

Frank's Tubulars International Limited

Annual Report and Financial Statements

for the year ended 31 December 2022



Company Registration Number: SC121495

Frank's Tubulars International Limited

Annual Report and Financial statements

For the Year ended 31 December 2022

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Frank's Tubulars International Limited

Directors and Advisors for the year ended 31 December 2022

Directors

L J W McAlister
C Paley
I D Farley

Company Secretary

S L Eley

Registered Office

Lion House
Dyce Avenue
Dyce
Aberdeen
AB21 0LQ

Independent Auditor

Deloitte LLP
Statutory auditor
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL

Company registration number: SC121495

Frank's Tubulars International Limited

Strategic Report for the year ended 31 December 2022

The Directors present their Strategic Report of Frank's Tubulars International Limited (the "company") for the year to 31 December 2022.

Principal activities

The company's principal activity during the year was the provision of casing and related services to the oil and gas industry. As at 31 December 2022 the company is a member of the Expro group of companies ("Expro Group Holdings N.V. and its subsidiary together referred as "the Group" or "Expro").

Review of the business

Turnover for the year of £4,036,000 (2021: £758,000) and activities have continued to return following disruption due to the Covid-19 pandemic when travel was restricted. This continued return to activity resulted in profit before tax for the year of £1,603,000 (2021: £109,000).

The company began to operate its services again within Israel late in 2022 and this has continued through 2023 as activity levels increase.

The company had net assets of £1,365,000 (2021: net assets £220,000) at 31 December 2022 principally due to the increase in trading activity throughout 2022. The company has obtained confirmation from Expro Group Holdings NV, its ultimate parent company, that it will provide adequate financial support to enable the company to meet its third-party obligations for a period of at least one year from the date of approval of these financial statements.

On 1 October 2021, the ultimate Parent Company, Franks International NV merged with Expro in an all-shares transaction. The merger brings together two companies with decades of market leadership, industry-acknowledged safety and service quality performance and a commitment to innovation and sustainability, to create a leading full-cycle service provider. This creates a truly exciting platform with scale, diversity and strong financial profile to accelerate growth and enhance value for shareholders, employees, customers and partners.

Key performance indicators

The directors of the ultimate holding company, manage operations on a Group basis. For this reason, the company's directors are of the opinion that analysis using KPIs (other than turnover, profit and net assets as discussed above) is not necessary for an understanding of the development or position of this business.

The results and position of the company is included in the Group's consolidated financial statements and Form 10-K for 31 December 2022, which are discussed at a group level for the ultimate parent, Expro Group Holdings N.V.

Principal risks and uncertainties

The company is regularly reviewing and evaluating its risk appetite by way of monthly financial meetings and regular review of the business. The principal risks and uncertainties facing the company are broadly grouped as competitive and foreign currency risk.

Frank's Tubulars International Limited

Strategic Report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Competitive risks

In Israel the company is reliant on certain clients for new contracts which are subject to competitive tender. Award of these contracts will be based on operational excellence and quality assurance for which the group has achieved a respected standard and reputation in the market.

Foreign currency risk

Cash flow exposure

The Company has future cash flows that are denominated in currencies other than the Great British Pound ("GBP"). Our primary cash flow exposures are revenues and expenses. Changes in the exchange rates between GBP and other currencies in which the Company transacts will cause fluctuations in the cash flows we expect to receive or pay when these cash flows are realized or settled. The company generally attempts to minimise its currency exchange risk by seeking to naturally hedge its exposure by offsetting non-GBP inflows with non-GBP denominated local expenses.

Transaction exposure

The Company has assets and liabilities that are denominated in currencies other than the GBP. Changes in the exchange rates between GBP and the other currencies in which such liabilities are denominated can create fluctuations in the company's reported statements of operations and cash flows.

Credit Risk

The Company's exposure to credit risk is primarily through cash at bank, intercompany receivables, and accounts receivable, including unbilled balances. Expro Group do not consider there to be any immediate risk associated with intercompany balances as these are managed for the group as a whole and there is no indication of any liquidity risk associated with the group as a whole.

The Company extends credit to customers and other parties in the normal course of business and is thus subject to concentrations of customer credit risk. The Company, via Expro group policies, has established various procedures to manage its credit exposure, including credit evaluations and maintaining an allowance for doubtful accounts. The Company is also exposed to credit risk because its customers are concentrated in the oil and natural gas industry. This concentration of customers impacts overall exposure to credit risk because the Company's customers may be similarly affected by changes in economic and industry conditions, including changes in oil and gas prices.

