

PARENT ACCOUNTS

FOR

SC 309083

Section 479a

Company Registration No. 12134998

OEG Group Limited

COMPANIES HOUSE

28 DEC 2022

EDINBURGH MAILBOX

Annual Report and Financial Statements

For the year ended 31 December 2021

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COMPANIES HOUSE

Annual Report and financial statements 2021

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OEG Group Limited

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Officers and professional advisers

Directors

J M Heiton
N Rahman
I Gizikova (Appointed 8 September 2021, resigned 1 March 2022)
S Kondratenko (Resigned 8 September 2021)
V Mokhonko (Resigned 1 March 2022)
P Coy (Resigned 1 March 2022)

Registered Office

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

Legal advisors

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

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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 2021. 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.

During 2021, the Group continued to implement its strategy of continuing to grow the business while also partaking in the ongoing energy transition such that it materially grew its exposure to the developing offshore wind, particularly through its acquisition strategy.

The Group acquired the following three businesses which all provide critical equipment and services primarily used in the construction and operations & maintenance of offshore wind farms. These acquisitions will help reinforce the Group's strategy to support global energy ambitions and meet the energy transition challenge.

Business	Principal activity	Date of acquisition
Pegasus Welfare Solutions Limited ("PWS")	Portable Welfare Hygiene Solutions	24 March 2021
Fern Communications Limited ("Fern")	Manufacture, sale and rental of Radio Communications to renewables, oil & gas, nuclear and emergency response sectors.	28 September 2021
Hughes Subsea Services Limited ("Hughes Subsea Services")	Integrated subsea service company	5 October 2021

Furthermore, on 28 July 2021, the Group acquired 100% of the shareholding of Modex Holding Limited ("Modex"), the holding company of the Modex group of companies, whose principal activity is the sale and rental of specialist offshore containers, baskets, tanks and workshops, and this serves to complement the historic activities of the Group.

On 11 December 2021, the Group acquired 100% of the shareholding of Blue Manta International Limited, Blue Manta AS and Blue Manta (Asia) Pty Limited, which together traded as Blue Manta. The principal activity of Blue Manta is the manufacture, sale and rental of spooling units, specialist offshore containers and baskets, which again serves to expand the range of products offered by the Group. Subsequent to the acquisition the Group intends to support Blue Manta to further internationalize and expand their product offering across the wider Group.

Both of the above acquisitions serve to increase the scale and range of the Group's range of specialist cargo carrying units for the offshore energy industry, an activity in which the Group is considered a leading provider.

Details of the fair value of the net assets acquired and the consideration paid for the acquisitions are set out in note 25.

As such these financial statements include five months trading results of the newly acquired Modex business and the results of the other acquisitions from the dates noted above together with a full year of continuing results of the OEG Offshore business.

Principal activities

The principal activity of the Company is that of a holding company for the Group who generally trade as OEG Offshore. The principal-activities of the Group are (1) the manufacture, sale and rental of specialist containers, baskets, tanks, spoolers and workshops for use in the offshore energy industry, as well as (2) providing a range of critical equipment and services used in the construction and operations & maintenance of offshore wind farms.

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

OEG Group Limited

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Strategic report

Review of business

The strategy for the Group is to offer a wide range of key upstream energy equipment and services worldwide.

The current year results include five months trading results of the newly acquired Modex business and the results of the other acquisitions from the dates noted above together with a full year of continuing results of the OEG Offshore business. The prior year results presented reflect one month trading results of the acquired offshore business of Hoover Ferguson Group and a full year of continuing results of the OEG Offshore business.

The impact of COVID-19 caused a significant worldwide economic slowdown, which led to demand for the Group's product and services declining during 2020, before recovering to pre-COVID 19 levels during 2021, and the Group continues to witness ongoing growth therefrom during 2022.

In addition to the business acquisitions noted above the Group invested \$36.5m (2020: \$10.8m) in the expansion of its rental fleet of specialist containers to support the recovery of demand for its activities during 2021, and to expand the services and support growth in the newly acquired offshore wind focused businesses.

Key Performance Indicators

The consolidated statement of profit or loss for the year is set out on page 17. The directors consider turnover and earnings before interest, tax, depreciation, amortisation and exceptional items ("Adjusted EBITDA") as key performance indicators for the Group.

The Group generated turnover and adjusted EBITDA of \$154.5m (2020: \$53.7m) and \$62.1m (2020: \$18.5m) respectively for the year ended 31 December 2021 which includes a full year of continuing results of the OEG Offshore business and five months trading of the acquired Modex business together with the trading of the other acquisitions (Blue Manta, Hughes Subsea Services, PWS and Fern) completed at various points throughout the year. The comparative for the year to 31 December 2020 included a full year of the legacy OEG Offshore business together with one month trading of the offshore business of Hoover Ferguson Group acquired in November 2020.

Reconciliation to non-GAAP measures and performance

The reconciliation of the operating profit/(loss) for the year to adjusted EBITDA is set out below:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Operating profit/(loss) for the year	312	(6,605)
Adjustments for:		
Depreciation of property, plant and equipment	38,288	13,878
Depreciation expense on right-of-use assets	7,395	5,087
Amortisation of intangible assets	5,022	3,448
Group Restructuring/Integration costs	6,271	425
Acquisition and strategy related costs	4,819	2,273
Adjusted EBITDA	62,107	18,506

The adjusting items are as follows:

Group restructuring/integration costs: The charge for the year was \$6.3m (2020: \$0.4m) and comprises costs incurred as part of the Group restructuring following the business acquisitions in the current and prior year, including the cost of severance, legal, lease termination and other integration costs.

Acquisition and strategy related costs: The charge of \$4.8m (2020: \$2.3m) comprises costs associated with the business acquisitions in the year and the longer-term strategy of the Group.

The above costs are identified as adjusting items as they do not relate to the Group's ordinary trading activities.

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Strategic report

Balance sheet and funding

The Group had net assets at 31 December 2021 of \$33.9m (2020: net liabilities \$13.2m). The Group generates cash flow from operations to settle its trading liabilities and to service the obligations under its borrowings structure. Please refer to borrowings at note 22 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 offshore energy sector, competition from both UK and international rental and service 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, including a split of activity across conventional and offshore wind markets.

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 is discussed in the Directors' report on page 9.

Future developments

The Group has seen strong results during 2022 as market conditions continued to improve in the Group's end markets and activity levels increased.

As part of our growth strategy, the Group aims to continue to increase the proportion of investment we make into the offshore wind market and have completed two further acquisitions in 2022 as follows:

- In January 2022, the Group completed the acquisition of Manor Energy Group Limited, a temporary power, engineering and vessel business to the offshore wind sector;
- In July 2022 the Group completed the acquisition of Specialist Marine Consultants Limited a leading provider of specialist construction, maintenance, marine and recruitment services to the marine and offshore energy sectors.

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

Subsequent events

On 27 February 2022 the geopolitical situation in Eastern Europe intensified with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and in response governments across the world have implemented sanctions against Russia. In addition, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

The Group has decided not to undertake any new business in Russia and is in full compliance with all international sanctions against Russia. The directors do not believe this decision will have a material impact on the Group's future operating and financial results given it has never had any bases or employees in Russia and the historic level of business undertaken in Russia has been immaterial.

On 18 January 2022, the Group completed the acquisition of Manor Energy Group Limited a temporary power, engineering and vessel business.

On 1 March 2022, a majority of the company's shares were acquired by GIIS Invest S.C.P, and as a result, the new ultimate controlling party of the company is GIIS Invest S.C.P, a company registered in Monaco.

On 14 March 2022, the company issued a further \$40.0m unsecured loan notes. The unsecured loan notes issued carry the same features as the unsecured loan notes already in issue at 31 December 2021 as set out in note 21.

On 7 July 2022, the Group completed the acquisition of Specialist Marine Consultants Limited a leading provider of specialist construction, maintenance, marine and workforce services to the marine and offshore energy industries.

OEG Group Limited

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Strategic report

Directors' statement in performance of their duties under Section 172(1)

In line with Section 172(1) of the Companies Act 2006, the Directors of the Group must act in a way which they consider, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole. In doing this, the directors must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interest of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and others;
- impact of the Group's operations on the community and environment;
- Group's reputation for high standard of business conduct; and
- need to act fairly as between members of the Group

There must therefore be a careful balance of sometimes competing interests of different stakeholder groups and it is the duty of the Directors to act in such a way should promote the long-term success of the Group as a whole.

The Directors are fully aware of their responsibilities to promote success of the Group in accordance with section 172 (1) of the Companies Act 2006 and ensure good corporate practice. The Board reflects on how the Group engages with its stakeholders and opportunities for enhancement in the future. The relevance of each stakeholder group may increase or decrease depending on the matter in question, so the Board seeks to consider the needs and priorities of each group during its discussions and as part of its decision making.

Effective engagement with key stakeholders is critical to the long-term success of the business. Dialogue with stakeholders assists in identifying the effects of group policies and practices, predicting future developments and trends and realigning strategy.

Shareholders

The Group holds regular meetings with shareholders to discuss operational results, potential opportunities, and strategic direction for the business.

Workforce

Our employees, and their motivation and retention, are fundamental to our delivery of our strategy. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. The Group is committed to being a responsible business, maintaining and improving the methods by which employees are involved and can contribute. The group's approach is to fully discuss any matters that may impact the employee's interests, through regular staff communications and meetings.

