

**Company Registration No. 12134998**

**OEG Group Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2020**



# **OEG Group Limited**

## **Annual Report and financial statements 2020**

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# **OEG Group Limited**

## **Annual Report and financial statements 2020**

### **Officers and professional advisers**

#### **Directors**

P Coy  
J M Heiton  
S Kondratenko  
V Mokhonko  
N Rahman

#### **Company Secretary**

Burness Paul LLP

#### **Registered Office**

c/o Harran Ltd  
Yarmouth Business Park  
Thamesfield Way  
Great Yarmouth  
Norfolk  
NR31 0ER

#### **Legal advisors**

Burness Paul LLP  
Union Plaza  
1 Union Wynd  
Aberdeen  
AB10 1SL

Goodwin Procter (UK) LLP  
100 Cheapside  
London  
EC2V 6DY

#### **Auditor**

Deloitte LLP  
Union Plaza  
1 Union Wynd  
Aberdeen  
AB10 1SL  
United Kingdom

# **OEG Group Limited**

## **Strategic report**

The directors' present the Strategic Report of OEG Group Limited ("the Company") and its subsidiary undertakings (collectively "the Group") for the year ended 31 December 2020. The Strategic Report has been prepared for the Group as a whole and therefore gives emphasis to those matters which are significant to the Group when viewed as a whole.

On 25 November 2020, the Group acquired the offshore business of Hoover Ferguson Group. The principal activity of the acquired business is the sale and rental of specialist offshore containers, baskets and workshops as well as the manufacture, sale and rental of offshore cabins, modules and equipment rooms for use in the offshore energy industry. Details of the fair value of the net assets acquired and the consideration paid are set out in note 23.

As such these financial statements include one month trading results of the newly acquired offshore business of Hoover Ferguson Group and a full year of continuing results of the OEG Offshore business.

The enlarged Group positions the Group as one of the world's largest provider of specialist cargo carrying units (CCUs) for the offshore energy industry.

### **Principal activities**

The principal activity of the Company is that of a holding company for the Group who generally trade as OEG Offshore and Harran. The principal activity of the Group is the sale and rental of containers, baskets, tanks and workshops as well as the manufacture, sale and rental of offshore cabins, modules, aviation refuelling systems and equipment rooms for use in the offshore energy industry.

The Group is headquartered in the UK and operates globally with subsidiaries, locally registered branch offices or distributors operating in 37 countries worldwide.

### **Review of business**

The strategy for the Group is to offer a wide range of key upstream energy equipment on a global basis.

The prior period results presented reflect only two months of trading activities, post the acquisition of OEG Offshore and Harran on 29 October 2019.

The COVID-19 pandemic resulted in a sharp contraction in oil sector demand as well as travel restrictions from March 2020 which in turn impacted our customers and operations in the year. Our leadership teams were in daily discussions to respond to the conditions in the countries where we operate as the pandemic unfolded. During the second half of the year performance started to recover as the initial COVID-19 travel restrictions were lifted and key projects were recommenced.

In addition to the acquisition of the Offshore business of Hoover Ferguson the Group invested \$10.8m (2019: \$0.9m) in the expansion of its rental fleet of both cabins and cargo carrying units to support the development of its activities.

# OEG Group Limited

## Strategic report (continued)

### Key Performance Indicators

The consolidated statement of profit or loss for the year is set out on page 12. The directors consider turnover and earnings before interest, tax, depreciation, amortisation and exceptional items ("EBITDA") as key performance indicators for the Group.

The Group generated turnover and EBITDA of \$53.7m (2019: \$10.7m) and \$17.8m (2019: \$3.3m) respectively for the year ended 31 December 2020 which includes a full year of continuing results of the OEG Offshore business and one month trading of the acquired offshore business of Hoover Ferguson Group. The comparative for the 5 month period to 31 December 2019 includes the initial trading period from 29 October 2019 to 31 December 2019 of the OEG Offshore and Harran businesses.

The reconciliation of the loss for the year to EBITDA is:

	Year ended 31 December 2020 \$'000	5 month period to 31 December 2019 \$'000
Loss for the year	(15,850)	(1,786)
Tax credit	(1,068)	(22)
Net finance expense	12,320	1,797
Depreciation of property, plant and equipment	13,878	2,279
Depreciation expense on right-of-use assets	5,087	428
Amortisation charge	3,448	595
EBITDA	17,815	3,291

### Balance sheet and funding

The Group has net liabilities at 31 December 2020 of \$13.2m (2019: \$1.0m). The Group generates cash flow from operations to settle its trading liabilities and to service the obligations under the borrowing structure. Please refer to borrowings at note 20 to the financial statements for further details.

### Principal risks and uncertainties

The principal risks affecting the business are considered to be the cyclical nature of the oil and gas sector, competition from both UK and international manufacturers and rental companies, foreign exchange movements on overseas earnings and the attraction and retention of experienced personnel.

The directors believe the Group's market exposure is mitigated in part through diversification across geographies, customers and activities, as well as a bias towards the late cycle development and production components of the oil and gas sector and an increasing contribution from offshore wind development. The directors continue to actively monitor industry activity levels and the uncertainties and opportunities arising from the COVID-19 pandemic.

The Group seeks to mitigate personnel risks via its recruitment and retention policies, training schemes and working practices.

The Group's exposure to financial risks including the impact of the COVID-19 pandemic are discussed in the Directors' report on pages 5 and 6.

# OEG Group Limited

## Strategic report (continued)

### Future developments

The directors expect market conditions in its principal marketplace of the offshore energy industry to continue to show recovery from the impact of the COVID-19 pandemic, as projects recommence, and the oil price recovers. We believe that our financial structure, geographic diversification, and service offering provides us with a level of resilience and flexibility in responding to the current market uncertainties.

Looking further ahead, the newly enlarged Group is well positioned for growth opportunities and continues to identify new business opportunities across the global market.

As part of our growth strategy, we aim to increase the proportion of investment we make into our non-oil and gas businesses.

### Exit from the European Union

The UK's departure from the European Union and new trade deal has not had an adverse impact on the Group's operations. The directors have considered the impact of Brexit and the UK's future global relationships up to the date of signing and do not consider there to be a material impact on the Group.

### Subsequent events

On 12 March 2021, the company issued a further \$20.0m unsecured loan notes. The unsecured loan notes issued carry the same features as the unsecured loan notes already in issue at 31 December 2020 as set out in note 20.

On 23 March 2021, the company completed the acquisition of Pegasus Welfare Solutions Limited an offshore welfare and hygiene systems company.



Approved by the Board of Directors and signed on behalf of the Board

J M Heiton  
Director  
28 May 2021

# OEG Group Limited

## Directors' report

The directors' present their report and the audited financial statements for the year ended 31 December 2020.

Information on the principal activities, review of business, future developments and principal risks and uncertainties is included in the Strategic Report on pages 2 to 4.

### Directors

The following individuals served as directors in the year and to the date of this report:

P Coy  
J M Heiton  
S Kondratenko  
V Mokhonko  
N Rahman

### Dividends

No ordinary dividends are proposed. Preference share dividends of \$6.5m (2019: \$1.0m) were accrued for the year.

### Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit, cash flow and liquidity risk.

#### *Credit risk*

The Group's principal financial assets are trade and other receivables and cash and cash equivalents. The trade and other receivables presented in the consolidated statement of financial position are net of allowance for doubtful receivables. Allowance is made based on expected loss in the recoverability of the cash flows. The credit risk on trade and other receivables is managed through maintaining good customer relationships and the monitoring of credit levels and settlement periods. The COVID-19 pandemic has not given rise to a significant increase in the impairment of trade receivables.

The credit risk on cash and cash equivalents is considered limited with the counterparties being banks with recognised credit ratings assigned by international credit rating agencies.

#### *Cash flow risk*

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group monitors its ongoing exposure and considers forward contracts and fixed interest rate arrangements when applicable. The Group also seeks to mitigate risk by matching foreign currency receipts with foreign currency payments in order to naturally hedge cash flows.

#### *Liquidity risk*

The Group's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 45 days.

#### *Impact of COVID-19*

The spread of COVID-19 caused a significant drop in the oil and gas prices and future financial performance will be impacted by the extent and duration of the current market conditions. Our financial structure is designed to be robust to periods of low oil price, with flexibility to reduce cost and capital expenditure if required. We continue to assess the impact of COVID-19 on our staff and operations and have appropriate contingency plans in place.

### Overseas branches

Registered branches are established in Azerbaijan, Republic of Congo and Trinidad and Tobago.

### Post balance sheet events

Significant events after the balance sheet date of 31 December 2020 are discussed in the Strategic Report.

# OEG Group Limited

## Directors' report (continued)

### Going concern

The COVID-19 pandemic resulted in a dramatic reduction in short-term demand for oil and gas in the first half of the year, with the resultant imbalance in supply and demand resulting in a decline in the oil price, before a subsequent recovery during the second half of the year as oil inventories and prices recovered to their pre COVID-19 levels. This impacted the pace of new investment from the Group's customers in the upstream oil & gas industry during 2020, albeit that with the ongoing recovery the Group is now receiving incremental demand for its products and services.