The majority of the Company's accounts receivable are due for payment in less than 90 days and largely comprise amounts receivable from IOCs and NOCs. The Company closely monitors accounts receivable and raises provisions for doubtful accounts and expected credit losses where it is deemed appropriate.

Frank's Tubulars International Limited

Strategic Report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Credit Risk (continued)

The company's main operating location for 2022 was Israel where there has been no activity undertaken since the start of the current political uncertainty. There are no outstanding receivables in relation to 2022 activity at the date of signing.

Liquidity risk

The Company is part of the group cash pooling arrangements. We believe that the Group has sufficient liquidity to meet projected working capital requirements, with sufficient headroom to protect against variability of cash flows. Key ratios are monitored on a historical and forward-looking basis, to ensure that the Group has adequate liquidity to meet its contractual obligations as they fall due. Cash balances are held in a number of currencies, in order to meet our immediate operating and administrative expenses or to comply with local currency regulations.

Future developments

Energy security concerns and strong LNG demand stemming from the conflict continues to influence the market, supporting a multi-year post-pandemic recovery and long-term market sustainability. As a result of tight supply/demand dynamics, the EIA anticipates that global inventories will fall through to the end of 2023, adding upward pressure to oil prices in the coming months. The EIA forecasts the Brent crude oil spot price to average \$91/bbl for the fourth quarter of 2023, increasing to \$95/bbl for 2024. In addition to the continued positive oil market outlook, global natural gas prices are expected to remain elevated as the market remains fundamentally tight.

The EIA predicts that Henry Hub prices will decline from their 2022 highs, averaging \$2.61 per million British thermal unit ("MMBtu") in 2023 with elevated storage levels and inelastic supply placing downward pressure on prices. The Henry Hub spot price is expected to increase to \$3.23/MMBtu in 2024 as balances may tighten over the winter. Rystad Energy predicts that the European Title Transfer Facility (TTF) and Northeast Asian LNG spot price to trade at \$13.7/MMBtu and \$14.3/MMBtu respectively for 2023 as balances remain healthy amid high European storage levels and a slower LNG comeback in Asia easing upward pressure on the market. The market is expected to remain fundamentally tight through to 2026, however and shocks to the supply or demand side may drive short-term price spikes.

Consequently, the 2023 market outlook remains positive with signs of growth in exploration and production expenditures, with upstream investments surpassing pre-pandemic levels. Strong investment growth is expected in the deepwater and offshore shelf segments with support from many large projects.

Frank's Tubulars International Limited

Strategic Report for the year ended 31 December 2022 (continued)

Approved and authorised for issue by the board of directors



John McAlister
Director
27 December 2023

Frank's Tubulars International Limited
Company registration number: SC121495
Registered office: Lion House, Dyce Avenue, Dyce, Aberdeen, United Kingdom, AB21 0LQ

Frank's Tubulars International Limited

Directors' Report for the year ended 31 December 2022

The Directors present their report and audited financial statements for the year ended 31 December 2022. The report and the financial statements of the company have been prepared in accordance with the Companies Act 2006.

The Company has a branch, as defined in section 1046(3) of the Companies Act 2006, operating outside of the UK in Israel.

Results and Dividends

The profit for the financial year was £1,145,000 (2021 profit: £248,000). The Directors do not recommend payment of a dividend (2021: £nil).

Directors and their interests

The Directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

P N Sibille	- Resigned 2 March 2022
M Cougle	- Resigned 2 March 2022
C J Mackenzie	- Appointed 2 March 2022, Resigned 5 May 2023
L J W McAlister	- Appointed 2 March 2022
C Paley	- Appointed 2 March 2022
I D Farley	- Appointed 5 May 2023

Business review and future developments

The directors have chosen in accordance with S414c (11) of the Companies Act 2006 (the "Act") to include in the Strategic report, such matters, that would otherwise be required by regulations made under s416(4) of the Act to be disclosed in the Directors' report, as the directors consider are of strategic importance to the Company. Therefore, the information contained in the Strategic report constitutes a review of our business and details of expected future developments of our business along with financial risk management objectives and policies. The Company mainly operates in Israel, through its Israel branch.