Customers

The Group is committed to developing and maintaining strong client relationships for the long-term. Management engages with customers on a regular basis, to assess activity levels, performance, and standards of safety. Management embraces customer feedback regarding service and quality, which is given the highest priority, so enabling the Group to provide a better all-round service.

Suppliers

The Group aims to work responsibly with our suppliers who are integral to the successful delivery of our strategy. The Group's Supplier Code of Ethics Policy creates accountability around issues such as human rights, health and safety and environmental impacts to ensure that our suppliers ethical behaviours are consistent with our own.

Community and environment

The Group is committed to operating its business in an environmentally responsible way, and sustainability constitutes a key part of the Groups strategy. Further details are discussed in the Streamlined Energy Carbon Reporting (SECR) report on page 6.

Reputations for high standards of business conduct

Responsible business conduct is fundamental to the long-term success of the Group. The Group is committed to the highest standards of business ethics and corporate social responsibility towards its customers, employees, suppliers, and communities in which it operates. The Group has robust policies and procedures in place setting out the standards and behaviours expected of all employees, agents, contractors, and consultants to help meet the high standards of business conduct, legally and ethically, that is expected.

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Strategic report

Streamlined Energy and Carbon Reporting (SECR)

The following sections represent the first report undertaken in accordance with the Streamlined Energy and Carbon ("SECR") Reporting requirements outlined in the Companies Act (2006) for large quoted and unlisted companies. The Group has chosen to voluntarily report on its UK Greenhouse Gas (GHG) emissions.

These following sections contain details on annual GHG emissions, total energy consumption for the Group's UK operations covering our offices, transport assets, and energy efficiency and environmental management actions implemented during the financial year and contains our SECR disclosure for the year ended 31 December 2021.

Methodology

Scope of analysis and data collection

Over 2021 we have collected primary data for our offices and business travel activities including: electricity consumption (kWh), electricity transmission and distribution (kWh losses), gas consumption (kWh), company vehicle fuel (litres), other onsite fuels consumption (litres), water supply and treatment (m³) and business travel (air passenger kilometres). All primary data used within this report is from 1 January – 31 December 2021, covering our financial year. The scope of our GHG emissions calculation covers all of the Group's UK operations.

Calculation Methodology

We have used the BEIS and Greenhouse Gas Protocol Corporate Reporting Standard (GHG Protocol) methodology for compiling this GHG data and have calculated our GHG emissions in accordance with the UK Government's reporting guidelines for Company Reporting. To ensure consistency in our reporting we are reporting all GHG emissions in units of CO₂e (carbon dioxide equivalent) and have used 2021 GHG Conversion Factors for Company Reporting, published annually by Defra and BEIS.

GHG Emissions Scopes

The following reporting scopes (as outlined by the Greenhouse Gas Protocol) are included within this disclosure:

- **Scope 1 GHG Emissions:** direct emissions from sources which OEG owns or controls. This includes natural gas consumption in our offices, fuels used onsite and in our transport assets, and fugitive emissions (refrigerants).
- **Scope 2 GHG Emissions:** indirect emissions relating solely to the generation of purchased electricity that is consumed by OEG across our sites.
- **Scope 3 GHG Emissions:** indirect emissions relating to the transmission and distribution of purchased electricity that is consumed by OEG, water consumption and treatment and business travel (Air).

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Strategic report

Streamlined Energy and Carbon Reporting (SECR) (continued)

Energy Consumption

The table below displays our annual energy consumption for our Scope 1, Scope 2 and Scope 3 emissions for our UK operations. As per SECR reporting requirements all mandatory information is presented in kilowatt hours (kWh).

Please note suitable energy (kWh) conversions are currently unavailable for business travel (air), water supply, and water treatment and have therefore been presented as zero within the results table.

Emissions Source	GHG Emissions Scope (GHG Protocol)	Reporting Units	Year ended 31 December 2021
Grid Electricity	Scopes 2&3	Kilowatt Hour (kWh)	845,971
Gas Oil	Scope 1	Kilowatt hour (kWh)	737,022
Company Vehicles	Scope 1	Kilowatt hour (kWh)	514,187
Propane (LPG)	Scope 1	Kilowatt Hour (kWh)	384,456
Natural Gas	Scope 1	Kilowatt hour (kWh)	290,173
Kerosene	Scope 1	Kilowatt Hour (kWh)	47,152
Business Travel (air)	Scope 3	Kilowatt Hour (kWh)	-
Water Treatment	Scope 3	Kilowatt Hour (kWh)	-
Water Supply	Scope 3	Kilowatt Hour (kWh)	-
Total Energy Consumption			2,818,961

GHG Emissions Reporting

In accordance with the SECR Emissions Reporting requirements outlined in the Companies Act for large companies our GHG disclosure covering the Group's UK operations for the year ended 31 December 2021 is listed below. Results have been split by Scope as outlined by the GHG Protocol calculation methodology.

GHG Emissions Scope (GHG Protocol)	Reporting Units	Year ended 31 December 2021
Scope 1	tonnes CO ₂ e	467.49
Scope 2	tonnes CO ₂ e	179.62
Scope 3	tonnes CO ₂ e	22.27
Total GHG Emissions	tonnes CO₂e	669.38
GHG Emissions Intensity 1	tonnes CO₂e/\$m turnover	2.01
GHG Emissions Intensity 2	tonnes CO₂e/employee	5.58

Total GHG Emissions for Scope 1, Scope 2, and Scope 3 for the year ended 31 December 2021 for our UK operations is 669.38 tonnes CO₂e. Our GHG emissions intensity per employee is 5.58 tonnes CO₂e. These results will act as our baseline GHG emissions which will be used as a benchmark for future performance to be compared against for SECR.

OEG Group Limited

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Strategic report

Streamlined Energy and Carbon Reporting (SECR) (continued)

Energy Efficiency & Environmental Management

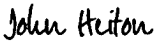
During the year the Group has continued to further our efforts to reduce our carbon footprint through our ongoing Corporate and Social Responsibility programme and has set a target to become a net zero carbon organisation by 2030.

In support of this we undertook the calculation and development of our baseline carbon footprint and have committed to achieving a 35% reduction (or better) in our Scope 1 and Scope 2 GHG emissions by 2025 and achieve net zero carbon by 2030.

We recognise that our site-based emissions contribute significantly to our carbon footprint and have therefore committed to a programme of energy efficiency and carbon saving improvements across our sites. Ongoing initiatives include the upgrade of existing lighting to LED, identification of water reduce / reuse opportunities and increased training of our staff members in environmental and carbon management. Other carbon saving projects completed during 2021 include the feasibility of utilising refrigerant gases with lower GWPs in our HVAC systems, as well as the continued transition of our vehicle fleet to electric, hybrid and biofuel alternatives.

Over the coming financial year, the Group is looking to implement a series of near-term and long-term actions identified when we developed our net zero carbon target. These cover a wide range of environmental and energy management measures which will help to increase the energy efficiency of our operations and in turn help to reduce our GHG emissions; in-line with our targets and net zero carbon ambition.

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

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J M Heiton
Director
22 December 2022

OEG Group Limited**Annual Report and Financial Statements 2021****Directors' report (continued)**

The directors' present their report and the audited financial statements for the year ended 31 December 2021.

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 8.

Directors

The following individuals served as directors in the year:

P Coy (Resigned 1 March 2022)

J M Heiton

I Gizikova (Appointed 8 September 2021, resigned 1 March 2022)

S Kondratenko (Resigned 8 September 2021)

V Mokhonko (Resigned 1 March 2022)

N Rahman

Dividends

An interim ordinary dividend of \$50.0m was paid during the year (2020: \$nil). No final ordinary dividends are proposed. Preference share dividends of \$12.4m (2020: \$6.5m) were accrued for in the year.

On 6 December 2021 the articles of association and shareholder agreements were amended to eliminate the preference share dividend entitlement from the 30 November 2021, with the accrued dividend up to and including the 30 November 2021 being rolled up and added to the amount to be paid on redemption. Further details on the preference shares are set out in note 24.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit, cash flow, liquidity and interest rate 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 a loss allowance. 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 impact of COVID-19 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.

Interest rate risk

The Group borrows in desired currencies at floating rates of interest. At 31 December 2021, no interest rate swap instruments were in place.

OEG Group Limited

Annual Report and Financial Statements 2021

Directors' report (continued)

Financial risk management objectives and policies (continued)

Impact of COVID-19

The impact of COVID-19 caused a significant drop in the oil and gas prices in 2020 but prices rose consistently during 2021, reaching a peak in late October on the back of a positive macroeconomic outlook.

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 take steps to protect and support our staff through the impact of COVID-19. As well as ensuring our operations have appropriate contingency plans in place.

Overseas branches

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

Post balance sheet events

Significant events after the balance sheet date of 31 December 2021 are discussed in the Strategic Report.

Going concern

As at 31 December 2021 the Group has cash and cash equivalents of \$77.6m and net assets of \$33.9m. 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 8.

The Directors continue to have a high degree of confidence in its' prospects. The Group has made a strong start to 2022 as market conditions continue to improve in the Group's end markets and the directors anticipate that these higher levels of activity will continue through the remainder of 2022.

In assessing going concern we have considered the potential risks and uncertainties arising from the current economic and geopolitical environment, as well as the ongoing impact of the conflict in Ukraine and the recovery from the impact of COVID-19.

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.

Disabled employees

Applicants with disabilities are given full and fair consideration during recruitment processes. We are committed to supporting employees with disabilities with regard to training, career development and promotion.