The Directors continue to have a high degree of confidence in its' prospects. The Group has been awarded a number of new long-term contracts in recent months, with a strong pipeline of further opportunities, together with incremental demand from its current customer base.

In assessing going concern we have considered the potential risks and uncertainties arising from the COVID-19 pandemic and the ongoing economic consequences. Further details are provided in note 3.

Having assessed the Group's financial position and prospects at the time of approving the financial statements, including consideration of reasonably possible downside sensitivities, we are satisfied that the Company and Group has appropriate resources to continue to operate in the ordinary course for at least twelve months from signing the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors', which were made during the year and remain in force at the date of this report.

### Auditor information

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed appointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



J M Heiton  
Director  
28 May 2021



# OEG Group Limited

## Directors' responsibilities statement

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and have chosen to prepare the financial statements of OEG Group Limited ('the Company') in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

In preparing these Parent Company financial statements, directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of UK Accounting Standards, including FRS 101, are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Independent auditor's report to the members of OEG Group Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion:

- the financial statements of OEG Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit or loss;
- the consolidated statement of comprehensive loss;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Independent auditor's report to the members of OEG Group Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act 2006 and the relevant tax compliance regulations in the jurisdictions that the group operates.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included regulations in the countries in which the group operates and anti-bribery and corruption legislation.

## **Independent auditor's report to the members of OEG Group Limited (continued)**

We discussed among the audit engagement team including relevant internal specialists such as valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in respect of acquisition accounting for the Hoover Ferguson business and the valuation of African distributors recoverability. To address the acquisition fraud risks we:

- Engaged specialists to test the mechanical accuracy and valuation techniques of the purchase price accounting model;
- Performed tests over the inputs to the purchase price accounting model; and
- Assessed the key inputs of cash flows and discount rate applied to fair value calculations.

To address the African distributors recoverability fraud risk we:

- Inquired regarding management's process, including the oversight and governance of processes relation to African distributors;
- Performed tests over the revenue recognition; and
- Performed tests over the net exposure of the distributor debtor balance at the year end.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

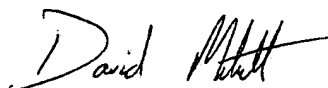
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## **Independent auditor's report to the members of OEG Group Limited (continued)**

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'David Mitchell'.

David Mitchell CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

28 May 2021

# OEG Group Limited

## Consolidated statement of profit or loss For the year ended 31 December 2020

		Year ended 31 December 2020 \$'000	5 month period to 31 December 2019 \$'000
	Notes		
<b>Revenue</b>	5	53,748	10,707
Cost of sales		(38,029)	(7,709)
<b>Gross profit</b>		15,719	2,998
Other operating income		839	132
Administrative expenses		(20,851)	(3,113)
Share of results of joint venture	15	(305)	(28)
<b>Operating loss</b>		(4,598)	(11)
Finance costs	8	(12,320)	(1,797)
<b>Loss before tax</b>	6	(16,918)	(1,808)
Income tax	9	1,068	22
<b>Loss for the year</b>		<u>(15,850)</u>	<u>(1,786)</u>

All of the result for the year and prior period arose from current and prior period acquisitions and relates to continuing activities.

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements.

## OEG Group Limited

### Consolidated statement of comprehensive loss For the year ended 31 December 2020

		Year ended 31 December 2020 \$'000	5 month period to 31 December 2019 \$'000
	Notes		
Loss for the year		(15,850)	(1,786)
Exchange differences on translation of foreign operations	22	2,894	(232)
Other comprehensive expense for the year, net of income tax		2,894	(232)
Total comprehensive loss for the year		(12,956)	(2,018)

# OEG Group Limited

## Consolidated and parent company statements of financial position As at 31 December 2020

		Group		Company	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current assets</b>					
Goodwill	11	3,833	1,249	-	-
Other intangible assets	12	34,380	33,417	-	-
Property, plant and equipment	13	164,031	53,549	-	-
Right-of-use assets	14	42,941	12,831	-	-
Investments	15	1,714	2,019	7,770	7,770
		<u>246,899</u>	<u>103,065</u>	<u>7,770</u>	<u>7,770</u>
<b>Current assets</b>					
Inventories	16	979	181	-	-
Trade and other receivables	17	37,658	23,855	235,226	88,598
Cash and cash equivalents	18	11,097	4,178	784	-
		<u>49,734</u>	<u>28,214</u>	<u>236,010</u>	<u>88,598</u>
<b>Total assets</b>		<u>296,633</u>	<u>131,279</u>	<u>243,780</u>	<u>96,368</u>
<b>Current liabilities</b>					
Trade and other payables	19	23,557	14,972	1,916	14
Current tax liabilities	9	781	965	-	-
Borrowings	20	9,798	1,658	9,798	1,658
Lease liabilities	21	10,090	3,092	-	-
		<u>44,226</u>	<u>20,687</u>	<u>11,714</u>	<u>1,672</u>
<b>Non-current liabilities</b>					
Trade and other payables	19	2,036	1,545	-	-
Borrowings	20	230,547	94,751	230,500	94,600
Lease liabilities	21	23,222	7,462	-	-
Deferred tax liabilities	9	9,826	7,852	-	-
		<u>265,631</u>	<u>111,610</u>	<u>230,500</u>	<u>94,600</u>
<b>Total liabilities</b>		<u>309,857</u>	<u>132,297</u>	<u>242,214</u>	<u>96,272</u>
<b>Net (liabilities)/assets</b>		<u>(13,224)</u>	<u>(1,018)</u>	<u>1,566</u>	<u>96</u>
<b>Equity</b>					
Share capital	22	1,750	1,000	1,750	1,000
Accumulated losses		(17,636)	(1,786)	(184)	(904)
Translation reserve	22	2,662	(232)	-	-
<b>Shareholder (deficit)/equity</b>		<u>(13,224)</u>	<u>(1,018)</u>	<u>1,566</u>	<u>96</u>

The parent company's profit for the year was \$0.7m (2019: loss of \$0.9m). The financial statements of OEG Group Limited, registered number 12134998, were approved by the Board of Directors on 28 May 2021.

Signed on behalf of the Board of Directors



J M Heiton  
Director



# OEG Group Limited

## Consolidated and parent company statements of changes in equity For the year ended 31 December 2020

Group	Share capital \$'000	Share premium \$'000	Accumulated losses \$'000	Translation reserve \$'000	Total equity \$'000
Balance at 1 August 2019	-	-	-	-	-
Loss for the period	-	-	(1,786)	-	(1,786)
Other comprehensive loss for the period	-	-	-	(232)	(232)
Total comprehensive loss for the period	-	-	(1,786)	(232)	(2,018)
Issue of share capital	1,000	-	-	-	1,000
Balance at 31 December 2019	1,000	-	(1,786)	(232)	(1,018)
Loss for the year	-	-	(15,850)	-	(15,850)
Other comprehensive income for the year	-	-	-	2,894	2,894
Total comprehensive loss for the year	-	-	(15,850)	2,894	(12,956)
Issue of share capital (note 22)	750	-	-	-	750
Balance at 31 December 2020	1,750	-	(17,636)	2,662	(13,224)

Company	Share capital \$'000	Share premium \$'000	Accumulated losses \$'000	Translation reserve \$'000	Total equity \$'000
Balance at 1 August 2019	-	-	-	-	-
Loss for the period	-	-	(904)	-	(904)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss of the period	-	-	(904)	-	(904)
Issue of share capital	1,000	-	-	-	1,000
Balance at 31 December 2019	1,000	-	(904)	-	96
Profit for the year	-	-	720	-	720
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	-	-	720	-	720
Issue of share capital (note 22)	750	-	-	-	750
Balance at 31 December 2020	1,750	-	(184)	-	1,566

# OEG Group Limited

## Consolidated statement of cash flows For the year ended 31 December 2020

		Group	
		Year ended 31 December 2020 S'000	5 month period ended 31 December 2019 S'000
	Note		
<b>Operating activities</b>			
Loss before taxation		(16,918)	(1,808)
Adjustments for:			
Depreciation of property, plant and equipment	13	13,878	2,279
Depreciation of right-of-use assets	14	5,087	428
Amortisation of intangible assets	12	3,448	595
Profit on disposal of property, plant and equipment		(603)	(104)
Finance costs		12,320	1,797
Foreign exchange loss		(1,590)	(912)
Share of post-tax losses of equity accounted joint venture	15	305	28
Operating cash flows before movements in working capital		15,927	2,303
Increase in inventories		(40)	(16)
Decrease in trade and other receivables		1,605	595
Increase in trade and other payables		(762)	(89)
		803	490
<b>Cash generated by operations</b>		16,730	2,793
Interest paid		(4,180)	(124)
Income taxes paid		(410)	(88)
<b>Net cash from operating activities</b>		12,140	2,581
<b>Investing activities</b>			
Acquisition of subsidiaries	23	(126,556)	(4,930)
Acquisition of business	11	(625)	-
Purchase of property, plant and equipment		(10,753)	(894)
Proceeds from sale of property, plant and equipment		907	150
<b>Net cash used in investing activities</b>		(137,027)	(5,674)
<b>Financing activities</b>			
Repayment of loans	20	(104)	(87,699)
Proceeds from issue of preference shares	20	65,450	47,300
Proceeds from issue of loan notes	20	70,450	47,300
Repayments of lease liabilities	21	(4,978)	(630)
Issue of share capital	22	750	1,000
<b>Net cash from financing activities</b>		131,568	7,271
<b>Net increase in cash and cash equivalents</b>		6,681	4,178
<b>Cash and cash equivalents at beginning of year</b>		4,178	-
Effect of foreign exchange rate changes		238	-
<b>Cash and cash equivalents at end of year</b>	18	11,097	4,178

## Notes to the financial statements For the year ended 31 December 2020

### 1. General information

These financial statements are for the year ended 31 December 2020.