Streamlined Energy and Carbon Reporting Statement

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the UK government's policy on Streamlined Energy and Carbon Reporting (SECR). As the company consumes less than 40,000Kwh in the United Kingdom no reporting is required.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Frank's Tubulars International Limited

Directors' Report for the year ended 31 December 2022 (continued)

Director's Indemnities

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third-party indemnity provisions for the benefit of the Company and its associated companies, as defined in s256 of Companies Act 2006, remains in force at the date of this report. The indemnity provisions also cover the directors in their roles as directors of other subsidiary entities.

Going Concern

The company has net assets of £1,365,000 as at 31 December 2022 (2021: *net assets £220,000*), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the ultimate parent company not instructing repayment of the amounts currently due to other group entities which at 31 December 2022 amounted to £6,983,000, and providing additional financial support during that period. Expro Group Holdings NV has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Events after the reporting date

Events between the reporting date and the date the financial statements were authorised for issue that require disclosure are set out in Note 9.

Independent Auditors

The auditors, Deloitte LLP, were reappointed in accordance with section 486 of the Companies Act 2006.

Approved and authorised for issue by the board of directors.



John McAlister

Director

27 December 2023

Frank's Tubulars International Limited

Company registration number: SC121495

Registered office: Lion House, Dyce Avenue, Dyce, Aberdeen, United Kingdom, AB21 0LQ

Frank's Tubulars International Limited

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

The directors are responsible for preparing the Frank's Tubulars International Limited Annual Report and 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the members of Frank's Tubulars International Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Frank's Tubulars International Limited ("the Company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "*The Financial Reporting Standard applicable in the UK and Republic of Ireland*"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account.
- the balance sheet.
- the statement of changes in equity.
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "*The Financial Reporting Standard applicable in the UK and Republic of Ireland*" (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 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 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 Auditors' Report to the members of Frank's Tubulars International Limited

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 contained 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 respect of these matters 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 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 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. 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.

Independent Auditors' Report to the members of Frank's Tubulars International Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector,

We obtained an understanding of the legal and regulatory frameworks that the company 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 UK Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team 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 the following area, and our procedures performed to address it are described below:

Uncertain tax position due to ongoing tax audit by Israeli tax authority – given the longevity of the tax audit process there is a potential exposure that requires appropriate provisions at the balance sheet date, which has been identified as a significant risk (both in relation to the continued existence of the exposure, and the completeness of the exposure). In order to address the risk:

- We examined relevant correspondence with Israeli tax authorities to understand any potential relevant exposures;
- We considered and confirmed statutory limitations of liability;
- We assessed the completeness of the exposure with reference to the historically audited general ledgers;
- We considered the nature of outcomes of discussions held with external tax advisors in the prior period. No significant changes were observed in relation to the exposures and therefore, as confirmed by relevant correspondence with the Israeli tax authorities.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with tax authorities.

Independent Auditors' Report to the members of Frank's Tubulars International Limited

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 have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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.



Stephen Pratt CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
27 December 2023

Frank's Tubulars International Limited
Profit and Loss Account as at 31 December 2022

	<i>Note</i>	<i>2022 £'000</i>	<i>2021 £'000 (Restated)</i>
Turnover	2	4,036	758
Cost of sales		(2,519)	(815)
Gross profit / (loss)		<u>1,517</u>	<u>(57)</u>
Administrative expenses		<u>86</u>	<u>162</u>
Operating profit	3	1,603	105
Interest receivable and similar income		<u>-</u>	<u>5</u>
Profit before taxation		1,603	110
Tax on profit	5	<u>(458)</u>	<u>138</u>
Profit for the financial year		<u><u>1,145</u></u>	<u><u>248</u></u>

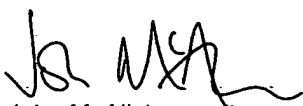
All amounts relate to continuing operations.

Prior year (2021) figures have been restated in line with new combined company classifications for Cost of Sales and Administrative Expenses (Note 11).