Employee engagement

We remain committed to employee involvement throughout the Group. Employees are kept well informed of the performance and strategy of the Group and other matters of concern through a variety of means including personal briefings, regular meetings, notice boards, bulletins and email.

OEG Group Limited

Annual Report and Financial Statements 2021

Directors' report (continued)

Business relationships

The Group is committed to developing and maintaining strong client relationships for the long-term. Management engages with customers on a regular basis, to assess activity levels, performance, and standards of safety. Management embraces customer feedback regarding service and quality, which is given the highest priority, so enabling the Group to provide a better all-round service. The Group also aims to work responsibly with our suppliers who are integral to the successful delivery of our strategy.

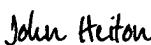
Auditor information

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.

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

DocuSigned by:

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J M Heiton
Director
22 December 2022

OEG Group Limited

Directors' responsibilities statement

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 have elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 period.

In preparing the parent company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 of the financial reporting framework 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 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards 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 income statement;
- the consolidated statement of comprehensive expense;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards 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

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 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. 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 framework[s] 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

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.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Acquisition accounting for entities, trade and assets purchased in the year: to address these 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.
- Revenue recognition due to fraud pinpointed to the significant manual adjustments to the revenue as at year-end: to address these we performed analytical procedures and journal entry testing of significant manual journals posted to the revenue as at year end and determined whether the revenue recognition criteria have been met.

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 external 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.

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 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

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.

DocuSigned by:

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David Mitchell CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

22 December 2022

OEG Group Limited**Annual Report and Financial Statements 2021****Consolidated statement of profit or loss
For the year ended 31 December 2021**

		Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
	Notes		
Revenue	5	154,541	53,748
Cost of sales		(96,964)	(38,029)
Gross profit		<u>57,577</u>	<u>15,719</u>
Other operating income		-	839
Administrative expenses		(57,226)	(22,858)
Share of results of joint venture	17	(39)	(305)
Operating profit/(loss)	6	<u>312</u>	<u>(6,605)</u>
Finance costs	8	(30,800)	(12,320)
Other gains and losses	9	(2,612)	2,007
Loss before tax		<u>(33,100)</u>	<u>(16,918)</u>
Income tax	10	(1,227)	1,068
Loss for the year		<u><u>(34,327)</u></u>	<u><u>(15,850)</u></u>

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

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

OEG Group Limited**Annual Report and Financial Statements 2021****Consolidated statement of comprehensive expense
For the year ended 31 December 2021**

		Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
	Notes		
Loss for the year		(34,327)	(15,850)
<i>Items that may be reclassified subsequently to the income statement in subsequent periods:</i>			
Exchange differences on translation of foreign operations	24	(1,179)	2,894
Other comprehensive expense for the year, net of income tax		(1,179)	2,894
Total comprehensive loss for the year		<u>(35,506)</u>	<u>(12,956)</u>

OEG Group Limited**Annual Report and Financial Statements 2021****Consolidated and parent company statements of financial position
As at 31 December 2021**

	Note	Group		Company	
		2021 \$'000	2020 (Restated*) \$'000	2021 \$'000	2020 \$'000
Non-current assets					
Goodwill	13	63,058	13,701	-	-
Other intangible assets	14	67,289	34,380	-	-
Property, plant and equipment	15	293,081	161,564	-	-
Right-of-use assets	16	25,936	42,941	-	-
Investments	17	-	1,714	96,904	7,770
		<u>449,364</u>	<u>254,300</u>	<u>96,904</u>	<u>7,770</u>
Current assets					
Inventories	18	2,570	979	-	-
Trade and other receivables	19	71,453	36,720	395,747	235,226
Cash and cash equivalents	20	77,574	11,097	49,490	784
		<u>151,597</u>	<u>48,796</u>	<u>445,237</u>	<u>236,010</u>
Total assets		<u>600,961</u>	<u>303,096</u>	<u>542,141</u>	<u>243,780</u>
Current liabilities					
Trade and other payables	21	39,877	30,020	4,151	1,916
Current tax liabilities	10	1,929	781	-	-
Borrowings	22	2,755	9,798	2,755	9,798
Lease liabilities	23	8,203	10,090	-	-
		<u>52,764</u>	<u>50,689</u>	<u>6,906</u>	<u>11,714</u>
Non-current liabilities					
Trade and other payables	21	12,580	2,036	-	-
Borrowings	22	463,167	230,547	400,304	230,500
Lease liabilities	23	16,017	23,222	-	-
Deferred tax liabilities	10	22,565	9,826	-	-
		<u>514,329</u>	<u>265,631</u>	<u>400,304</u>	<u>230,500</u>
Total liabilities		<u>567,093</u>	<u>316,320</u>	<u>407,210</u>	<u>242,214</u>
Net assets/(liabilities)		<u>33,868</u>	<u>(13,224)</u>	<u>134,931</u>	<u>1,566</u>
Equity					
Share capital	24	134,348	1,750	134,348	1,750
Accumulated losses		(101,963)	(17,636)	583	(184)
Translation reserve	24	1,483	2,662	-	-
Shareholder equity/(deficit)		<u>33,868</u>	<u>(13,224)</u>	<u>134,931</u>	<u>1,566</u>

*In accordance with IFRS 3 Business Combinations, the Group balance sheet as at 31 December 2020 has been restated to reflect the final fair value adjustments as set out in note 25.

The parent company's profit for the year was \$50.8m (2020: profit of \$0.7m). The financial statements of OEG Group Limited, registered number 12134998, were approved by the Board of Directors on 22 December 2022.

Signed on behalf of the Board of Directors

DocuSigned by:

John Heiton

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J M Heiton
Director

OEG Group Limited

Annual Report and Financial Statements 2021

Consolidated and parent company statements of changes in equity
For the year ended 31 December 2021

Group	Share capital \$'000	Share premium \$'000	Accumulated losses \$'000	Translation reserve \$'000	Total equity \$'000
Balance at 1 January 2020	1,000	-	(1,786)	(232)	(1,018)
Loss for the period	-	-	(15,850)	-	(15,850)
Other comprehensive income for the period	-	-	-	2,894	2,894
Total comprehensive (expense)/income for the period	-	-	(15,850)	2,894	(12,956)
Issue of share capital	750	-	-	-	750
Balance at 31 December 2020	1,750	-	(17,636)	2,662	(13,224)
Loss for the year	-	-	(34,327)	-	(34,327)
Other comprehensive expense for the year	-	-	-	(1,179)	(1,179)
Total comprehensive expense for the year	-	-	(34,327)	(1,179)	(35,506)
Dividends paid	-	-	(50,000)	-	(50,000)
Reclassification of Preference shares from borrowings to equity (note 24)	132,598	-	-	-	132,598
Balance at 31 December 2021	134,348	-	(101,963)	1,483	33,868

Company	Share capital \$'000	Share premium \$'000	Accumulated losses \$'000	Translation reserve \$'000	Total equity \$'000
Balance at 1 January 2020	1,000	-	(904)	-	96
Profit for the period	-	-	720	-	720
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive expense for the period	-	-	720	-	720
Issue of share capital	750	-	-	-	750
Balance at 31 December 2020	1,750	-	(184)	-	1,566
Profit for the year	-	-	50,767	-	50,767
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	50,767	-	50,767
Dividends paid (note 12)	-	-	(50,000)	-	(50,000)
Reclassification of Preference shares from borrowings to equity (note 24)	132,598	-	-	-	132,598
Balance at 31 December 2021	134,348	-	583	-	134,931

OEG Group Limited**Annual Report and Financial Statements 2021****Consolidated statement of cash flows
For the year ended 31 December 2021**

		Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
	Note		
Operating activities			
Loss before taxation		(33,100)	(16,918)
Adjustments for:			
Depreciation of property, plant and equipment	15	38,288	13,878
Depreciation of right-of-use assets	16	7,395	5,087
Amortisation of intangible assets	14	5,022	3,448
Gain on disposal of property, plant and equipment		(3,225)	(603)
Finance costs		30,800	12,320
Foreign exchange loss/(gain)		1,497	(1,590)
Fair value assessments		(9,868)	-
Share of post-tax losses of equity accounted joint venture	17	39	305
Operating cash flows before movements in working capital		36,848	15,927
Decrease/(increase) in inventories		369	(40)
Increase/(decrease) in trade and other receivables		(9,327)	1,605
Increase in trade and other payables		5,081	(762)
		(3,877)	803
Cash generated by operations		32,971	16,730
Interest paid		(18,612)	(4,180)
Income taxes paid		(2,379)	(410)
Net cash from operating activities		11,980	12,140
Investing activities			
Acquisition of subsidiaries	25	(137,452)	(126,556)
Acquisition of business	13	-	(625)
Purchase of property, plant and equipment		(36,511)	(10,753)
Proceeds from sale of property, plant and equipment		5,296	907
Net cash used in investing activities		(168,667)	(137,027)
Financing activities			
Repayment of loans	22	(270)	(104)
Proceeds from issue of preference shares	22	-	65,450
Proceeds from issue of loan notes	22	283,000	70,450
Repayments of lease liabilities	23	(9,407)	(4,978)
Issue of share capital	24	-	750
Dividends paid	12	(50,000)	-
Net cash from financing activities		223,323	131,568
Net increase in cash and cash equivalents		66,636	6,681
Cash and cash equivalents at beginning of year		11,097	4,178
Effect of foreign exchange rate changes		(159)	238
Cash and cash equivalents at end of year	20	77,574	11,097

Notes to the financial statements

For the year ended 31 December 2021

1. General information

These financial statements are for the year ended 31 December 2021.

