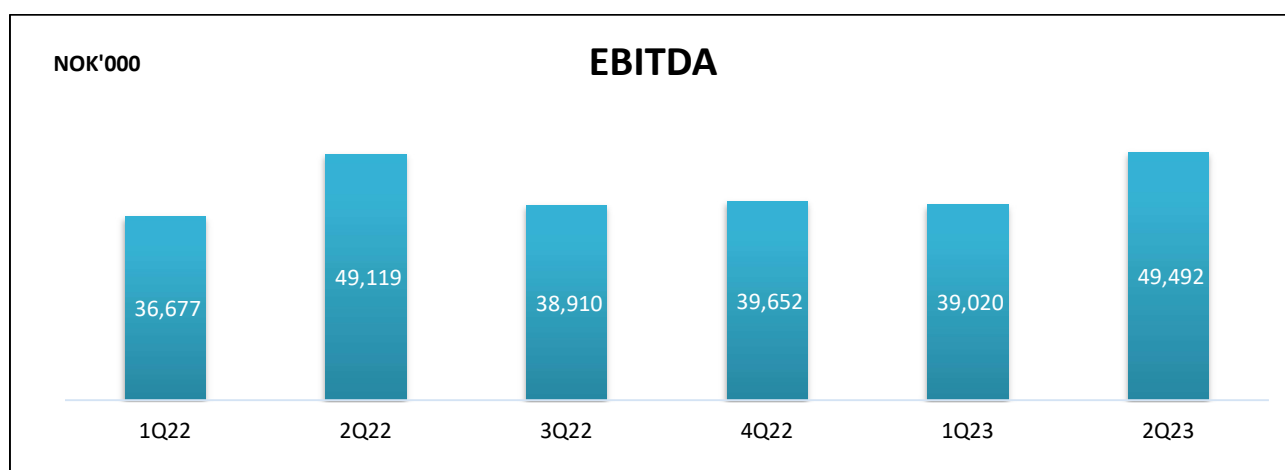
### Revenue

- **Rentals & Services**

The Rentals & Services segment revenues in Q2 2023 increased by 7% on prior comparable period due to stronger market demand and increased by 6% sequentially on Q1 2023.