The Company is a private company limited by shares incorporated and domiciled in England, United Kingdom, under the Companies Act 2006. The address of the Company's registered office is c/o Harran Ltd, Yarmouth Business Park, Thamesfield Way, Great Yarmouth, Norfolk, NR31 0ER.

The Group is involved in the sale and rental of containers, baskets, tanks and workshops as well as the manufacture, sale and rental of offshore cabins, modules, aviation refuelling systems and equipment rooms for use in the offshore oil and gas and renewable energy industries.

The following subsidiaries are exempt from the requirements of the UK companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act. The Company has issued parent company guarantees to the exempt companies under section 479C of the Act.

Subsidiary Name	Companies House Registration Number
<i>OEG Global Limited</i>	08132445
<i>OEG Offshore Group Limited</i>	06498626
<i>OEG Caspian Limited</i>	SC342458
<i>Arden Holdings Limited</i>	SC099436
<i>HFG Corporate Limited</i>	SC309083
<i>Harran Limited</i>	SC161151

### 2. Adoption of new and revised standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards), as set out at the significant accounting policies (note 3).

#### *Impact of the initial application of other new and amended IFRS Standards that are effective for the current year*

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3	<i>'Business combinations'</i> , effective from 1 January 2020. The amendments to IFRS 3 clarify the definition of a business applied to acquisitions on or after 1 January 2020.
Amendments to IAS 1 and IAS 8	<i>'Definition of material'</i> , effective from 1 January 2020. The amendment to IAS 1 and IAS 8 clarifies the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity

## Notes to the financial statements

### For the year ended 31 December 2020

#### 2. Adoption of new and revised standards (continued)

##### *New and revised IFRS Standards in issue but not yet effective*

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 *Insurance Contracts*

IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

Amendments to IFRS 3 *Reference to the Conceptual Framework*

Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*

Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

Annual Improvements to IFRS Standards 2018-2020 Cycle *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

#### 3. Significant accounting policies

##### **Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards). The consolidated Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets and certain related party transactions.

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3. Significant accounting policies (continued)**

**Going concern**

The going concern basis is applied in the preparation of these financial statements.

As at 31 December 2020 the Group has cash and cash equivalents of \$11.1m (2019: \$4.2m) and no external debt facilities. The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on pages 2 to 4.

The Directors continue to have a high degree of confidence in its' prospects. The Group has been awarded a number of new long-term contracts in recent months, with a strong pipeline of further opportunities, together with incremental demand from its current customer base.

Notwithstanding the positive internal outlook, the COVID-19 pandemic resulted in a dramatic reduction in short-term demand for oil and gas in the first half of the year, with the resultant imbalance in supply and demand resulting in a decline in the oil price, before a subsequent recovery during the second half of the year as oil inventories and prices recovered to their pre COVID-19 levels. This impacted the pace of new investment from the Group's customers in the upstream oil & gas industry during 2020, albeit that with the ongoing recovery the Group is now receiving incremental demand for its products and services.

In assessing going concern we have considered the potential risks and uncertainties arising from the COVID-19 pandemic and the ongoing economic consequences. Management has modelled a number of different scenarios considering a period of 12 months from the date of authorisation of these consolidated financial statements. The most severe downside case scenario, which is considered to be prudent but possible, would have a significant adverse impact on revenues and cash flows. In response, management has the ability to take the following mitigating actions to reduce costs, optimise the Group's cash flow and preserve liquidity reducing non-essential capital expenditure and deferring or cancelling discretionary spend; and freezing non-essential recruitment.

Having assessed the Group's financial position and prospects at the time of approving the financial statements, including consideration of reasonably possible downside sensitivities, we are satisfied that the Company and Group has appropriate resources to continue to operate in the ordinary course for at least twelve months from signing the financial statements. Accordingly, the financial statements are prepared on a going concern basis.

**Functional and presentational currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in USD (\$) which is the Company's functional and the Group's presentational currency. All financial information has been rounded to the nearest thousands, except where otherwise indicated.

**Basis of consolidation**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.

## Notes to the financial statements

### For the year ended 31 December 2020

#### 3. Significant accounting policies (continued)

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries are aligned where necessary to ensure consistency with the policies adopted by the Group.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

#### Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

#### Revenue recognition

The Group recognises revenue from the following major sources:

- Sale and Rental of Cargo Carrying Units
- Other Services

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3. Significant accounting policies (continued)**

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

i) Rental of Cargo Carrying Units

The Group's rental revenue has distinct performance obligation, treated as a series, due to the overall promise to deliver a series of days of equipment that are substantially the same and have the same pattern of transfer to the customer, with revenue being recognised over time at the rate contracted.

ii) Sale of Cargo Carrying Units and Other Services

Revenue for the sale of goods and services are grouped within a contract and have distinct performance obligations to deliver goods and services. Revenue is recognised as the Group satisfies the performance obligation, by transferring a good and service to a customer. A good or service is transferred when the customer obtains control of that good or service.

**Leases**

*Lease identification*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

*Right-of-use assets*

A ROU asset is recognised by the Group if the right to obtain substantially all of the economic benefits from the identified asset and the Group has the right to direct the use of the identified asset. In circumstances where the supplier has a substantive right to substitute the asset throughout the period of use, the 'right to use an asset' criteria has not been met. Following the initial recognition of the right-of-use asset, the ROU asset is measured using a cost model.

*Lease liabilities*

Lease liabilities are measured using an effective interest method so that the carrying amount of the lease liability is measured on an amortised cost basis and the interest expenses is allocated over the lease term.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate used in the initial measurement of the lease liability. Lease payments are discounted using the interest rate implicit in the lease or the Group's incremental borrowing rate if the rate implicit in the lease is not readily determined. After the commencement date, both interest on the lease liability and variable lease payments not included in the measurement period is recognised in profit or loss.

*Extensions and terminations*

The Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances which is in its control. It is considered significant if it affects whether the Group is reasonably certain to exercise (or not exercise) an option not previously included in its determination of the lease term. The Group will revise the lease term if there is a change in the non-cancellable period of a lease.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below \$5,000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3. Significant accounting policies (continued)**

**Foreign currencies**

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

**Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**Taxation**

The income tax expense represents the sum of the tax currently payable and deferred tax.

*Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

*Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.



## Notes to the financial statements

### For the year ended 31 December 2020

#### 3. Significant accounting policies (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### *Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### **Property, plant and equipment**

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only if the subsequent expenditure enhances the economic value or life of the asset and if the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred. Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives at annual rates, as follows:

Property improvements	10-20%
Cargo carrying units	10-50%
Office and workshop equipment	20-33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## Notes to the financial statements For the year ended 31 December 2020

### 3. Significant accounting policies (continued)

#### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The existing finite life intangible assets have a residual value of nil and are amortised on a straight-line basis over their useful economic lives as follows:

Customer relationships – over the estimated life of 8 to 10 years.

Amortisation is recorded within administrative expenses in the consolidated statement of profit or loss.

#### Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3. Significant accounting policies (continued)**

**Financial assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). The nature of the Group's financial assets is such that they largely meet the above conditions and therefore are subsequently measured at amortised cost.

*Impairment of financial assets*

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

## Notes to the financial statements For the year ended 31 December 2020

### 3. Significant accounting policies (continued)

#### Financial assets (continued)

The Group monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

#### *Derecognition of financial assets.*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### Financial liabilities and equity

#### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Financial liabilities

Financial liabilities are classified at initial recognition as (i) financial liabilities at fair value through profit or loss, (ii) loans and borrowings, (iii) payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and borrowings. Subsequent measurement depends on its classification as follows:

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3. Significant accounting policies (continued)**

**Financial liabilities (continued)**

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is held for trading. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term.

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised. Amortisation is included as finance costs in the Income Statement. This category applies to interest-bearing loans and borrowings.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand and current balances with banks, which are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

For the purposes of the consolidated Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents, as defined above, as they are considered an integral part of the Group's cash management.

**Inventories**

i) Raw materials and consumable supplies

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of work in progress comprises design costs, raw materials, direct labour and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

ii) Work in progress

The category 'work in progress' consists of cabins and cargo carrying units under construction. Work in progress is stated at the lower of manufacturing costs and net realisable value. Manufacturing costs being the direct costs of materials and labour, directly attributable work contracted out and other external costs, including a mark-up for fixed and variable manufacturing-related costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated total costs related to the work to be performed for completion of the cabins.