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 principal activities of the Company and Group are described in the Strategic Report on page 2.

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 Offshore Limited</i>	SC092719
<i>OEG Offshore UK Limited</i>	SC052531
<i>OEG Caspian Limited</i>	SC342458
<i>Arden Holdings Limited</i>	SC099436
<i>HFG Corporate Limited</i>	SC309083
<i>Harran Limited</i>	SC161151
<i>Pegasus Welfare Solutions Limited</i>	10781350
<i>Fern Communications Limited</i>	04514947
<i>Hughes Subsea Services Limited</i>	11003015
<i>Blue Manta International Limited</i>	SC229088

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).

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*

Notes to the financial statements For the year ended 31 December 2021

2. Adoption of new and revised standards (continued)

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

In accordance with *IFRS 3 Business Combinations*, the Group balance sheet as at 31 December 2020 has been restated to reflect the final fair value adjustments as set out in note 25.

Basis of preparation

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.

The principal accounting policies adopted are set out below.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Notes to the financial statements

For the year ended 31 December 2021

3. Significant accounting policies (continued)

Going concern

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

As at 31 December 2021 the Group has cash and cash equivalents of \$77.6m and net assets of \$33.9m. 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 8.

The Directors continue to have a high degree of confidence in its' prospects. The Group has made a strong start to 2022 as market conditions continue to grow in the Group's end markets and the directors anticipate that these higher levels of activity will continue through the remainder of 2022.

In assessing going concern we have considered the potential risks and uncertainties arising from the current economic and geopolitical environment, as well as the ongoing impact of the conflict in Ukraine and the recovery from the impact of COVID-19.

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.

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.

Notes to the financial statements

For the year ended 31 December 2021

3. Significant accounting policies (continued)

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 any 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 losses 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
- Offshore Wind Integrated Services

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.

iii) *Offshore Wind Integrated Services*

Revenue for Offshore Wind Integrated 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.

Notes to the financial statements

For the year ended 31 December 2021

3. Significant accounting policies (continued)

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

At the commencement date, the right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the Group to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located.

The right of use asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if applicable, and adjusted for certain remeasurements of the lease liability.

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.

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).

Notes to the financial statements

For the year ended 31 December 2021

3. Significant accounting policies (continued)

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.

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.

Notes to the financial statements

For the year ended 31 December 2021

3. Significant accounting policies (continued)

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.

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 5 to 10 years.

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

Notes to the financial statements

For the year ended 31 December 2021

3. Significant accounting policies (continued)

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 2021

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 2021

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 2021

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.

Adjusting and non recurring items

Adjusting 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 2021

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 25.

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 2021 is \$63.1m and \$67.3m respectively (2020: \$13.7m and \$34.4m respectively). No impairment is noted in goodwill and customer relationships at 31 December 2021. The key assumptions used, and their sensitivities are included in notes 13 and 14.

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 10.

Notes to the financial statements

For the year ended 31 December 2021

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 2021 is \$279.8m (2020: \$177.2m). 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 2021.

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 2021 net trade receivables are \$52.9m (2020: \$26.4m) with an established expected credit loss of \$4.6m (2020: \$5.3m). The COVID-19 pandemic had 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 \$279.8m (2020: \$174.7m). 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 \$63.1m (2020: \$34.4m). The current useful lives are estimated at 5 to 10 years with nil residual value.

OEG Group Limited**Annual Report and Financial Statements 2021****Notes to the financial statements
For the year ended 31 December 2021****5. Revenue**

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

Revenue	2021 \$'000	2020 \$'000
EMEAC	85,731	29,766
APAC	34,395	12,504
Americas	34,415	11,478
	<u>154,541</u>	<u>53,748</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.

	2021 \$'000	2020 \$'000
Sale and rental of cargo carrying units	132,260	47,608
Other services	12,981	6,140
Offshore wind integrated services	9,300	-
	<u>154,541</u>	<u>53,748</u>

Notes to the financial statements

For the year ended 31 December 2021

6. Loss for the year

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

	2021 \$'000	2020 \$'000
Depreciation of property, plant and equipment (note 15)	38,288	13,878
Depreciation expense on right-of-use assets (note 16)	7,395	5,087
Gain on disposal of property, plant & equipment	(3,225)	(603)
Amortisation of intangible assets (note 14)	5,022	3,448
Cost of inventories recognised as expense	31,233	11,474
Staff costs (note 7)	31,423	12,010
Loss allowance on trade receivables (note 19)	(47)	(33)
Expense relating to short-term leases	696	461

Included in the gain on disposal of property, plant & equipment of \$3.2m (2020: \$0.6m) above, is a gain of \$5.3m (2020: \$0.9m) 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 \$0.5m (2020: \$1.4m) 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 2021 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.

Reconciliation to non-GAAP measures and performance

The reconciliation of the operating profit/(loss) for the year to adjusted EBITDA is set out below:

	2021 \$'000	2020 \$'000
Operating profit/(loss) for the year	312	(6,605)
Adjustments for:		
Depreciation of property, plant and equipment (note 15)	38,288	13,878
Depreciation expense on right-of-use assets (note 16)	7,395	5,087
Amortisation of intangible assets (note 14)	5,022	3,448
Group Restructuring/Integration costs	6,271	425
Acquisition and strategy related costs	4,819	2,273
Adjusted EBITDA	62,107	18,506

The adjusting items are as follows:

Group restructuring/integration costs: The charge for the year was \$6.3m (2020: \$0.4m) and comprises costs incurred as part of the Group restructuring following the business acquisitions in the current and prior year, including the cost of severance, legal, lease termination and other integration costs.

Acquisition and strategy related costs: The charge of \$4.8m (2020: \$2.3m) comprises costs associated with the business acquisitions in the year and the longer-term strategy of the Group.

The above costs are identified as adjusting items as they do not relate to the Group's ordinary trading activities.

OEG Group Limited**Annual Report and Financial Statements 2021**

Notes to the financial statements
For the year ended 31 December 2021

6. Loss for the year (continued)

Auditor's remuneration

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

	2021	2020
	\$'000	\$'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts		
Fees payable to the company's auditor and their associates for other services to the group	407	141
- The audit of the Company's subsidiaries	89	102
Total audit fees	<u>497</u>	<u>243</u>
 Corporate finance services	1,543	270
Tax compliance services	13	32
Other tax advisory services	169	93
Total non-audit fees	<u>1,725</u>	<u>395</u>

OEG Group Limited**Annual Report and Financial Statements 2021**
Notes to the financial statements
For the year ended 31 December 2021
7. Staff costs

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

	2021	2020
	Number	Number
Management and administration	164	139
Operations	297	108
	<u>461</u>	<u>247</u>

There were no persons employed by the Company.

Their aggregate remuneration comprised:

	2021	2020
	\$'000	\$'000
Wages and salaries	27,320	11,391
Social security	3,100	1,342
Other pension costs	1,529	661
Staff costs before government grants	<u>31,949</u>	<u>13,394</u>
Government grants (note 6)	<u>(526)</u>	<u>(1,384)</u>
Total Staff costs	<u>31,423</u>	<u>12,010</u>

Aggregate directors' remuneration

One director received remuneration during the year (2020: 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:

	2021	2020
	\$'000	\$'000
Aggregate emoluments	<u>209</u>	<u>186</u>

One director (2020: one) is a member of a money purchase scheme and contributions in the year were \$7,000 (2020: \$7,000).

Highest paid director	2021	2020
	\$'000	\$'000
Total amount of emoluments (including pension contributions)	<u>209</u>	<u>186</u>

Contributions of \$7,000 (2020: \$7,000) have been made to the money purchase scheme on behalf of the highest paid director.

OEG Group Limited**Annual Report and Financial Statements 2021****Notes to the financial statements
For the year ended 31 December 2021****8. Finance costs**

	2021	2020
	\$'000	\$'000
Interest on loan notes (note 22)	14,634	4,516
Bond interest	2,424	-
Finance charges payables in respect of leases	1,312	1,239
Bank and other interest	65	77
	<u>18,435</u>	<u>5,832</u>
Total interest expense	18,435	5,832
Preference share dividends (note 22)	12,365	6,488
	<u>30,800</u>	<u>12,320</u>
Total Finance costs	<u>30,800</u>	<u>12,320</u>

9. Other gains and losses

Other gains and losses comprise the following:

	2021	2020
	\$'000	\$'000
Net foreign currency (losses)/gains	(2,612)	2,007
	<u>(2,612)</u>	<u>2,007</u>
Total other gains and losses	<u>(2,612)</u>	<u>2,007</u>

The foreign currency (losses)/gains in the current and prior year are arising from financial assets and liabilities at amortised cost.

10. Income tax

	2021	2020
	\$'000	\$'000
Current tax charge		
Current year	2,487	333
Prior year adjustment	(433)	-
	<u>2,054</u>	<u>333</u>
Total current tax charge	2,054	333
Deferred tax credit		
Current year	496	(1,401)
Prior year adjustment	(1,323)	-
	<u>(827)</u>	<u>(1,401)</u>
Total deferred tax credit	(827)	(1,401)
	<u>1,227</u>	<u>(1,068)</u>
Tax credit	<u>1,227</u>	<u>(1,068)</u>

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.