Frank's Tubulars International Limited
Balance Sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Current assets			
Debtors	6	9,095	4,135
Cash at bank and in hand		1,369	23
		<u>10,464</u>	<u>4,158</u>
Creditors: amounts falling due within one year	7	<u>(9,099)</u>	<u>(3,938)</u>
Net current assets		<u>1,365</u>	<u>220</u>
Total assets less current liabilities		<u>1,365</u>	<u>220</u>
Net assets		<u><u>1,365</u></u>	<u><u>220</u></u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account		<u>1,365</u>	<u>220</u>
Shareholder's funds		<u><u>1,365</u></u>	<u><u>220</u></u>

The financial statements on pages 13 to 22 were approved for issue by the Board of Directors on 27 December 2023 and were signed on its behalf by:



John McAlister
 Director

Company registration number: SC121495

Frank's Tubulars International Limited

Statement of Changes in Equity for the year ended 31 December 2022

	<i>Called up Share Capital</i>	<i>Profit and loss account</i>	<i>Total Equity</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2021	-	(28)	(28)
Profit for the year and total comprehensive income	-	248	248
At 31 December 2021	<u>-</u>	<u>220</u>	<u>220</u>
At 1 January 2022	-	220	220
Profit for the year and total comprehensive income	-	1,145	1,145
At 31 December 2022	<u>-</u>	<u>1,365</u>	<u>1,365</u>

Frank's Tubulars International Limited

Notes to the financial statements for the year ended 31 December 2022

General information

Frank's Tubulars International Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the Company's registered office is registered office is Lion House, Dyce Avenue, Dyce, Aberdeen, United Kingdom, AB21 0LQ.

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with applicable Accounting Standards in the UK including Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

All amounts in the financial statements have been rounded to nearest £1,000.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of Expro Group Holdings include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

The company has net assets of £1,365,000 as at 31 December 2022 (2021: *net assets* £220,000), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the ultimate parent company not instructing repayment of the amounts currently due to other group entities which at 31 December 2022 amounted to £6,983,000, and providing additional financial support during that period. Expro Group Holdings NV has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Frank's Tubulars International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Accounting policies (continued)

Going Concern (continued)

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basic Financial Instruments

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently carried at the lower of their original invoiced value and recoverable amount, which due to the short maturity period of trade receivables approximates to amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Trade receivables are de-recognised when the contractual cash flows are received from the debtor, unless there is a provision or write off that occurs.

Trade payables

Trade payables are measured at initial recognition at fair value and are subsequently carried at book value which, due to the short maturity period of trade payables, approximates to amortised cost. Trade payables are de-recognised when the contractual cash flow payments are made to settle the liability.

Cash and Cash Equivalents

Cash in hand and deposits repayable on demand with any qualifying financial institution, less overdrafts from any qualifying financial institution repayable on demand. Deposits are repayable on demand as they can be withdrawn at any time without notice and without penalty and/or a maturity or period of notice of not more than 24 hours or one working day has been agreed. Cash includes cash in hand and deposits denominated in foreign currencies.

Financial Liabilities

Basic financial liabilities, including bank loans and loans from fellow group companies, are initially recognised at transaction prices, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Turnover

Turnover represents invoiced amounts net of excise duties and VAT for the supply of goods and services to third parties and the other group companies.

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rental and Services

Turnover from the rental of equipment and service is recognised on a per day basis by reference to delivery and service tickets duly signed by the customer.

Frank's Tubulars International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Accounting policies (continued)

Tax

(i) Corporation Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Functional and reporting currencies

The financial statements are presented in pounds sterling which is the functional currency of the company and constitutes the principal income stream of the company.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates ruling on their transaction date.

Frank's Tubulars International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Accounting policies (continued)

Foreign currencies (continued)

The assets and liabilities of foreign operations are translated to the Company's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest income and expense

Interest income and interest expense is recognised in the income statement using the effective interest method.

Related party transactions

In accordance with the exemption allowed by paragraph 33.1A of FRS 102, no disclosure is made of transactions with other member companies of the Expro Group or investees of the Group qualifying as wholly owned group companies.

Significant accounting judgments, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 1, 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.

Significant estimate

Included within other debtors is £3,319,000 (2021: £2,793,000) in relation to tax receivables from overseas tax authorities that have been subject to delays in receipt. It is the judgement of the directors that these balances are recoverable in full and will be offset against arising tax assessments on overseas activities. There is some uncertainty as to the final outcome of those assessments and full provision has been made of potential liabilities that may arise from the respective tax authority audit of all current open tax periods and included in other creditors is £1,636,000 (2021: £1,758,000) as a provision against this amount.

Critical judgments in applying the entity's accounting policies

In the opinion of the directors no critical judgments have been made in applying the company's accounting policies.

Frank's Tubulars International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2. Turnover

The company's turnover arises from one class of business, the provision of casing and related services to the oil and gas industry and is derived from Israel.