**Finance cost**

Finance costs comprise interest expense and are recognised in profit or loss in the period in which they are incurred.

**Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**Exceptional and non recurring items**

Exceptional and non recurring items are identified as items which are considered to be material due to their size or their nature and require separate disclosure due to their significance on the reported results.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

**Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

***Acquisition accounting***

In accounting for business combinations, separable assets and liabilities acquired have to be identified and their fair values assessed. Judgement is required in identifying all separable assets and then in estimating their fair values. Details concerning the acquisitions in the year are outlined in note 23.

A provisional assessment was undertaken to determine the existence of intangibles acquired as part of the business combinations, with judgement involved in assessing the existence of intangible and accounting estimation involved in determining the fair values attributable to the intangibles, taking into account consideration paid, nature of the acquired entity, historic trading (including customer relationships) and any other relevant factors.

Each category of intangible and its related economic life is considered separately.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

***Impairment of goodwill and other intangibles***

Determining whether goodwill and other intangibles is impaired requires estimation of the value in use of the cash generating units (CGUs) to which the asset is allocated. Key estimates in the value in use calculation include the future net cash flows expected to arise from each CGU, a suitable discount rate, and long-term growth rate to apply to the cash flows to calculate the net present value.

The carrying value of goodwill and customer relationships at 31 December 2020 is \$3.8m and \$34.4m respectively (2019: \$1.2m and \$33.4m respectively). No impairment is noted in goodwill and customer relationships at 31 December 2020. The key assumptions used, and their sensitivities are included in notes 11 and 12.

***Income and corporate taxes***

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Judgement is required in assessing the tax consequences of transactions and estimating the provision for income and corporate taxes. Where the final assessment and outcome is different, such differences will impact the current and deferred taxes assets and liabilities in the year in which such determination is made. Further details on the tax on profit on ordinary activities are set out in note 9.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**4. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**Key sources of estimation uncertainty (continued)**

***Impairment of rental assets***

Determining whether classes of rental assets are impaired requires an estimation of their recoverable value. The carrying value of rental assets at 31 December 2020 is \$177.2m (2019: \$59.6m). Key areas of estimation uncertainty in the value in use calculation include the future cash flows, the application of an appropriate discount rate and the remaining useful lives of the assets concerned. The value in use calculated is compared to their estimated recoverable value. When assessing the value in use of rental assets consideration is given to the global mobility and transferability of the assets between CGUs. No impairment is noted in the classes of rental assets as at 31 December 2020.

***Calculation of loss allowance***

The estimation of expected credit loss is based on past experience as well as consideration of current circumstances and outlook. Probability of default constitutes a key input and is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

At 31 December 2020 net trade receivables are \$27.3m (2019: \$14.3m) with an established expected credit loss of \$4.4m (2019: \$3.3m). The COVID-19 pandemic has not given rise to a significant increase in the impairment of trade receivables.

***Depreciation and amortisation rates***

In applying the accounting policy outlined in note 3, the Group estimates the useful lives and residual value of cargo carrying units with a carrying value of \$177.2m (2019: \$59.6m). The current useful lives are estimated at 10 to 15 years with nil residual value.

In applying the accounting policy outlined in note 3, the Group estimates the useful lives and residual value of customer relationships with a carrying value of \$34.4m (2019: \$33.4m). The current useful lives are estimated at 8 to 10 years with nil residual value.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**5. Revenue**

An analysis of revenue by geographical territory, based on the location of the customer, is set out in the table below.

<b>Revenue</b>	<b>Year ended 31 December 2020 \$'000</b>	<b>5 month period ended 31 December 2019 \$'000</b>
EMEA	27,340	4,276
APAC	12,504	3,712
Americas	11,478	1,972
Russia & Caspian	2,426	747
	<u>53,748</u>	<u>10,707</u>

The Group provides goods and services to a large number of customers with no individual party accounting for more than 10% of revenue. The Group's revenue from its major products and services comprises two discrete revenue streams being the sale and rental of cargo carrying units and other services.

	<b>Year ended 31 December 2020 \$'000</b>	<b>5 month period ended 31 December 2019 \$'000</b>
Sale and rental of cargo carrying units	47,608	8,578
Other services	6,140	2,129
	<u>53,748</u>	<u>10,707</u>



**Notes to the financial statements**  
**For the year ended 31 December 2020**

**6. Loss for the year**

The loss for the year has been arrived at after charging/(crediting):

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation of property, plant and equipment (note 13)	13,878	2,279
Depreciation expense on right-of-use assets (note 14)	5,087	428
Profit on disposal of property, plant & equipment	(603)	(104)
Amortisation of intangible assets (note 12)	3,448	595
Cost of inventories recognised as expense	11,474	1,838
Staff costs (note 7)	12,010	2,177
Loss allowance on trade receivables (note 17)	(33)	250
Foreign exchange loss on trade receivables and payables	(237)	51
Expense relating to short-term leases	461	77
	<u>13,878</u>	<u>2,279</u>

Included in the profit on disposal of property, plant & equipment of \$603k (2019: \$104k) above, is a profit of \$906k (2019: \$150k) as a result of the sale of ex offshore rental cabin and containers, which is recorded as revenue and the associated costs in cost of sales.

Government grants have been recognised in relation to expenses totalling \$1.4m (2019: \$nil) in response to the COVID-19 pandemic. These arrangements were designed to provide relief to companies in respect of staff costs for jobs retained amid the pandemic. The principal arrangements are the Coronavirus Job Retention Scheme in the UK, Job Keeper Scheme in Australia, Job Support Scheme in Singapore, and the US CARES Act in North America. The amounts recognised reflect the grants receivable in respect of the year ended 31 December 2020 and relate to the costs reclaimable for employees furloughed or retained to the extent that it is reasonably certain that the grant will be received. These grants have been netted within staff costs.

**Auditor's remuneration**

The analysis of the auditor's remuneration is as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fees payable to the Company's auditor for the audit of the Company's annual accounts</b>		
<b>Fees payable to the company's auditor and their associates for other services to the group</b>	141	67
- The audit of the Company's subsidiaries	102	58
<b>Total audit fees</b>	<u>243</u>	<u>125</u>
Corporate finance services	270	-
Tax compliance services	32	-
Other tax advisory services	93	15
<b>Total non-audit fees</b>	<u>395</u>	<u>15</u>

# OEG Group Limited

## Notes to the financial statements For the year ended 31 December 2020

### 7. Staff costs

The monthly average number of persons employed by the Group, including directors, was as follows:

	2020 Number	2019 Number
Management and administration	139	127
Production	108	111
	<u>247</u>	<u>238</u>

There were no persons employed by the Company.

Their aggregate remuneration comprised:

	2020 \$'000	2019 \$'000
Wages and salaries	11,391	1,962
Social security	1,342	126
Other pension costs	661	89
Staff costs before government grants	<u>13,394</u>	<u>2,177</u>
Government grants	<u>(1,384)</u>	<u>-</u>
Total Staff costs	<u>12,010</u>	<u>2,177</u>

### Aggregate directors' remuneration

One director received remuneration during the year (2019: one) in respect of their services to the Company.

The total amounts for directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	2020 \$'000	2019 \$'000
Aggregate emoluments	<u>186</u>	<u>31</u>

One director (2019: one) is a member of a money purchase scheme and contributions in the year were \$7,000 (2019: \$1,000).

Highest paid director	2020 \$'000	2019 \$'000
Total amount of emoluments (including pension contributions)	<u>186</u>	<u>31</u>

Contributions of \$7,000 (2019: \$1,000) have been made to the money purchase scheme on behalf of the highest paid director.

# OEG Group Limited

## Notes to the financial statements For the year ended 31 December 2020

### 8. Finance costs

	2020 \$'000	2019 \$'000
Bank interest	77	28
Interest on loan notes (note 20)	4,516	663
Finance charges payables in respect of leases	1,239	111
	<hr/>	<hr/>
Total interest expense	5,832	802
Preference share dividends (note 20)	6,488	995
	<hr/>	<hr/>
Total Finance costs	12,320	1,797
	<hr/>	<hr/>

### 9. Income tax

	2020 \$'000	2019 \$'000
<b>Current tax charge</b>		
Current year	333	208
<b>Deferred tax credit</b>		
Current year	(1,401)	(230)
	<hr/>	<hr/>
Tax credit	(1,068)	(22)
	<hr/>	<hr/>

The standard rate of corporation tax applied to reported profit is 19%.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**9. Income Tax (continued)**

As the Group's parent company is domiciled in the UK, the Group uses the UK corporation tax to reconcile its effective tax rate. The credit for the year can be reconciled to the loss before tax as follows:

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Loss before tax	(16,918)	(1,808)
Tax at the UK corporation tax rate of 19 % (2019: 19%)	(3,214)	(344)
Tax effect of:		
Effect of different tax rates of subsidiaries operating in other jurisdictions	(19)	(80)
Expenses not deductible in determining taxable profit	2,283	149
Foreign tax credits	(139)	(34)
Utilisation of tax losses not previously recognised	953	742
Change in unrecognised deferred tax assets	-	(516)
Reduction in deferred taxes resulting from a reduction in tax rates	28	4
Brought forward losses	(38)	-
Current period losses carried back	1	-
Adjustments in respect of prior periods	(923)	-
Other	-	57
Total income tax credit	(1,068)	(22)

In recent years the UK Government has steadily reduced the UK corporation tax rate, with the latest enacted tax rate of 19%. In accordance with IFRS, deferred tax assets and liabilities at 31 December 2020 have been calculated using the enacted tax rates at the balance sheet date. On 3 March 2021 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. If enacted this will impact the value of our UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently. We have yet to determine the impact of these proposed changes.