OEG Group Limited**Annual Report and Financial Statements 2021**
Notes to the financial statements
For the year ended 31 December 2021
10. 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:

	2021	2020
	\$'000	\$'000
Loss before tax	(33,100)	(16,918)
Tax at the UK corporation tax rate of 19 % (2020: 19%)	(6,289)	(3,214)
Tax effect of:		
Effect of different tax rates of subsidiaries operating in other jurisdictions	550	(19)
Expenses not deductible in determining taxable profit/income not taxable	2,208	2,283
Withholding taxes and unrelieved overseas taxes	1,212	(139)
Utilisation of tax losses not previously recognised	-	953
Change in unrecognised deferred tax assets	4,401	(923)
Reduction in deferred taxes resulting from a reduction in tax rates	893	28
Brought forward losses	-	(38)
Current period losses carried back	-	1
Adjustments in respect of prior periods	(1,756)	-
Other	8	-
Total income tax credit	<u>1,227</u>	<u>(1,068)</u>

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 2021 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

	2021	2020
	\$'000	\$'000
Current tax		
UK corporation tax	724	150
Income tax payable – overseas jurisdictions	1,205	631
	<u>1,929</u>	<u>781</u>

OEG Group Limited**Annual Report and Financial Statements 2021****Notes to the financial statements
For the year ended 31 December 2021****10. Income Tax (continued)****Deferred tax balances**

Deferred tax liabilities recognised by the Group and the movement during the current and prior year is as follows:

	2021	2020
	\$'000	\$'000
Balance at 1 January	9,826	7,852
Recognised in profit or loss	496	(1,401)
Prior year adjustment	(1,323)	-
Acquisitions (note 25)	13,072	3,299
Other movements	523	-
Foreign exchange movements	(29)	76
	<u>22,565</u>	<u>9,826</u>
Balance at 31 December	<u>22,565</u>	<u>9,826</u>

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. Deferred tax as presented on the statement of financial position:

	2021	2020
	\$'000	\$'000
Customer relationships	16,430	7,155
Property, plant and equipment	17,597	2,671
Temporary timing differences	(11,462)	-
	<u>22,565</u>	<u>9,826</u>
Total Deferred Tax	<u>22,565</u>	<u>9,826</u>

At the balance sheet date, the group has unused tax losses of \$61.1m (2020: \$40.0m) and fixed asset timing differences of \$54.3m (2020: \$12.6m) available for offset against future profits. A deferred tax asset has been recognised in respect of the tax losses or fixed asset timing differences only to the extent that it is considered probable that there will be future taxable profits available. The unrecognised tax losses may be carried forward indefinitely.

11. 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 2021 was \$50.8m (2020: profit \$0.7m).

12. Dividends

	2021	2020
	\$'000	\$'000
Interim dividend per share paid for the year ended 31 December 2021 of 28.57p (2020: nil)	50,000	-
	<u>50,000</u>	<u>-</u>
Amounts recognised as distributions to equity holders in the year	<u>50,000</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 December 2021

13. Goodwill

	Total \$'000
Group	
Cost and carrying amount	
At 1 January 2020	1,249
Recognised on acquisitions (note 25)	11,577
Other additions	875
	<hr/>
At 31 December 2020 (Restated*)	13,701
Recognised on acquisitions (note 25)	49,357
	<hr/>
At 31 December 2021	63,058
	<hr/>

*In accordance with *IFRS 3 Business Combinations*, the Group balance sheet as at 31 December 2020 has been restated to reflect the final fair value adjustments as set out in note 25.

The other addition in the prior 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 Bidy 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:

	As at 31 December 2021 \$'000	As at 31 December 2020 (Restated) \$'000
EMEA	51,403	9,025
Asia Pacific	3,483	465
Australia	3,196	1,391
Americas	4,751	2,595
Caspian	225	225
	<hr/>	<hr/>
	63,058	13,701
	<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 2022, 2023 and 2024 together with a perpetuity on the 2024 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 13.6%. 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.

OEG Group Limited**Annual Report and Financial Statements 2021****Notes to the financial statements
For the year ended 31 December 2021****13. Goodwill (continued)**

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 Caspian CGUs.

The projected cash flows of the EMEA CGU would need to fall by 13% 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.

14. Other intangible assets

Group	Customer relationships \$'000
Cost	
At 31 December 2020	38,423
Recognised on acquisitions (note 25)	37,931
	<hr/>
At 31 December 2021	76,354
	<hr/>
Amortisation	
At 31 December 2020	4,043
Charge for the year	5,022
	<hr/>
At 31 December 2021	9,065
	<hr/>
Carrying amount	
At 31 December 2021	67,289
	<hr/>
At 31 December 2020	34,380
	<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:

	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000
EMEA	54,082	22,437
Asia Pacific	647	729
Australia	5,325	3,035
Americas	5,363	6,068
Caspian	1,872	2,111
	<hr/>	<hr/>
	67,289	34,380
	<hr/>	<hr/>

The Group tests other intangibles annually for impairment.

There was no impairment of other intangibles in the year.

OEG Group Limited**Annual Report and Financial Statements 2021**
Notes to the financial statements
For the year ended 31 December 2021
15. Property, plant and equipment

Group	Property improvements \$'000	Cargo carrying units \$'000	Office and workshop equipment \$'000	Totals \$'000
Cost				
At 1 January 2020	506	53,371	1,405	55,282
Acquisitions (note 25)	794	105,785	891	107,470
Additions	95	10,158	500	10,753
Disposals	(13)	(2,768)	(145)	(2,926)
Exchange differences	51	4,438	352	4,841
At 31 December 2020 (Restated*)	1,433	170,984	3,003	175,420
Acquisitions (note 25)	3,938	117,578	768	122,284
Additions	4,532	28,974	3,402	36,908
Reclassified from right-of-use (note 16)	6,082	8,035	-	14,117
Disposals	(488)	(16,453)	(352)	(17,293)
Exchange differences	(133)	(5,612)	(289)	(6,034)
At 31 December 2021	15,364	303,506	6,532	325,402
Depreciation				
At 1 January 2020	28	1,645	60	1,733
Charge for the period	138	13,275	465	13,878
Disposals	(6)	(2,401)	(125)	(2,532)
Exchange differences	26	474	277	777
At 31 December 2020	186	12,993	677	13,856
Charge for the year -	610	36,390	1,288	38,288
Reclassified from right-of-use (note 16)	123	1,061	-	1,184
Disposals	(380)	(15,732)	(339)	(16,451)
Exchange differences	(64)	(4,247)	(245)	(4,556)
At 31 December 2021	475	30,465	1,381	32,321
Net book value				
At 31 December 2021	14,889	273,041	5,151	293,081
At 31 December 2020 (Restated*)	1,247	157,991	2,326	161,564

*In accordance with *IFRS 3 Business Combinations*, the Group balance sheet as at 31 December 2020 has been restated to reflect the final fair value adjustments as set out in note 25.

OEG Group Limited**Annual Report and Financial Statements 2021****Notes to the financial statements
For the year ended 31 December 2021****16. Right-of-use assets**

Group	Land and Buildings \$'000	Cargo carrying units \$'000	Office and workshop equipment \$'000	Total \$'000
Cost				
At 1 January 2020	5,194	8,065	-	13,259
Acquisitions (note 25)	21,444	2,787	1,102	25,333
Additions	224	9,034	-	9,258
Disposals	(687)	-	-	(687)
Exchange differences	500	464	29	993
At 31 December 2020	26,675	20,350	1,131	48,156
Acquisitions (note 25)	3,029	-	320	3,349
Additions	397	-	-	397
Disposals	(192)	-	-	(192)
Reclassified to owed assets (note 15)	(6,082)	(8,035)	-	(14,117)
Exchange differences	(132)	(104)	(19)	(255)
At 31 December 2021	23,695	12,211	1,432	37,338
Depreciation				
At 1 January 2020	245	183	-	428
Charge for the year	1,649	3,400	38	5,087
Disposals	(329)	-	-	(329)
Exchange differences	-	29	-	29
At 31 December 2020	1,565	3,612	38	5,215
Charge for the year	4,014	2,887	494	7,395
Disposals	-	-	-	-
Reclassified to owed assets (note 15)	(123)	(1,061)	-	(1,184)
Exchange differences	(24)	-	-	(24)
At 31 December 2021	5,432	5,438	532	11,402
Net book value				
At 31 December 2021	18,263	6,773	900	25,936
At 31 December 2020	25,110	16,738	1,093	42,941

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 23.

OEG Group Limited**Annual Report and Financial Statements 2021**
Notes to the financial statements
For the year ended 31 December 2021
17. Investments

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 1 January	1,714	2,019	7,770	7,770
Share of loss	(39)	(305)	-	-
Acquisitions (note 25)	-	-	93,784	-
Disposals	(1,675)	-	(4,650)	-
At 31 December	<u>-</u>	<u>1,714</u>	<u>96,904</u>	<u>7,770</u>

The subsidiaries of the Group, all of which are included in these consolidated financial statements, are listed at note 30.

During the year the Group acquired the remaining 35% share in the joint venture, OEG Unique DWC-LLC, a legal entity incorporated and operating in the United Arab Emirates with a year end of 31 December 2021. Accordingly, OEG Unique DWC-LLC is now classified as a wholly owned subsidiary and is fully consolidated in these consolidated financial statements.