3. Operating Profit

	2022	2021
	£'000	£'000

This is stated after charging/(crediting):

Auditors' remuneration:

<i>Fees to company's auditors for the audit of financial statements</i>	18	7
<i>Fees to company's auditors for non-audit services</i>	-	-
Rentals under operating leases	1,092	364
Foreign exchange loss / (gain)	34	(296)
	<u>1,124</u>	<u>73</u>

There were no non-audit fees charged by statutory auditors during the year.

4. Staff Costs

The company had no employees during the year (2021: none). The directors did not receive any emoluments in respect of their services to the company (2021: nil).

5. Tax on profit on ordinary activities

The taxation charge is made up as follows:

	2022	2021
	£'000	£'000

Current tax:

UK Corporation Tax	-	-
Foreign tax	369	(133)
Adjustment in respect of prior years	89	(5)
Total tax (credit)/charge	<u>458</u>	<u>(138)</u>

Factors affecting Tax Charge for the year

The tax assessed on the profit on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax of 19% in the UK (2020 – 19%). The differences are reconciled below:

	2022	2021
	£'000	£'000

Profit on ordinary activities before taxation	<u>1,603</u>	<u>281</u>
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Frank's Tubulars International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

5. Tax on profit on ordinary activities (continued)

Profit on ordinary activities before taxation at the standard UK corporation tax rate of 19% (2021 – 19%)	305	53
Group relief	(305)	(53)
Unrelieved foreign taxes	458	(133)
Adjustment to tax charge in respect of prior years	-	(5)
Total current tax (credit)/charge	<u>458</u>	<u>(138)</u>

Tax Rate Changes

The Finance Bill 2021, which was substantively enacted in May 2021, included an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. Where recognised, deferred tax is measured at the applicable substantively enacted local tax rate in force when the timing differences are anticipated to reverse.

6. Debtors

	2022 £'000	2021 £'000
Trade debtors	3,556	888
Amounts owed by group undertakings	2,215	197
Other debtors	3,324	3,050
	<u>9,095</u>	<u>4,135</u>

Amounts owed by group undertakings arise from transactions during the normal course of business. These amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included in other debtors is £3,319,000 (2021: £2,793,000) relating to tax receivables and is subject to ongoing tax authority audit overseas. At date of signing, £1,249,000 has been received.

7. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	25	8
Accruals	2,091	1,870
Amounts owed to group undertakings	6,983	2,060
	<u>9,099</u>	<u>3,938</u>

Amounts owed to group undertakings arise from transactions during the normal course of business. These amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included in accruals is provision for additional tax assessments arising from ongoing overseas tax audits of £1,636,000 (2021: £1,758,000) as noted on page 19 – significant accounting judgements.

Frank's Tubulars International Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8. Share Capital

	2022 £	2021 £
50 A ordinary shares of £1 each	50	50
50 B redeemable deferred ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

The holders of A ordinary shares are entitled to receive dividends as declared from time to time.

The holders of B ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

9. Events after reporting date

The Company has evaluated subsequent events, including the political uncertainty in Israel which was the main country of operation for 2022. This evaluation has extended through to the date the financial statements were approved. There has been no activity undertaken since the start of the current political uncertainty. Operations in Israel are not due to resume until 2025.

10. Ultimate parent company

The company's immediate parent undertaking is Frank's International Ltd, incorporated in United Kingdom whose registered office is same as the company's.

The Company's ultimate parent company and ultimate controlling party is Expro Group Holdings N.V. ("EGHNV"), a company incorporated in The Netherlands following the merger between Franks international and the Expro group on 1st October 2021. Prior to which the Company's ultimate parent company and ultimate controlling party was Frank's International N.V.

The parent company of the smallest and largest group for which consolidated financial statements are prepared and which include the Company is EGHNV (registered address: Mastenmakerweg 1, 1786 PB, Den Helder, The Netherlands). The consolidated financial statements can be obtained from the company website, www.expro.com.

11. Prior year restatement

The presentation of the 2021 Profit and Loss Account has been restated to present Cost of Sales and Administrative Expenses as they are classified in the new combined Expro Company. This is viewed as a change in accounting policy, hence treated as a prior year restatement. This change did not have any impact on the prior year profit for the year, or shareholders' funds. The impact of the change only affected 2 lines, as shown below:

	As previously presented £'000	As restated £'000
Cost of Sales	(708)	(815)
Administrative Expenses	55	162