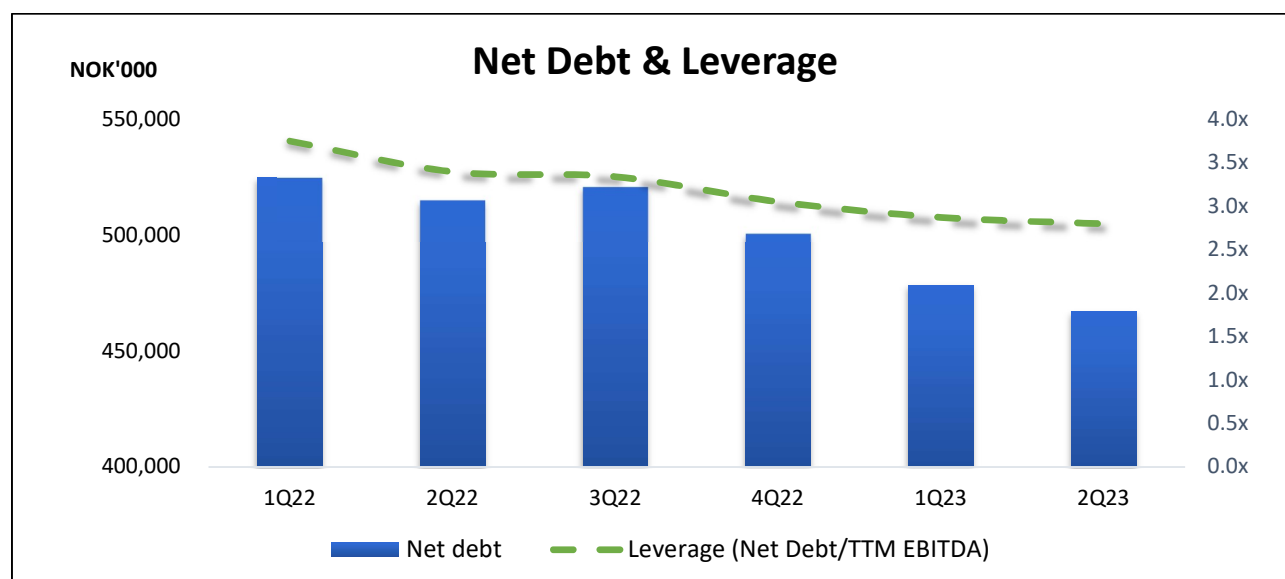
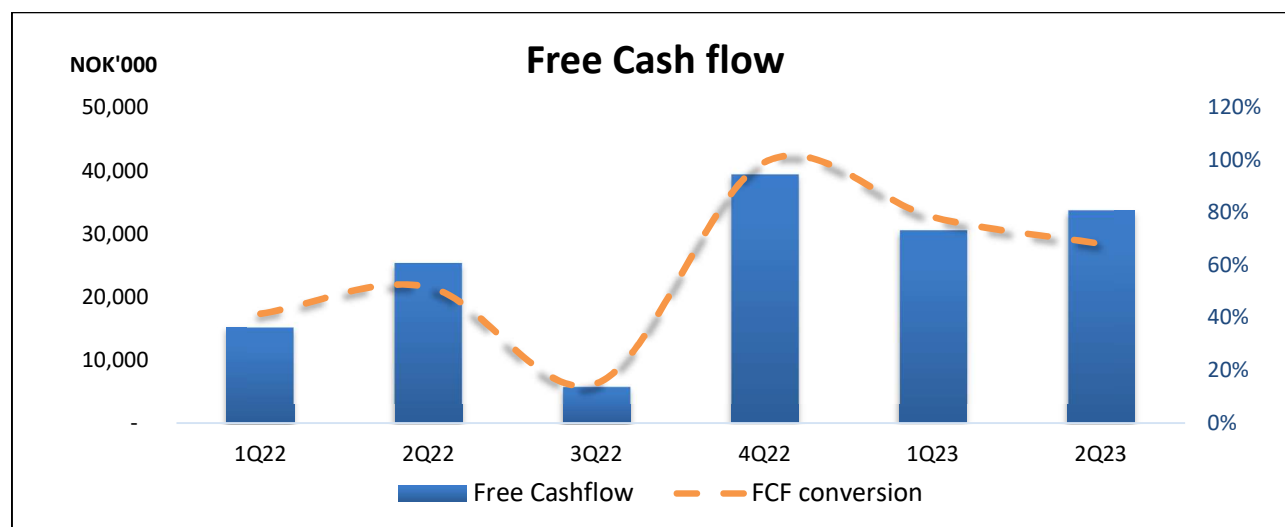
- **Sales**

Revenue in the Sales segment was NOK 9.6m in Q2 2023 which was 14% higher on the prior comparable period albeit lower sequentially than Q1 2023 (NOK 12.3m). Q4 2022 and Q1 2023 saw an increase in sales market activity, associated with the improved market outlook.



**EBITDA** before foreign exchange gains/losses increased to NOK 49.5m, an increase of 1%, on prior year comparable and up from NOK 39.0m in Q1 2023. Increase on Q1 2023 driven by higher activity in line with seasonal trends.

## Historical Quarterly Cash flow & Leverage



Norway Group continues to deleverage with the leverage ratio decreasing to 2.79 times as at Q2 2023 from 2.87 times as at Q1 2023 and 3.40 times at Q2 2022.



**Euro Offshore Holdings AS**  
**Condensed Consolidated Income Statement - Quarter**

<b>Summary</b>	<b>Q2 2023*</b>	<b>Q1 2023*</b>	<b>Q2 2022*</b>
Amounts in NOK thousand			
Rental & Services Revenue	95,815	90,672	89,695
Sales revenue	9,630	12,336	8,451
<b>Total Revenue</b>	<b>105,445</b>	<b>103,007</b>	<b>98,146</b>
Rental & Services GP	71,975	67,332	75,218
Sales GP	3,271	3,024	2,578
<b>Total Gross Profit</b>	<b>75,247</b>	<b>70,356</b>	<b>77,796</b>
Overheads	(25,754)	(31,337)	(28,677)
<b>EBITDA pre Foreign exchange</b>	<b>49,492</b>	<b>39,020</b>	<b>49,119</b>
Foreign exchange	(0)	(0)	-
<b>EBITDA</b>	<b>49,492</b>	<b>39,020</b>	<b>49,119</b>
Depreciation of plant and equipment	(19,667)	(19,375)	(19,682)
Leased assets depreciation	(2,059)	(2,292)	(2,578)
<b>EBIT</b>	<b>27,766</b>	<b>17,353</b>	<b>26,859</b>
Finance expenses	(16,168)	(16,047)	(13,521)
Lease assets interest expense	(125)	(156)	(174)
<b>Profit before taxation</b>	<b>11,473</b>	<b>1,150</b>	<b>13,164</b>
Income tax credit	-	-	-
Extraordinary expenses	(7,812)	-	-
<b>Net profit</b>	<b>3,661</b>	<b>1,150</b>	<b>13,164</b>