**Current tax payable**

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<b>Current tax</b>		
UK corporation tax	150	45
Income tax payable – overseas jurisdictions	631	920
	781	965

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**9. Income Tax (continued)**

**Deferred tax balances**

Deferred tax liabilities arise from the following:

	<b>Customer relationships \$'000</b>	<b>Property, plant and equipment \$'000</b>	<b>Temporary timing differences \$'000</b>	<b>Total \$'000</b>
At 1 August 2019	-	-	-	-
Acquisitions (note 23)	6,714	1,282	68	8,064
Recognised in profit or loss	(117)	(156)	43	(230)
Foreign exchange movements	-	18	-	18
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	6,597	1,144	111	7,852
Acquisitions (note 23)	1,243	2,056	-	3,299
Recognised in profit or loss	(685)	(605)	(111)	(1,401)
Foreign exchange movements	-	76	-	76
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<u>7,155</u>	<u>2,671</u>	<u>-</u>	<u>9,826</u>

At the balance sheet date, the group has unused tax losses of \$40.0m (2019: \$19.5m) and fixed asset timing differences of \$12.6m (2019: \$17.7m) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses or fixed asset timing differences as it is not considered probable that there will be future taxable profits available. The unrecognised tax losses may be carried forward indefinitely.

**10. Result of parent company**

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the year ended 31 December 2020 was \$0.7m (2019: loss \$0.9m).

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**11. Goodwill**

	<b>Total \$'000</b>
<b>Group</b>	
<b>Cost and carrying amount</b>	
At 1 August 2019	-
Acquisitions (note 23)	1,249
	<hr/>
At 31 December 2019	1,249
Recognised on acquisitions (note 23)	1,709
Other additions	875
	<hr/>
At 31 December 2020	3,833
	<hr/>

The other addition in the year relates to an agreement to acquire and restate various interests in contracts and agreements in relation to the cargo carrying unit rental business of Biddy Osa Oil & Gas Limited, in the Federal Republic of Nigeria.

Goodwill acquired in a business combination is allocated, on acquisition, to the cash generating units (CGUs) or group of CGUs that are expected to benefit from that business combination. Goodwill is identified by operating segments which are derived from geographic areas of activity, being the lowest levels for which there are separately identifiable cash flows independent of the cash inflows from other groups of assets.

The carrying amount of goodwill has been allocated to CGUs as follows:

	<b>As at 31 December 2020 \$'000</b>	<b>As at 31 December 2019 \$'000</b>
EMEA	2,593	604
Asia Pacific	241	202
Australia	253	56
Americas	522	163
Russia & Caspian	224	224
	<hr/>	<hr/>
	3,833	1,249
	<hr/>	<hr/>

The Group tests goodwill annually for impairment or more frequently if there are indications of impairment.

The estimated recoverable amounts were assessed by reference to the individual cash-generating units (CGU's) values in use.

Key assumptions used in calculating the estimated recoverable amount are future trading performance and net cash flows, terminal value growth rate and discount rates. Forecast operational cash flows for 2021, 2022 and 2023 together with a perpetuity on the 2023 forecast cash flows with a long term growth rate of 2% are subjected to selected discount rates to assess their net present values. The post-tax discount rates applied to individual CGU's range from 10.0% to 14.5%. The key assumptions reflect our assessment of future prospects, including an estimate of the continuing impact of the COVID-19 pandemic, trends in the industry and are considered by reference to both external and internal sources.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**11. Goodwill**

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the Asia Pacific, Australia, Americas and Russian & Caspian CGUs.

The projected cash flows of the EMEA CGU would need to fall by 11% for the recoverable amount of the CGU to be equal to its carrying value.

Following their review of goodwill, the directors have concluded that there is no impairment of goodwill in any of the CGUs.

**12. Other intangible assets**

<b>Group</b>	<b>Customer relationships \$'000</b>
<b>Cost</b>	
At 31 December 2019	34,012
Recognised on acquisitions (note 23)	4,411
	<hr/>
At 31 December 2020	38,423
<b>Amortisation</b>	
At 31 December 2019	595
Charge for the year	3,448
	<hr/>
At 31 December 2020	4,043
<b>Carrying amount</b>	
At 31 December 2020	34,380
	<hr/>
At 31 December 2019	33,417
	<hr/>

In accordance with IFRS 3 customer relationships identified as intangibles on business combinations are capitalised and amortised over their estimated useful life of 8 to 10 years. Amortisation is recorded within administrative expenses in the statement of profit or loss.

The carrying amount of customer relationships has been allocated to CGUs as follows:

	<b>As at 31 December 2020 \$'000</b>	<b>As at 31 December 2019 \$'000</b>
EMEA	22,437	24,979
Asia Pacific	729	812
Australia	3,035	-
Americas	6,068	5,276
Russia & Caspian	2,111	2,350
	<hr/>	<hr/>
	34,380	33,417
	<hr/>	<hr/>

The Group tests other intangibles annually for impairment.

There was no impairment of other intangibles in the year.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**13. Property, plant and equipment**

<b>Group</b>	<b>Property improvements \$'000</b>	<b>Cargo carrying units \$'000</b>	<b>Office and workshop equipment \$'000</b>	<b>Totals \$'000</b>
<b>Cost</b>				
At 1 August 2019	-	-	-	-
Acquisitions (note 23)	462	52,917	1,337	54,716
Additions	41	762	91	894
Disposals	-	(973)	(30)	(1,003)
Exchange differences	3	665	7	675
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	506	53,371	1,405	55,282
Acquisitions (note 23)	794	108,252	891	109,937
Additions	95	10,158	500	10,753
Disposals	(13)	(2,768)	(145)	(2,926)
Exchange differences	51	4,438	352	4,841
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	1,433	173,451	3,003	177,887
<b>Depreciation</b>				
At 1 August 2019	-	-	-	-
Charge for the period	28	2,161	90	2,279
Disposals	-	(516)	(30)	(546)
Exchange differences	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	28	1,645	60	1,733
Charge for the year	138	13,275	465	13,878
Disposals	(6)	(2,401)	(125)	(2,532)
Exchange differences	26	474	277	777
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	186	12,993	677	13,856
<b>Net book value</b>				
At 31 December 2020	<hr/> 1,247 <hr/>	<hr/> 160,458 <hr/>	<hr/> 2,326 <hr/>	<hr/> 164,031 <hr/>
At 31 December 2019	<hr/> 478 <hr/>	<hr/> 51,726 <hr/>	<hr/> 1,345 <hr/>	<hr/> 53,549 <hr/>



# OEG Group Limited

## Notes to the financial statements For the year ended 31 December 2020

### 14. Right-of-use assets

Group	Land and Buildings \$'000	Cargo carrying units \$'000	Office and workshop equipment \$'000	Total \$'000
<b>Cost</b>				
At 1 August 2019	-	-	-	-
Acquisitions (note 23)	5,194	7,908	-	13,102
Additions	-	157	-	157
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	5,194	8,065	-	13,259
Acquisitions (note 23)	21,444	2,787	1,102	25,333
Additions	224	9,034	-	9,258
Disposals	(687)	-	-	(687)
Exchange differences	500	464	29	993
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	26,675	20,350	1,131	48,156
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 August 2019	-	-	-	-
Charge for the period	245	183	-	428
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	245	183	-	428
Charge for the year	1,649	3,400	38	5,087
Disposals	(329)	-	-	(329)
Exchange differences	-	29	-	29
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	1,565	3,612	38	5,215
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2020	25,110	16,738	1,093	42,941
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	4,949	7,882	-	12,831
	<hr/>	<hr/>	<hr/>	<hr/>

The significant land and buildings right-of-use assets are in respect of office and yard rentals within the Group's key markets.

The maturity analysis of lease liabilities is presented in note 21.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**15. Investments**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January	2,019	-	7,770	-
Acquisitions (note 23)	-	2,047	-	7,770
Share of loss	(305)	(28)	-	-
	<u>1,714</u>	<u>2,019</u>	<u>7,770</u>	<u>7,770</u>
At 31 December	<u>1,714</u>	<u>2,019</u>	<u>7,770</u>	<u>7,770</u>

The subsidiaries of the Group, all of which are included in these consolidated financial statements, are listed at note 29.