18. Inventories

	2021	2020
Group	\$'000	\$'000
Raw materials and consumables	2,275	889
Work in progress	295	90
	<u>2,570</u>	<u>979</u>

OEG Group Limited**Annual Report and Financial Statements 2021****Notes to the financial statements
For the year ended 31 December 2021****19. Trade and other receivables**

	Group		Company	
	2021	2020	2021	2020
	\$'000	(Restated*)	\$'000	\$'000
		\$'000		
Trade receivables	57,536	31,742	-	-
Loss allowance	(4,622)	(5,344)	-	-
Net trade receivables	52,914	26,398	-	-
Amounts due from Group undertakings	-	-	395,136	234,537
Other receivables	13,580	7,465	603	658
Prepayments	4,959	2,857	8	31
	<u>71,453</u>	<u>36,720</u>	<u>395,747</u>	<u>235,226</u>

*In accordance with *IFRS 3 Business Combinations*, the Group balance sheet as at 31 December 2020 has been restated to reflect the final fair value adjustments as set out in note 25.

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 27.

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.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

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.

	Group	
	2021	2020
	\$'000	\$'000
Balance as at 1 January	5,344	3,291
Acquisitions (note 25)	211	2,088
Amounts written off	(886)	-
Net remeasurement of loss allowance	(47)	(33)
Exchange differences	-	(2)
Balance as at 31 December	<u>4,622</u>	<u>5,344</u>

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

OEG Group Limited**Annual Report and Financial Statements 2021**

Notes to the financial statements
For the year ended 31 December 2021

20. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	77,574	11,097	49,490	784

21. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	\$'000	(Restated*)	\$'000	\$'000
		\$'000		
Trade payables	11,311	9,504	1,759	1,411
Other payables	13,361	12,955	-	-
Related party payables (note 28)	60	116	-	-
Accrued expenses	16,337	9,481	2,392	505
Deferred consideration	11,388	-	-	-
	<u>52,457</u>	<u>32,056</u>	<u>4,151</u>	<u>1,916</u>
Trade and other payables				
Non-current	12,580	2,036	-	-
Current	<u>39,877</u>	<u>30,020</u>	<u>4,151</u>	<u>1,916</u>
	<u>52,457</u>	<u>32,056</u>	<u>4,151</u>	<u>1,916</u>

*In accordance with *IFRS 3 Business Combinations*, the Group balance sheet as at 31 December 2020 has been restated to reflect the final fair value adjustments as set out in note 25.

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 \$377k (2020: \$381k), deferred consideration of \$10,976k (2020: \$nil) and other payables of \$1,227k (2020: \$1,655k).

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

OEG Group Limited

Annual Report and Financial Statements 2021

Notes to the financial statements For the year ended 31 December 2021

22. Borrowings

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Unsecured borrowing at amortised cost				
Loans from related parties (note 28)	47	47	-	-
Unsecured loan notes including accrued interest	403,059	120,065	403,059	120,065
"A" and "B" redeemable cumulative preference shares including accrued dividends	-	120,233	-	120,233
	<u>403,106</u>	<u>240,345</u>	<u>403,059</u>	<u>240,298</u>
Secured borrowing at amortised cost				
Senior Secured Bond include accrued interest	62,816	-	-	-
	<u>62,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Borrowings	<u>465,922</u>	<u>240,345</u>	<u>403,059</u>	<u>240,298</u>
Amount due for settlement within 12 months	2,755	9,798	2,755	9,798
Amount due for settlement after 12 months	463,167	230,547	400,304	230,500
	<u>465,922</u>	<u>240,345</u>	<u>403,059</u>	<u>240,298</u>
Analysis of Group borrowings by currency:				
	USD	NOK	GBP	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2021				
Loans from related parties	-	-	47	47
Unsecured loan notes including accrued interest	403,059	-	-	403,059
Senior Secured Bond include accrued interest	-	62,816	-	62,816
	<u>403,059</u>	<u>62,816</u>	<u>47</u>	<u>465,922</u>
	USD	NOK	GBP	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2020				
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
	<u>240,298</u>	<u>-</u>	<u>47</u>	<u>240,345</u>

Notes to the financial statements

For the year ended 31 December 2021

22. Borrowings (continued)

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

(i) Preference shares

At 31 December 2021 and 31 December 2020 the company had in issue 110,450,000 "A" redeemable cumulative preference shares and 2,300,000 "B" redeemable preference shares with a par value of \$1 per share.

On 6 December 2021 the articles of association and shareholder agreements were amended to eliminate the preference dividend entitlement from the 30 November 2021, with the accrued dividend up to and including the 30 November 2021 being rolled up and added to the amount to be paid on redemption. In addition, the redemption was amended to be solely at the discretion of the Company.

As a result of the amendments noted above, from the 1 December 2021 the 110,450,000 "A" redeemable preference shares and 2,300,000 "B" redeemable preference shares with a par value of \$1 per share together with the accrued preference dividend in relation to the A Preference Shares of US\$ 19,271,325, and in relation to the B Preference Shares of US\$ 576,954 were reclassified as equity in their entirety. Further details on the preference shares are detailed in note 24.

(ii) Unsecured loan notes

At 31 December 2021, unsecured loan notes of \$400.8m (2020: \$117.8m) were in issue.

During the year the following loan notes were issued:

- 12 March 2021 unsecured loan notes were issued for \$20.0m
- 20 July 2021 unsecured loan notes were issued for \$163.0m
- 6 December 2021 unsecured loan notes were issued for \$100.0m

Up until 30 November the loan notes accrued interest at 8% per annum on a compound basis. A deed of amendment dated 20 December 2021 changed the loan note interest rate to 1% per annum from the 30 November 2021.

The loan notes and accumulated interest have a maturity date of 31 July 2027.

On 14 March 2022, the company issued a further \$40.0m unsecured loan notes. The unsecured loan notes issued carry the same features as the unsecured loan notes already in issue as noted above.

(iii) Senior Secured Bond

As part of the acquisition of Modex AS (a subsidiary of Modex Holding Limited) the Group acquired the Modex AS FRN Senior Secured NOK 550,000,000 Bond (the "Bond") which is listed on the Nordic ABM, a self-regulated marketplace organized and operated by Oslo Børs.

The Bond accrues interest at NIBOR (Norwegian Interbank Offered Rate) plus 7.75% margin and interest is paid quarterly in arrears. The Bond has a maturity date of 2 March 2026

The Bond Terms contain covenants on leverage, book equity and minimum liquidity. The Group was in compliance with the bond covenants throughout the year and at year end.

OEG Group Limited**Annual Report and Financial Statements 2021****Notes to the financial statements
For the year ended 31 December 2021****23. Lease liabilities**

	2021	2020
	\$'000	\$'000
Maturity analysis:		
Less than 1 year	9,011	11,108
Between 1 & 2 years	2,794	7,728
Between 2 & 5 years	4,691	6,881
Over 5 years	16,647	17,646
	<u>33,143</u>	<u>43,363</u>
Less: unearned interest	<u>(8,923)</u>	<u>(10,051)</u>
	<u>24,220</u>	<u>33,312</u>
Analysed as:		
Current	8,203	10,090
Non-current	16,017	23,222
	<u>24,220</u>	<u>33,312</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. The average lease term is 4 years (2020: 4 years). The right of use assets related to the lease liabilities is presented in note 16.

	2021	2020
	\$'000	\$'000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets (note 16)	7,395	5,087
Interest expense on lease liabilities (note 8)	1,312	1,239
Expense relating to short-term leases	696	461
	<u></u>	<u></u>
Amounts recognised in statement of cash flows		
Cash outflow for leases	<u>(9,407)</u>	<u>(4,978)</u>

Notes to the financial statements

For the year ended 31 December 2021

24. Share capital and reserves

	2021 \$'000	2020 \$'000
Authorised and allotted "A" ordinary shares	1,400	1,625
Authorised and allotted "B" ordinary shares	200	125
Authorised and allotted "C" ordinary shares	25	-
Authorised and allotted "D" ordinary shares	100	-
Authorised and allotted "E" ordinary shares	25	-
Total ordinary shares	1,750	1,750
Authorised and allotted "A" redeemable preference shares:	129,721	-
Authorised and allotted "B" redeemable preference shares:	2,877	-
Total redeemable preference shares	132,598	-
Total Share capital	134,348	1,750

i) Ordinary shares

On 6 December 2021 the articles of association and shareholder agreements were amended to redesignate the ordinary shares between different share classes. The classes of ordinary shares, including par value and number of shares in issue are noted below:

	2021 No	2020 No
Authorised and allotted "A1" ordinary shares (\$1.00)	800,000	900,000
Authorised and allotted "A2" ordinary shares (\$0.50)	1,200,000	1,450,000
Authorised and allotted "B1" ordinary shares (\$1.00)	100,000	100,000
Authorised and allotted "B2" ordinary shares (\$0.50)	200,000	50,000
Authorised and allotted "C" ordinary shares (\$0.50)	50,000	-
Authorised and allotted "D1" ordinary shares (\$1.00)	75,000	-
Authorised and allotted "D2" ordinary shares (\$0.50)	50,000	-
Authorised and allotted "E" ordinary shares (\$1.00)	25,000	-
Total number of shares	2,500,000	2,500,000

All classes of ordinary 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, "B" ordinary shares, "C" ordinary shares, "D" ordinary shares and "E" ordinary shares.

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

Notes to the financial statements

For the year ended 31 December 2021

24. Share capital and reserves (continued)

ii) Preference shares

At 31 December 2021 the company had in issue 110,450,000 "A" redeemable preference shares and 2,300,000 "B" redeemable cumulative preference shares with a par value of \$1 per share.