\* 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	Jun-23*	Mar-23*	Jun-22*
Property, plant and equipment	681,936	699,150	703,375
Investments/Goodwill	210,188	210,188	210,188
Right of use assets	7,063	9,496	15,582
<b>Total Non-Current Assets</b>	<b>899,187</b>	<b>918,834</b>	<b>929,145</b>
Inventories	16,157	13,460	13,626
Trade receivables	84,398	74,107	79,722
Other debtors and prepayments	32,369	31,469	37,689
Bank balances and cash	93,926	85,460	60,158
<b>Total Current Assets</b>	<b>226,850</b>	<b>204,497</b>	<b>191,195</b>
<b>TOTAL ASSETS</b>	<b>1,126,037</b>	<b>1,123,331</b>	<b>1,120,339</b>
<b>Total Equity &amp; Subordinated intercompany loans</b>	<b>481,896</b>	<b>469,770</b>	<b>461,643</b>
Other payables	-	-	-
Bond	550,000	550,000	550,000
Lease liabilities	2,455	5,005	6,916
Deferred tax	40,697	49,214	49,214
<b>Total Non-Current Liabilities</b>	<b>593,152</b>	<b>604,220</b>	<b>606,130</b>
Trade Payables	23,524	14,801	20,459
Other payables and accruals	17,382	25,760	13,599
Loans	1,496	1,496	5,521
Lease liabilities	6,857	7,285	12,987
Income tax payable	1,731	-	-
<b>Total Current Liabilities</b>	<b>50,990</b>	<b>49,342</b>	<b>52,566</b>
<b>TOTAL LIABILITIES</b>	<b>644,142</b>	<b>653,561</b>	<b>658,696</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,126,037</b>	<b>1,123,331</b>	<b>1,120,339</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.



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

Amounts in NOK thousands	Q2 2023*	Q1 2023*	Q2 2022*
EBITDA	49,492	39,020	49,119
Change in net working capital	(13,306)	1,309	(16,285)
<b>Net cash flow from operating activities</b>	<b>36,185</b>	<b>40,329</b>	<b>32,833</b>
Capex less disposals	(2,453)	(9,759)	(7,421)
<b>Net cash flow from investing activities</b>	<b>(2,453)</b>	<b>(9,759)</b>	<b>(7,421)</b>
Bond change of control outflow	(7,812)	-	-
(Settlement)/Invoicing of 3rd Party expenses paid by the Global Group	1,467	3,930	(2,485)
Change in other long term liabilities	(2,753)	(2,869)	(3,281)
Net interest paid	(16,168)	(16,047)	(13,521)
<b>Net cash flow from financing activities</b>	<b>(25,266)</b>	<b>(14,986)</b>	<b>(19,287)</b>
<b>Total Cash flow</b>	<b>8,466</b>	<b>15,584</b>	<b>6,125</b>
Opening bank balance	85,460	69,876	54,033
<b>Closing bank balance</b>	<b>93,926</b>	<b>85,460</b>	<b>60,158</b>