**Joint ventures**

The Group has a 65% interest in joint venture, OEG Unique DWC-LLC, a legal entity incorporated and operating in the United Arab Emirates with a year end of 31 December 2020. The registered office of the joint venture is Office 461, Building E, Business Park, Dubai World Central, Dubai, U.A.E. and the primary activity is the sale and rental of cabins in the Middle East.

The entity is jointly operated and controlled, with no single party having control. The contractual arrangements provide the Group with entitlement to 65% of the economic benefit arising within the entity. Accordingly, the joint arrangement is classified as a joint venture is included in the consolidated financial statements using the equity method. Summarised financial information in relation to the joint venture is presented below:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>As at 31 December</b>		
Current assets	554	1,665
Non-current assets	1,802	2,295
Current liabilities	(277)	(305)
Non-current liabilities	(2,948)	(4,055)
<b>Net liabilities (100%)</b>	<b>(869)</b>	<b>(400)</b>
<b>Group share of net liabilities (65%)</b>	<b>(565)</b>	<b>(260)</b>
Revenues (100%)	866	186
Loss from continuing operations (100%)	(469)	(43)
Total comprehensive loss (100%)	(469)	(43)
Group share of total comprehensive loss (65%)	(305)	(28)
Interest received by Group from Joint Venture	845	132
<i>Included in the above amounts are:</i>		
Depreciation and amortisation (100%)	479	83
Finance expense (100%)	296	71

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**16. Inventories**

	2020 \$'000	2019 \$'000
<b>Group</b>		
Raw materials and consumables	889	94
Work in progress	90	87
	<u>979</u>	<u>181</u>

**17. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables	31,742	17,597	-	-
Loss allowance	(4,406)	(3,291)	-	-
	<u>27,336</u>	<u>14,306</u>	<u>-</u>	<u>-</u>
Net trade receivables	27,336	14,306	-	-
Amounts due from Group undertakings	-	-	234,537	88,598
Other receivables	7,465	6,289	658	-
Prepayments	2,857	3,260	31	-
	<u>37,658</u>	<u>23,855</u>	<u>235,226</u>	<u>88,598</u>

**Trade receivables**

The average credit period given on sale and rental of cargo carrying units is 30 days. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and as assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The Group's non-derivative financial assets consist of cash and trade and other receivables, the latter being non-interest bearing. The Group's exposure to currency and credit risk related to trade receivables is disclosed in note 25.

Amounts due from Group undertakings are repayable on demand and attract interest at market rates.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**17. Trade and other receivables (continued)**

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance as at 1 January</b>	3,291	-
Acquisitions	1,150	3,040
Net remeasurement of loss allowance	(33)	250
Exchange differences	(2)	1
<b>Balance as at 31 December</b>	<b>4,406</b>	<b>3,291</b>

The COVID-19 pandemic has not given rise to a significant increase in the impairment of trade receivables.

**18. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	11,097	4,178	784	-

**19. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	9,504	2,946	1,411	1
Other payables	6,492	7,680	-	-
Related party payables (note 26)	116	94	-	-
Accrued expenses	9,481	5,797	505	13
	<b>25,593</b>	<b>16,517</b>	<b>1,916</b>	<b>14</b>
<b>Trade and other payables</b>				
Non-current	2,036	1,545	-	-
Current	23,557	14,972	1,916	14
	<b>25,593</b>	<b>16,517</b>	<b>1,916</b>	<b>14</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Included within non-current other payables is a dilapidations provision of \$381k (2019: \$nil).

The directors consider that the carrying amount of trade payables approximates to their fair value.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**20. Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Unsecured borrowing at amortised cost</b>				
Loans from related parties (note 26)	47	151	-	-
Unsecured loan notes including accrued interest	120,065	47,963	120,065	47,963
"A" and "B" redeemable cumulative preference shares including accrued dividends	120,233	48,295	120,233	48,295
<b>Total Borrowings</b>	<b>240,345</b>	<b>96,409</b>	<b>240,298</b>	<b>96,258</b>
Amount due for settlement within 12 months	9,798	1,658	9,798	1,658
Amount due for settlement after 12 months	230,547	94,751	230,500	94,600
	<b>240,345</b>	<b>96,409</b>	<b>240,298</b>	<b>96,258</b>

**Analysis of Group borrowings by currency:**

	<b>USD</b>	<b>GBP</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2020</b>			
Loans from related parties	-	47	47
Unsecured loan notes including accrued interest	120,065	-	120,065
"A" and "B" redeemable cumulative preference shares including accrued dividends	120,233	-	120,233
	<b>240,298</b>	<b>47</b>	<b>240,345</b>
	<b>USD</b>	<b>GBP</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2019</b>			
Loans from related parties	-	151	151
Unsecured loan notes including accrued interest	47,963	-	47,963
"A" and "B" redeemable cumulative preference shares including accrued dividends	48,295	-	48,295
	<b>96,258</b>	<b>151</b>	<b>96,409</b>

**Notes to the financial statements  
For the year ended 31 December 2020**

**20. Borrowings (continued)**

The other principal features of the Group's borrowings are as follows.

- (i) At 31 December 2019 the company had in issue 45,000,000 "A" redeemable cumulative preference shares and 2,300,000 "B" redeemable cumulative preference shares with a par value of \$1 per share.

On the 25 November 2020, the company issued a further 65,450,000 "A" redeemable cumulative preference shares with a par value of \$1 per share. The shares issued in the year carry the same features as the shares already in issue as noted below.

The shares carry a 12% non-discretionary dividend, payable annually on or by 31 December, commencing 31 December 2020. All issued shares are fully paid. Redeemable preference shares do not carry right to vote and rank ahead of the Company's residual assets, except that the holders of redeemable preference shares participate only to the extent of the par value of the shares and any preference dividend arrears. The preference shares are redeemable on any listing or sale of the Company or with the agreement of not less than half of the preference shareholders. As a sale or listing is not considered probable in the next 12 months the balance is presented as due for settlement after 12 months. The redeemable preference shares do not carry any equity component and are classified as financial liabilities in their entirety.

- (ii) At 31 December 2019, unsecured loan notes of \$47.3m were in issue. On the 9 September 2020 and 25 November 2020 unsecured loan notes were issued for \$5.0m and \$65.5m respectively. The unsecured loan notes issued in the year carry the same features as the unsecured loan notes already in issue as noted below.

The loan notes accrue interest at 8% per annum on a compound basis and is due on 31 July each year. The loan notes and accumulated interest have a maturity date of 31 July 2025.

On 12 March 2021, the company issued a further \$20.0m unsecured loan notes. The unsecured loan notes issued carry the same features as the unsecured loan notes already in issue as noted above.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**21. Lease liabilities**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Maturity analysis:</b>		
Less than 1 year	11,108	3,522
Between 1 & 2 years	7,728	3,363
Between 2 & 5 years	6,881	3,518
Over 5 years	17,646	2,031
	<u>43,363</u>	<u>12,434</u>
<b>Less: unearned interest</b>	<u>(10,051)</u>	<u>(1,880)</u>
	<u>33,312</u>	<u>10,554</u>
<b>Analysed as:</b>		
Current	10,090	3,092
Non-current	23,222	7,462
	<u>33,312</u>	<u>10,554</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. The average lease term is 4 years (2019: 4 years). The right of use assets related to the lease liabilities is presented in note 14.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amounts recognised in profit and loss</b>		
Depreciation expense on right-of-use assets (note 14)	5,087	428
Interest expense on lease liabilities (note 8)	1,239	111
Expense relating to short-term leases	461	77
	<u></u>	<u></u>
<b>Amounts recognised in statement of cash flows</b>		
Cash outflow for leases	<u>(4,978)</u>	<u>(630)</u>

**Notes to the financial statements  
For the year ended 31 December 2020**

**22. Share capital and reserves**

	<b>S'000</b>
<b>Authorised and allotted "A" ordinary shares:</b>	
At 1 January 2020	900
Issued during the year	725
<b>Authorised and allotted "B" ordinary shares:</b>	
At 1 January 2020	100
Issued during the year	25
	<hr/>
At 31 December 2020	<u>1,750</u>

The Company issued 1,450,000 "A" ordinary shares and 50,000 "B" ordinary shares of \$0.50 during the year.

In the prior year the Company issued 900,000 "A" ordinary shares and 100,000 "B" ordinary shares of \$1.

Both share classes rank equally with regard to the Company's residual assets and both classes are entitled to one vote per share at meetings of the Company.

Repayment of capital is paid first to the holders of the Preference Shares and next in paying the holders of the "A" ordinary shares and "B" ordinary shares.

All issued share capital is fully paid with no rights to fixed income.

**Foreign currency translation reserve**

The foreign currency translation reserve records exchange differences arising from the translation of the financial information of the Group's entities with a functional currency that is not the Group's presentational currency.



**Notes to the financial statements**  
**For the year ended 31 December 2020**

**23. Acquisitions**

**Hoover Ferguson Offshore Business**

On 25 November 2020, the Group acquired the offshore business of Hoover Ferguson Group. The principal activity of the acquired business is the sale and rental of specialist offshore containers, baskets and workshops as well as the manufacture, sale and rental of offshore cabins, modules and equipment rooms for use in the offshore oil and gas and renewable energy industries. The transaction is complimentary to the Groups existing operations and positions OEG Group as one of the world's largest provider of specialist cargo carrying units (CCUs) for the offshore energy industry.