On 6 December 2021 the articles of association and shareholder agreements were amended to eliminate the preference share dividend entitlement from the 30 November 2021, with the accrued dividend up to and including the 30 November 2021 being rolled up and added to the amount to be paid on redemption. In addition, the redemption was amended to be solely at the option of the Company.

As a result of the amendments noted above, from the 1 December 2021 the 110,450,000 "A" redeemable preference shares and 2,300,000 "B" redeemable preference shares with a par value of \$1 per share together with the accrued preference dividend up to 30 November 2021 in relation to the A Preference Shares of US\$ 19,271,325, and in relation to the B Preference Shares of US\$ 576,954 were reclassified from borrowings to equity in their entirety.

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 accrued preference dividend up to 30 November 2021. The preference shares are redeemable on any listing or sale of the Company or at the discretion of the Company.

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:

25. Acquisitions

Acquisition of Modex Holding Limited ("Modex")

On 28 July 2021, the Group acquired 100% of the shareholding of Modex Holding Limited ("Modex"). The principal activity of the acquired business and its subsidiaries 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 the world's largest provider of specialist cargo carrying units (CCUs) for the offshore energy industry.

Other acquisitions

In addition, the Group acquired the following companies and their subsidiary undertakings during the year:

Name	Principal activity	Date of acquisition	% voting equity instruments acquired
Pegasus Welfare Solutions Limited	Portable Welfare Hygiene Solutions	24 March 2021	100%
Fern Communications Limited	Manufacture, sale and rental of Radio Communications	28 September 2021	100%
Hughes Subsea Services Limited	Integrated subsea service company	5 October 2021	100%
Blue Manta International Limited, Blue Manta AS, Blue Manta (Asia) Pty Limited ("Blue Manta")	Manufacture, sale and rental of spooling units, baskets and containers	11 December 2021	100%

OEG Group Limited**Annual Report and Financial Statements 2021**
Notes to the financial statements
For the year ended 31 December 2021
25. Acquisitions (continued)

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

	Book value \$'000	Fair value adjustments \$'000	Total (As acquired) \$'000
Property, plant and equipment (note 15)	100,469	21,815	122,284
Right-of-use assets (note 16)	3,349	-	3,349
Inventories	1,971	-	1,971
Trade and other receivables	26,510	-	26,510
Cash and cash equivalents	10,798	-	10,798
Trade and other payables	(8,823)	-	(8,823)
Current tax liabilities	(1,197)	-	(1,197)
Bank loans and other borrowings	(65,906)	-	(65,906)
Lease liabilities	(3,564)	-	(3,564)
Deferred tax (note 10)	(3,754)	(9,318)	(13,072)
Total identifiable net assets	59,853	12,497	72,350
Customer relationships (note 14)	-	37,931	37,931
Goodwill (note 13)	-	49,357	49,357
Total consideration	59,853	99,785	159,638
Satisfied by:			
Cash consideration			148,250
Deferred consideration			11,388
Total Consideration			159,638
Net cash outflow arising on acquisition:			
Cash consideration			148,250
Less: cash and cash equivalent balances acquired			(10,798)
			137,452

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

The total consideration of \$159.6m includes \$93.8m for Modex, \$44.1m for Blue Manta and \$17.1m for Hughes Subsea Services Limited.

Notes to the financial statements
For the year ended 31 December 2021**25. Acquisitions (continued)**

The businesses acquired contributed \$25.3m revenue, \$0.9m of profit and \$8.6m of the adjusted EBITDA to the Group results for the period between the date of acquisition and the reporting date.

If the acquisitions had been completed on the first day of the financial year, Group revenues for the year would have been \$203.3m and Group adjusted EBITDA would have been \$81.0m.

The fair value adjustment on property, plant and equipment primarily relate to cargo carrying units. The cargo carrying units were valued using the depreciated replacement cost method which reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The customer relationship were value using the multi-period excess earnings method which considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets

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 2022, 2023 and 2024 together with an annuity on the 2024 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 13.61% 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 \$3.0m.

OEG Group Limited**Annual Report and Financial Statements 2021****Notes to the financial statements
For the year ended 31 December 2021****25. Acquisitions (continued)****Acquisition of Hoover Ferguson Offshore Business**

In the year ending 31 December 2020, the Group acquired the offshore business of Hoover Ferguson Group.

Following reassessment of fair values on acquisition the following adjustments were made at 29 November 2021:

	Provisional fair value as previously reported \$'000	Fair Value adjustments \$'000	Total (As acquired) \$'000
Property, plant and equipment (note 15)	109,937	(2,467)	107,470
Right-of-use assets (note 16)	25,333	-	25,333
Inventories	740	-	740
Trade and other receivables	15,271	(938)	14,333
Cash and cash equivalents	6,858	-	6,858
Trade and other payables	(9,160)	(6,463)	(15,623)
Current tax liabilities	(354)	-	(354)
Lease liabilities	(18,032)	-	(18,032)
Deferred tax (note 10)	(3,299)	-	(3,299)
Total identifiable net assets	127,294	(9,868)	117,426
Customer relationships (note 14)	4,411	-	4,411
Goodwill (note 13)	1,709	9,868	11,577
Total consideration	133,414	-	133,414
Net cash outflow arising on acquisition:			
Cash consideration	133,414	-	133,414
Less: cash and cash equivalent balances acquired	(6,858)	-	(6,858)
	126,556	-	126,556

The adjustments to the provisional fair values are as a result of the timing of the completion of a detailed review of the balance sheets acquired.

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Notes to the financial statements
For the year ended 31 December 2021
25. Acquisitions (continued)

In accordance with IFRS 3, the Group balance sheet as at 31 December 2020 has been restated to reflect the final fair value adjustments as updated at 29 November 2021 as set out above:

	As reported 31 December 2020 \$'000	Final fair value adjustments \$'000	Restated 31 December 2020 \$'000
Non-current assets			
Goodwill	3,833	9,868	13,701
Other intangible assets	34,380	-	34,380
Property, plant and equipment	164,031	(2,467)	161,564
Right-of-use assets	42,941	-	42,941
Investments	1,714	-	1,714
	<u>246,899</u>	<u>7,401</u>	<u>254,300</u>
Current assets			
Inventories	979	-	979
Trade and other receivables	37,658	(938)	36,720
Cash and bank balances	11,097	-	11,097
	<u>49,734</u>	<u>(938)</u>	<u>48,796</u>
Total assets	<u>296,633</u>	<u>6,463</u>	<u>303,096</u>
Current liabilities			
Trade and other payables	23,557	6,463	30,020
Current tax liabilities	781	-	781
Borrowings	9,798	-	9,798
Lease liabilities	10,090	-	10,090
	<u>44,226</u>	<u>6,463</u>	<u>50,689</u>
Non-current liabilities			
Trade and other payables	2,036	-	2,036
Borrowings	230,547	-	230,547
Lease liabilities	23,222	-	23,222
Deferred tax liabilities	9,826	-	9,826
	<u>265,631</u>	<u>-</u>	<u>265,631</u>
Total liabilities	<u>309,857</u>	<u>6,463</u>	<u>316,320</u>
Net liabilities	<u>(13,224)</u>	<u>-</u>	<u>(13,224)</u>
Equity			
Share capital	1,750	-	1,750
Accumulated losses	(17,636)	-	(17,636)
Translation reserve	2,662	-	2,662
Shareholder deficit	<u>(13,224)</u>	<u>-</u>	<u>(13,224)</u>

Notes to the financial statements

For the year ended 31 December 2021

26. Commitments

Capital commitments

The Group has no capital commitments as at 31 December 2021 (2020: \$nil)

Contingent liabilities

The Group has no contingent liabilities as at 31 December 2021 (2020: \$nil)

27. 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 continues 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, interest rate risk and cash flow risks (including foreign exchange risk).

The Group's financial instruments are classified as follows:

	2021 Carrying value \$'000	2020 Carrying value \$'000
Financial assets held at amortised cost		
Trade and other receivables	66,494	34,801
Cash and bank balances	77,574	11,097
	<u>144,068</u>	<u>45,898</u>
Financial liabilities held at amortised cost		
Unsecured borrowings	403,106	240,345
Secured borrowings	62,816	-
Lease liabilities	24,220	33,312
Trade and other payables	40,913	25,593
	<u>531,055</u>	<u>299,250</u>

Notes to the financial statements

For the year ended 31 December 2021

27. 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:

	2021 \$'000	2020 \$'000
Current	31,723	12,324
Past due 30-60 days	10,959	8,245
Past due 61-90 days	6,880	4,054
Past due 91+ days	16,932	10,178
	<u>66,494</u>	<u>34,801</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 ongoing impact of COVID-19 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 \$77.6m at 31 December 2021 (2020: \$11.1m), 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 2021 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 \$77.6m (2020: \$11.1m). 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 2021

27. Financial instruments (continued)

Interest rate risk

The Group has variable rate debt and cash and therefore net income is exposed to the effects of changes to interest rates. The main floating rate benchmark on variable rate debt is NIBOR (Norwegian Interbank Offered Rate) and relates to the Senior Secured Bond in Norway that accrues interest at NIBOR plus 7.75% margin.

The following sensitivity analysis details the Group's sensitivity to a 100 basis points (1%) increase in NIBOR interest rate throughout the reporting period with all other variables held constant.