\*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 Amounts in NOK thousand	Q2 2023	Q1 2023	Q2 2022
Rental & Services Revenue	95,815	90,672	89,695
Sales revenue	9,630	12,336	8,451
<b>Total Revenue</b>	<b>105,445</b>	<b>103,007</b>	<b>98,146</b>
Rental & Services GP	71,975	67,332	75,218
Sales GP	3,271	3,024	2,578
<b>Total Gross Profit</b>	<b>75,247</b>	<b>70,356</b>	<b>77,797</b>
Overheads	(25,738)	(31,337)	(28,677)
<b>EBITDA pre Foreign exchange</b>	<b>49,509</b>	<b>39,020</b>	<b>49,119</b>
Foreign exchange	(0)	(0)	(0)
<b>EBITDA</b>	<b>49,509</b>	<b>39,019</b>	<b>49,119</b>
Depreciation of plant and equipment	(19,667)	(19,375)	(19,682)
Leased assets depreciation	(2,059)	(2,292)	(2,578)
<b>EBIT</b>	<b>27,783</b>	<b>17,353</b>	<b>26,859</b>
Finance expenses	(9,370)	(9,357)	(8,589)
Lease assets interest expense	(125)	(156)	(174)
<b>Profit before taxation</b>	<b>18,288</b>	<b>7,840</b>	<b>18,096</b>
Income tax credit	-	-	-
Extraordinary expenses	(7,812)	-	-
<b>Net Profit</b>	<b>10,476</b>	<b>7,840</b>	<b>18,096</b>



## Modex AS Balance Sheet

Summary	Q2	Q1	Q2
Amounts in NOK thousand	Jun-23	Mar-23	Jun-22
Property, plant and equipment	600,785	617,999	622,224
Loans to associated companies	319,765	304,562	289,907
Right of use assets	7,063	9,496	15,582
<b>Total Non-Current Assets</b>	<b>927,613</b>	<b>932,056</b>	<b>927,713</b>
Inventories	13,599	10,902	11,068
Trade receivables	84,398	74,107	79,722
Other debtors and prepayments	32,369	31,469	37,689
Bank balances and cash	93,718	85,237	59,925
<b>Total Current Assets</b>	<b>224,084</b>	<b>201,716</b>	<b>188,404</b>
<b>TOTAL ASSETS</b>	<b>1,151,697</b>	<b>1,133,772</b>	<b>1,116,116</b>
<b>Total Equity</b>	<b>322,895</b>	<b>291,198</b>	<b>278,139</b>
Bond	550,000	550,000	550,000
Lease liabilities	2,455	5,005	6,916
Deferred tax	36,181	44,699	44,699
<b>Total Non-Current Liabilities</b>	<b>588,637</b>	<b>599,704</b>	<b>601,615</b>
Trade Payables	23,520	14,801	20,459
Other payables and accruals	17,354	25,730	13,576
Loans	1,496	1,496	5,521
Lease liabilities	6,857	7,285	12,987
Loans from associated companies	189,208	193,558	183,819
Income tax payable	1,731	-	-
<b>Total Current Liabilities</b>	<b>240,166</b>	<b>242,870</b>	<b>236,363</b>
<b>TOTAL LIABILITIES</b>	<b>828,802</b>	<b>842,574</b>	<b>837,978</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,151,697</b>	<b>1,133,772</b>	<b>1,116,116</b>



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

Amounts in NOK thousands	Q2 2023	Q1 2023	Q2 2022
EBITDA	49,509	39,020	49,119
Change in net working capital	(13,307)	1,310	(16,249)
Others non-operating expenses	-	-	-
<b>Net cash flow from operating activities</b>	<b>36,202</b>	<b>40,330</b>	<b>32,870</b>
Capex less disposals	(2,453)	(9,759)	(7,421)
<b>Net cash flow from investing activities</b>	<b>(2,453)</b>	<b>(9,759)</b>	<b>(7,421)</b>
Bond change of control outflow	(7,812)	-	-
(Settlement)/Invoicing of 3rd Party expenses paid by the Global Group	1,466	3,930	(2,485)
Change in other long term liabilities	(2,753)	(2,869)	(3,281)
Net interest paid	(16,168)	(16,047)	(13,521)
<b>Net cash flow from financing activities</b>	<b>(25,267)</b>	<b>(14,986)</b>	<b>(19,287)</b>
<b>Total Cash flow</b>	<b>8,482</b>	<b>15,585</b>	<b>6,161</b>
Opening bank balance	85,237	69,652	53,763
<b>Closing bank balance</b>	<b>93,718</b>	<b>85,237</b>	<b>59,925</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>Q2</b>	<b>Q1</b>	<b>Q2</b>
Amounts in USD thousand	<b>2023*</b>	<b>2023*</b>	<b>2022*</b>
Total Revenue	93,109	76,573	74,814
Cost of Sales	(43,174)	(32,742)	(33,406)
<b>Total Gross Profit</b>	<b>49,935</b>	<b>43,831</b>	<b>41,408</b>
Overheads/other	(17,469)	(16,307)	(15,943)
<b>EBITDA pre Foreign exchange</b>	<b>32,466</b>	<b>27,524</b>	<b>25,466</b>
Foreign exchange**	(785)	(2,434)	(13,240)
<b>EBITDA</b>	<b>31,681</b>	<b>25,090</b>	<b>12,226</b>
Depreciation of plant and equipment	(12,278)	(12,325)	(11,450)
Leased assets depreciation	(967)	(1,089)	(1,361)
<b>EBIT</b>	<b>18,436</b>	<b>11,677</b>	<b>(585)</b>
Finance expenses	(2,730)	(2,102)	(1,544)
Lease assets interest expense	(156)	(166)	(195)
<b>Profit/(loss) before taxation</b>	<b>15,550</b>	<b>9,409</b>	<b>(2,325)</b>
Income tax	(560)	(533)	(536)
<b>Profit/(loss) after tax</b>	<b>14,990</b>	<b>8,876</b>	<b>(2,860)</b>
Dividends paid	-	-	-
<b>Retained profit/(loss)</b>	<b>14,990</b>	<b>8,876</b>	<b>(2,860)</b>