The Group acquired the following companies and their subsidiary undertakings as part of the acquisition:

	<b>% voting equity instruments acquired</b>
Arden Holdings Limited	100%
Hoover Offshore LLC	100%
Tech Oil Products LLC	100%
Hoover Ferguson do Brasil	100%

In addition to the above share purchases the Group also acquired the trade and assets of the offshore business of Hoover Ferguson Australia and Singapore.

The provisional fair values identified for the separable assets acquired and liabilities assumed are as set out in the table below.

	<b>Book value \$'000</b>	<b>Fair value adjustments \$'000</b>	<b>Total (As acquired) \$'000</b>
Property, plant and equipment (note 13)	126,045	(16,108)	109,937
Right-of-use assets (note 14)	25,333	-	25,333
Inventories	1,102	(362)	740
Trade and other receivables	17,261	(1,990)	15,271
Cash and cash equivalents	6,858	-	6,858
Trade and other payables	(9,150)	(10)	(9,160)
Current tax liabilities	(354)	-	(354)
Lease liabilities	(18,032)	-	(18,032)
Deferred tax (note 9)	(2,056)	(1,243)	(3,299)
<b>Total identifiable net assets</b>	<b>147,007</b>	<b>(19,713)</b>	<b>127,294</b>
Customer relationships (note 12)	-	4,411	4,411
Goodwill (note 11)	-	1,709	1,709
<b>Total consideration</b>	<b>147,007</b>	<b>(13,593)</b>	<b>133,414</b>
Net cash outflow arising on acquisition:			
Cash consideration			133,414
Less: cash and cash equivalent balances acquired			(6,858)
			<b>126,556</b>

Goodwill comprises the value of intangible assets which do not meet the criteria for separate recognition including the assembled workforce.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**23. Acquisitions**

The Hoover Ferguson business acquired contributed \$5.2m revenue and (\$0.3m) to the Group's loss for the period between the date of acquisition and the reporting date.

If the acquisition had been completed on the first day of the financial year, Group revenues for the year would have been \$109m, Group loss would have been \$16m and Group EBITDA would have been \$35m.

The fair value adjustment on property, plant and equipment relate to cargo carrying units. The calculation of fair values requires estimates and assumptions over future trading performance and net cash flows, the remaining useful lives of the assets acquired and an applied discount rate. Forecast operational cash flows for 2021, 2022 and 2023 together with selected discount rates were applied to assess the net present values. The pre-tax discount rates applied range from 11.50% to 18.50%. The expected useful life of the cargo carrying units is 15 years with the average remaining useful life being 7 years.

Key estimates assumptions applied in calculating the value of customer relationships relate to future customer revenues and associated net cash flows and an applied discount rate. Forecast operational cash flows for 2021, 2022 and 2023 together with an annuity on the 2023 forecast cash flows with a long term growth rate of 2% are subjected to selected discount rates to assess their net present values. The post-tax discount rates applied to individual CGU's range from 10.0% to 11.25% and it is assumed customer relationships have a useful life of 8 years.

The key assumptions reflect our assessment of future prospects, trends in the industry and are considered by reference to both external and internal sources.

**Acquisition-related costs**

Acquisition-related costs (included in administrative expenses) on the acquisition amount to \$1.8m.

**Acquisition of OCHL (Globe) Limited and Harran Limited**

In the year ending 31 December 2019, the Group acquired 100% of the issued share capital of OCHL (Globe) Limited and 100% of the issued share capital of Harran Limited.

No changes were made to the provisional fair values identified for the separable assets acquired and liabilities assumed as disclosed in the 2019 financial statements and set out in the table below.

	<b>OCHL (Globe) Limited \$'000</b>	<b>Harran Limited \$'000</b>	<b>Total \$'000</b>
Investments	2,047	-	2,047
Property, plant and equipment	53,426	1,290	54,716
Right-of-use assets	7,114	5,988	13,102
Inventories	109	54	163
Trade and other receivables	23,333	1,003	24,336
Cash and cash equivalents	2,517	324	2,841
Trade and other payables	(16,869)	(842)	(17,711)
Bank loans and other borrowings	(95,367)	(3,554)	(98,921)
Deferred tax	(7,005)	(1,059)	(8,064)
Total identifiable net (liabilities)/assets	(30,695)	3,204	(27,491)
Customer relationships	32,587	1,425	34,012
Goodwill	1,228	21	1,249
Total consideration	3,120	4,650	7,770

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**24. Commitments**

**Capital commitments**

The Group has no capital commitments as at 31 December 2020 (2019: \$nil)

**Contingent liabilities**

The Group has no contingent liabilities as at 31 December 2020 (2019: \$nil)

**25. Financial instruments**

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management continue to develop and implement controls and processes across all entities to identify and monitor risks at Group and local geographic level.

The Group's activities give rise to a variety of financial risks: credit risk, liquidity risk and cash flow risks (including foreign exchange risk).

The Group's financial instruments are classified as follows:

	2020 Carrying value \$'000	2019 Carrying value \$'000
<b>Financial assets</b>		
Loans and receivables		
Trade and other receivables	34,801	20,595
Cash and bank balances	11,097	4,178
	<u>45,898</u>	<u>24,773</u>
<b>Financial liabilities</b>		
<b>Financial liabilities held at amortised cost</b>		
Borrowings	240,345	96,409
Lease liabilities	33,312	10,544
Trade and other payables	25,593	16,517
	<u>299,250</u>	<u>123,470</u>

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**25. Financial instruments (continued)**

**Credit risk management**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk primarily relates to its trade and other receivables and cash and bank balances. Responsibility for managing credit on receivables lies within each operating business with support being provided by Group management.

The Group is monitoring the economic environment in response to the COVID-19 pandemic and is taking actions to limit its exposure to customers that are severely impacted.

A customer evaluation is typically obtained from an appropriate credit rating agency. If deemed to be required, appropriate trade finance instruments, such as letters of credit, or payment prior to delivery, will be used to manage credit risk.

**Impairment**

The aging of trade and other receivables at 31 December that were not impaired was as follows:

	2020 \$'000	2019 \$'000
Current	12,324	10,563
Past due 30-60 days	8,245	3,271
Past due 61-90 days	4,054	2,145
Past due 91+ days	10,178	4,616
	<u>34,801</u>	<u>20,595</u>

The Group believes that the above amounts that are past due are collectible in full, based on historic payment behavior and analysis of customer credit risk, including underlying customers' credit ratings, where available.

The COVID-19 pandemic has not given rise to a significant increase in the impairment of trade receivables.

*Cash and cash equivalents*

The Group holds cash and cash equivalents of \$11.1m at 31 December 2020 (2019: \$4.2m), which represents its maximum credit exposure on these assets. The credit risk on liquid funds is considered limited because the counterparties are banks with credit-ratings assigned by international credit-rating agencies.

*Guarantees*

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At 31 December 2020 no third party guarantees were outstanding.

**Liquidity risk**

With regard to liquidity, the Group's priority is to ensure continuity of funding. The Group prepares cash flow projections, to determine requirements. The Group is forecasting to have adequate resources available.

*Maturity*

The table below at cash flow risk details the Group's expected maturity for its financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities. The inclusion of information on non-derivative financial liabilities is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

The Group has cash and bank balances of \$11.1m (2019: \$4.2m). The Group expects to meet its obligations from operating cash flows and the proceeds of maturing financial assets.

## Notes to the financial statements

### For the year ended 31 December 2020

#### 25. Financial instruments (continued)

##### Cash flow risk

Cash flow risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Activity forecasts are used to monitor cash flow requirements. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 45 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and borrowing obligations.

The following are the remaining contractual maturities of financial liabilities at 31 December 2020 including estimated interest payments and excluding the impact of netting agreements:

31 December 2020	Total S'000	< 1 year S'000	1-2 years S'000	2-5 years S'000	More than 5 years S'000
<b>Non-derivative financial Liabilities</b>					
Redeemable cumulative preference shares	120,233	7,483	-	112,750	-
Unsecured loan notes	120,065	2,315	-	117,750	-
Trade and other payables	25,593	23,557	-	1,655	381
Leases	33,312	10,090	7,215	6,296	9,711
	<u>299,203</u>	<u>43,445</u>	<u>7,215</u>	<u>238,451</u>	<u>10,092</u>
<b>31 December 2019</b>	<b>Total S'000</b>	<b>&lt; 1 year S'000</b>	<b>1-2 years S'000</b>	<b>2-5 years S'000</b>	<b>More than 5 years S'000</b>
<b>Non-derivative financial Liabilities</b>					
Redeemable cumulative preference shares	48,295	995	-	-	47,300
Unsecured loan notes	47,963	663	-	-	47,300
Trade and other payables	16,517	14,972	1,545	-	-
Leases	10,554	3,098	3,055	3,285	1,116
	<u>123,329</u>	<u>19,728</u>	<u>4,600</u>	<u>3,285</u>	<u>95,716</u>

The gross outflows disclosed in the table represent the contractual undiscounted cash flows relating to non-derivative and financial liabilities.

##### Foreign exchange risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD and GBP but also Australian Dollars (AUD), Euros and Singaporean Dollars (SGD). The currencies in which these transactions primarily are denominated are Euro, USD, GBP, AUD, SGD, MYR, BRL and NOK.

The Group seeks to naturally hedge foreign currency payments and receipts of the same denomination. Interest on borrowings is denominated in the currency of the borrowing.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

**Notes to the financial statements**  
**For the year ended 31 December 2020**

**25. Financial instruments (continued)**

**Capital risk management**

The Group's policy is to maintain a capital base so as to maintain investor and creditor confidence and to facilitate the future development of the business.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position at 31 December 2020 are not significantly different.

**26. Related party transactions**

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

**Trading transactions**

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Sales of goods		Purchase of goods	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Containental Limited	16	-	408	73

The following amounts were outstanding at the reporting date:

	Amounts owed to related parties		Amounts owed by related parties	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Containental Limited	116	94	2	-

Containental Limited is a related party of the Group because a director is a controlling party of that Company.

The amounts invoiced to and from Containental Limited are for the hire of units. All sales of goods were made on commercial terms.

**Remuneration of key management personnel**

The remuneration of the directors, who are the key management personnel of the Group, is set out in note 7.

**Loans to related parties**

At the 31 December 2020, a director had a loan balance of \$20,000 (2019: \$72,000) due from Harran Limited, a subsidiary of the Group.

At the 31 December 2020, Harran Limited held a loan balance of \$27,000 (2019: \$79,000) due to a company which is controlled by a director of the Company.

The loans due by Harran Limited accrue interest at 6.0% plus the Bank of England base rate per annum and are repayable on 30 September 2022.

## Notes to the financial statements For the year ended 31 December 2020

### 27. Parent and ultimate controlling party

The Company is a subsidiary undertaking of Morcell Limited, a company registered in Cyprus and is the smallest and largest group to consolidate these financial statements ("the Morcell Group"). A copy of the Morcell Group financial statements is available from Midmill Business Park, Kintore, Aberdeenshire, AB51 0QG. The ultimate controlling party of the Morcell Group is Lancaster Trustees Limited as Trustee of the Verona Trust.

### 28. Post balance sheet event

On 12 March 2021, the company issued a further \$20.0m unsecured loan notes. The unsecured loan notes issued carry the same features as the unsecured loan notes already in issue at 31 December 2020 as set out in note 20.

On 23 March 2021, the company completed the acquisition of Pegasus Welfare Solutions Limited an offshore welfare and hygiene systems company.

# OEG Group Limited

## Notes to the financial statements For the year ended 31 December 2020

### 29. Subsidiaries

The Group consists of a parent company, OEG Group Limited, incorporated in the UK and a number of subsidiaries held directly and indirectly by OEG Group Limited, which operate and are incorporated around the world. All holdings are indirectly held via subsidiaries other than OEG Global Limited and Harran Limited.

	Registered address	Country of incorporation	Class of share held	Ownership interest %	Principal activity
OEG Offshore Group Limited	1.	UK	Ordinary	100%	Intermediate holding company
OEG Offshore Limited	2.	UK	Ordinary	100%	Manufacture, sale and rental of cargo carrying units
OEG Caspian Ltd	2.	UK	Ordinary	100%	Manufacture, sale and rental of cargo carrying units
OEG Asia Pacific Pte Limited	3.	Singapore	Ordinary	100%	Manufacture, sale and rental of cargo carrying units
OEG Offshore Pte Limited	3.	Singapore	Ordinary	100%	Manufacture, sale and rental of cargo carrying units
OEG Offshore Pty Limited	4.	Australia	Ordinary	100%	Manufacture, sale and rental of equipment and supply base services
OEG Kazakhstan LLP	5.	Kazakhstan	Ordinary	49%	Sale and rental of cargo carrying units
OEG Global Limited	1.	UK	Ordinary	100%	Intermediate holding company
OEG Offshore (Holdings) Inc	7.	USA	Ordinary	100%	Intermediate holding company
OEG Offshore Inc	6.	USA	Ordinary	100%	Manufacture, sale and rental of cargo carrying units
Asia Offshore Rentals Pte Limited	3.	Singapore	Ordinary	100%	Non-trading
OEG Offshore (Thailand) Co. Limited	13.	Thailand	Ordinary	49%	Rental of containers and cabins
OEG Africa	8.	Mauritius	Ordinary	100%	Non-trading
OEG Offshore Sdn. Bhd.	9.	Malaysia	Ordinary	100%	Rental of cargo carrying units
OEG Offshore (Norge) AS (formerly OEG Offshore AS)	10.	Norway	Ordinary	100%	Rental of cargo carrying units
Containental Offshore Limited	2.	UK	Ordinary	100%	Non-trading
Offshore Containers Limited	1.	UK	Ordinary	100%	Non-trading
Vertec Engineering Limited	2.	UK	Ordinary	100%	Non-trading
OEG Offshore Inc (Guyana)	11.	Guyana	Ordinary	100%	Rental of containers and cabins
Harran Limited	2.	UK	Ordinary	100%	Manufacture, sale and rental of offshore tanks and aviation refuelling systems
Arden Holdings Limited	12.	UK	Ordinary	100%	Intermediate holding company
HFG Corporate Limited	12.	UK	Ordinary	100%	Intermediate holding company



**Notes to the financial statements**  
**For the year ended 31 December 2020**

**29. Subsidiaries (continued)**

	Registered address	Country of incorporation	Class of share held	Ownership interest %	Principal activity
OEG Offshore UK Limited (formerly Hoover Ferguson UK Limited)	12.	UK	Ordinary	100%	Manufacture, sale and rental of cargo carrying units
Hoover Ferguson Malaysia Sdn Bhd	9.	Malaysia	Ordinary	100%	Rental of cargo carrying units
OEG Offshore USA LLC (formerly Hoover Offshore LLC)	14.	USA	Ordinary	100%	Manufacture, sale and rental of cargo carrying units
OEG ENVIRO-PAK LLC (formerly Tech Oil Products LLC)	15.	USA	Ordinary	100%	Manufacture, sale and rental of cargo carrying units
Hoover Container Solutions Poland Sp Zoo	16.	Poland	Ordinary	100%	Non-trading
OEG Offshore AS (formerly Hoover Ferguson Norway AS)	20.	Norway	Ordinary	100%	Rental of cargo carrying units
Hoover Ferguson Middle East FZE	18.	U.A.E	Ordinary	100%	Rental of cargo carrying units
Ferguson Middle East LLC	19.	U.A.E	Ordinary	49%	Rental of cargo carrying units
OEG Offshore do Brasil (formerly Hoover Ferguson do Brasil)	17.	Brazil	Ordinary	100%	Rental of cargo carrying units

**Registered addresses:**

1. c/o Harran Ltd, Yarmouth Business Park, Thamesfield Way, Great Yarmouth, Norfolk, NR31 0ER
2. Cothal House, Cothal View, Pitmedden Road Ind. Estate, Dyce, Aberdeen, AB21 0BA
3. Loyang Offshore Supply Base, 25 Loyang Crescent, TOPS Ave 1, Block #02-07, Singapore, 508988
4. 16 Da Vinci Way, Forrestdale, WA, Australia, 6112
5. 4 Bld., Mcr.9-A, 130000 Aktau, Mangystau Region, Republic of Kazakhstan
6. 111 Garber Street, Cameron, Louisiana, USA, 70631
7. c/o A Registered Agent, Inc, 8 The Green, Ste A Dover, Delaware, USA, 19901
8. c/o JurisTax Ltd, Hotel Avenue, 3rd Floor, Ebene House, 33 Cybercity, 72201, Ebene, Mauritius
9. Level 7, Menara Milenium, Jalan Damansara, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia
10. Dusavik base, Sothammargeilen 9, 4029 Stavanger, Norway
11. 106 Lamaha Street, North Cummingsburg, Georgetown
12. Midmill Business Park, Kintore, Aberdeenshire, AB51 0QG
13. 1108/31 Sukhumvit Road, Phra Kanong, Klong Toei, Bangkok 10110, Thailand
14. 1701 Directors Blvd., Suite 300, Austin, Texas, 78744, USA
15. 4308 West Admiral Doyle Drive, New Iberia, Louisiana 70560, USA
16. ul. Rynek, nr 8, lok, miejsc, Człuchow, kod 77-300, poczta, Człuchow, kraj Polska
17. Estrada (road) Maria Quitéria # 351, Centro Industrial Estrela – Imboassica, Macaé (city), Rio de Janeiro (state), Brasil. CEP (zip code) 27932-376.
18. JAFZA Views LOB 18, 14th Floor Office 1401, Dubai, UAE, 17898
19. Office no.302,Umm Al Nar Sas Al Nakhi, Abu Dhabi, UAE
20. Plattformvegen 9, 4056 Tananger, 1124 Sola, Norway