\*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**

	Group Q1 Mar-23*	Group Q1 Mar-23*	Group Q2 Jun-22*
Amounts in USD thousand			
Property, plant and equipment	282,772	287,742	247,449
Right of use assets	15,290	15,290	18,510
<b>Total Non-Current Assets</b>	<b>298,062</b>	<b>303,032</b>	<b>265,959</b>
Inventories	6,457	4,597	3,670
Trade and other receivables	121,063	104,079	90,422
Cash and cash equivalents	30,555	27,713	39,398
<b>Total Current Assets</b>	<b>158,075</b>	<b>136,389</b>	<b>133,490</b>
<b>TOTAL ASSETS</b>	<b>456,136</b>	<b>439,420</b>	<b>399,448</b>
Trade and other payables	16,762	17,655	-
Borrowings	60,973	63,074	58,178
Lease liabilities	47,041	40,788	21,600
Deferred tax	7,653	8,492	5,878
<b>Total Non-Current Liabilities</b>	<b>132,430</b>	<b>130,008</b>	<b>85,657</b>
Trade and other payables	43,629	38,579	33,265
Lease liabilities	5,071	5,195	4,450
<b>Total Current Liabilities</b>	<b>48,700</b>	<b>43,774</b>	<b>37,715</b>
<b>TOTAL LIABILITIES</b>	<b>181,130</b>	<b>173,782</b>	<b>123,371</b>
<b>NET ASSETS BEFORE SUBORDINATED INTERCOMPANY LOANS</b>	<b>275,006</b>	<b>265,638</b>	<b>276,077</b>
<b>Total Equity &amp; Subordinated Intercompany Loans</b>	<b>275,006</b>	<b>265,638</b>	<b>276,077</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>456,136</b>	<b>439,420</b>	<b>399,448</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**

	Q2	Q1	Q2
Amounts in USD thousands	2023*	2023*	2022*
EBITDA	31,681	25,090	12,226
Taxes paid	(2,963)	(1,613)	(1,420)
Change in net working capital	(7,211)	(3,692)	(14,099)
Other non-operating expenses	(9,137)	59	(0)
<b>Net cash flow from operating activities</b>	<b>12,371</b>	<b>19,845</b>	<b>(3,294)</b>
Net capital expenditure	(8,178)	(3,482)	(8,073)
<b>Net cash flow from investing activities</b>	<b>(8,178)</b>	<b>(3,482)</b>	<b>(8,073)</b>
Net repayment of interest bearing debt	6,563	(5,664)	(3,270)
Loan (to)/from parent company	434	(4,937)	15,965
Business (acquisitions)/disposals	(5,065)	(6,700)	5,493
Net interest paid	(2,629)	(1,992)	(2,225)
<b>Net cash flow from financing activities</b>	<b>(697)</b>	<b>(19,292)</b>	<b>15,963</b>
<b>Total Cash flow</b>	<b>3,495</b>	<b>(2,929)</b>	<b>4,596</b>
Cash received on acquisitions	(0)	2,540	-
Effect of currency translation	(654)	545	(2,842)
Opening bank balance	27,713	27,557	37,644
<b>Closing bank balance</b>	<b>30,555</b>	<b>27,713</b>	<b>39,398</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.