	2021 \$'000	2020 \$'000
Impact on profit before tax	(264)	-

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 2021 including estimated interest payments and excluding the impact of netting agreements:

31 December 2021	Total \$'000	< 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Non-derivative financial Liabilities					
Unsecured loan notes	403,059	2,309	-	-	400,750
Senior secure Bond	62,816	446	-	62,370	-
Trade and other payables	52,457	39,876	7,721	4,483	377
Leases	24,220	8,203	2,330	3,695	9,992
	<u>542,552</u>	<u>50,834</u>	<u>10,051</u>	<u>70,548</u>	<u>411,119</u>
31 December 2020	Total \$'000	< 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Non-derivative financial Liabilities					
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>

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

Notes to the financial statements

For the year ended 31 December 2021

27. Financial instruments (continued)

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.

Foreign exchange risk

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, NOK, GBP and AUD but also Euros and Singaporean Dollars (SGD). The currencies in which these transactions primarily are denominated are Euro, USD, NOK, GBP, AUD, SGD, MYR, and BRL.

The following analysis details the Group's sensitivity to a 10% strengthening in GBP, NOK and AUD to USD. A 10% weakening against USD would have an equal but opposite effect to that shown below. The analysis has been prepared based on the change taking place at the beginning of the financial year and being held constant throughout the reporting period. A positive number indicates an increase in earnings where the currencies strengthen against USD

	2021 \$'000	2020 \$'000
GBP	(558)	(382)
NOK	(195)	1
AUD	(404)	(33)

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.

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 2021 are not significantly different.

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For the year ended 31 December 2021****28. 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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Containental Limited	-	16	197	408

The following amounts were outstanding at the reporting date:

	Amounts owed to related parties		Amounts owed by related parties	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Containental Limited	60	116	-	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 2021, a director had a loan balance of \$20,000 (2020: \$20,000) due from Harran Limited, a subsidiary of the Group.

At the 31 December 2021, Harran Limited held a loan balance of \$27,000 (2020: \$27,000) 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 2021**

29. Parent and ultimate controlling party

The Company is a subsidiary undertaking of GIIS Invest S.C.P, a company registered in Monaco and is the smallest and largest group to consolidate these financial statements. The registered office of GIIS Invest S.C.P is Chez CATS, 28 Boulevard Princesse Charlotte, 98000 Monaco.

30. Post balance sheet event

On 1 March 2022, a majority of the company's shares were acquired by GIIS Invest S.C.P. As a result, the new ultimate controlling party of the company is GIIS Invest S.C.P, a company registered in Monaco.

On 14 March 2022, the company issued a further \$40.0m unsecured loan notes. The unsecured loan notes issued carry the same features as the unsecured loan notes already in issue as set out in note 21.

On 18 January 2022, the Group completed the acquisition of Manor Energy Group Limited a temporary power, engineering and vessel business.

On 7 July 2022, the Group completed the acquisition of Specialist Marine Consultants Limited a leading provider of specialist construction, maintenance, marine and workforce services to the marine and offshore energy industries.

Notes to the financial statements

For the year ended 31 December 2021

31. 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.

The Group's interest in the voting share capital is 100% unless otherwise stated.

Name of subsidiary (registered address)	Country of incorporation	Principal activity
OEG Global Limited (1)	UK	Intermediate Holding Company
OEG Offshore Group Limited (1)	UK	Intermediate Holding Company
OEG Offshore Limited (2)	UK	Manufacture, sale and rental of cargo carrying units
OEG Offshore UK Limited (2)	UK	Manufacture, sale and rental of cargo carrying units
OEG Caspian Limited (2)	UK	Manufacture, sale and rental of cargo carrying units
OEG Kazakhstan LLP (49%) (5)	Kazakhstan	Sale and rental of cargo carrying units
OEG Offshore Pte Limited (3)	Singapore	Manufacture, sale and rental of cargo carrying units
OEG Asia Pacific Pte Limited (3)	Singapore	Manufacture, sale and rental of cargo carrying units
OEG Offshore Pty Limited (4)	Australia	Manufacture, sale and rental of cargo carrying units
OEG Offshore (Holdings) Inc (6)	USA	Intermediate Holding Company
OEG Offshore Inc (12)	USA	Manufacture, sale and rental of cargo carrying units
OEG Offshore Sdn Bhd (7)	Malaysia	Rental of cargo carrying units
OEG Offshore (Thailand) co., Limited (9)	Thailand	Rental of containers and cabins
OEG Offshore Inc Guyana (8)	Guyana	Rental of cargo carrying units
OEG Offshore USA LLC (10)	USA	Manufacture, sale and rental of cargo carrying units
OEG Offshore do Brasil (13)	Brazil	Manufacture, sale and rental of cargo carrying units
OEG ENVIRO-PAK LLC (11)	USA	Manufacture, sale and rental of cargo carrying units
OEG Offshore AS (16)	Norway	Manufacture, sale and rental of cargo carrying units
OEG Middle East FZE (14)	United Arab Emirates	Rental of cargo carrying units
Ferguson Middle East LLC (49%) (15)	United Arab Emirates	Rental of cargo carrying units
OEG Unique DWC LLC (19)	United Arab Emirates	Manufacture, sale and rental of cargo carrying units
OEG Offshore Limited (21)	New Zealand	Manufacture, sale and rental of cargo carrying units
OEG Offshore SUARL (22)	Senegal	Rental of cargo carrying units
Harran Limited (2)	UK	Manufacture, sale and rental of offshore tanks and aviation refuelling systems
Arden Holdings Limited (2)	UK	Intermediate Holding Company
HFG Corporate Limited (2)	UK	Intermediate Holding Company
Hoover Ferguson Malaysia Sdn Bhd (7)	Malaysia	Rental of cargo carrying units
Ferguson Group Australia Pty Limited (23)	Australia	Intermediate Holding Company
HFG Holdings Australia Pty Limited (23)	Australia	Intermediate Holding Company
Modex Holding Limited (26)	British Virgin Islands	Intermediate Holding Company
Modex Energy Rentals Singapore Pte Limited (25)	Singapore	Rental of cargo carrying units
Modex Middle East FZE (20)	United Arab Emirates	Rental of cargo carrying units
Modex USA Holding, Inc (27)	USA	Intermediate Holding Company

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Notes to the financial statements

For the year ended 31 December 2021

31. Subsidiaries (continued)

Name of subsidiary (registered address)	Country of incorporation	Principal activity
Modex LLC (28)	USA	Manufacture, sale and rental of cargo carrying units
Modex AS (17)	Norway	Manufacture, sale and rental of cargo carrying units
Euro Offshore Holding AS (17)	Norway	Intermediate Holding Company
Modex Australia Pty Limited (24)	Australia	Manufacture, sale and rental of cargo carrying units
Modex Asia Limited (33)	Hong Kong	Manufacture, sale and rental of cargo carrying units
Modex Energy Rentals LLC (32)	Marshall Islands	Intermediate Holding Company
Modex Singapore Pte Limited (26)	Singapore	Manufacture, sale and rental of cargo carrying units
Pegasus Welfare Solutions Limited (1)	UK	Portable Welfare Hygiene Solutions
Fern Communications Limited (29)	UK	Manufacture, sale and rental of Radio Communications
Hughes Subsea Services Limited (30)	UK	Integrated subsea service company
Blue Manta International Limited (31)	UK	Manufacture, sale and rental of spooling units, baskets and containers
Blue Manta AS (18)	Norway	Manufacture, sale and rental of spooling units, baskets and containers
Blue Manta (Asia) Pty Limited (34)	Australia	Manufacture, sale and rental of spooling units, baskets and containers
Containental Offshore Limited (2)	UK	Non-trading
Offshore Containers Limited (1)	UK	Non-trading
Vertec Engineering Limited (2)	UK	Non-trading

Registered addresses:

1. c/o Harran Ltd, Yarmouth Business Park, Thamesfield Way, Great Yarmouth, Norfolk, NR31 0ER, UK
2. Midmill Business Park, Kintore, Aberdeenshire, AB51 0QG, UK
3. Loyang Offshore Supply Base, 25 Loyang Crescent, TOPS Ave 1, Block 103 #02-07, Singapore, 508988
4. 16 Da Vinci Way, Forrestdale, WA, Australia, 6112, Australia
5. 4 Bld., Mcr 9-A, 130000 Aktau, Mangystau Region, Republic of Kazakhstan
6. c/o A Registered Agent, Inc, 8 The Green, Ste A Dover, Delaware, USA, 19901
7. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia
8. 106 Lamaha Street, North Cummingsburg, Georgetown, Guyana
9. 1108/31 Sukhumvit Road, Phra Kanong, Klong Toei, Bangkok 10110, Thailand
10. 1701 Directors Blvd., Suite 300, Austin, Texas, 78744, USA
11. 4308 West Admiral Doyle Drive, New Iberia, Louisiana 70560, USA
12. 111 Garber Street, Cameron LA 70631, USA
13. Estrada Maria Quitéria # 351, Centro Industrial Estrela – Imboassica, Macaé, Rio de Janeiro, Brasil. CEP 27932-376.
14. JAFZA Views LOB 18, 14th Floor Office 1401, Dubai, UAE, 17898
15. Office no.302, Umm Al Nar Sas Al Nakhi, Abu Dhabi, UAE
16. Plattformvegen 9, 4056 Tananger, 1124 Sola, Norway
17. Nordlysvegen 2, 4340 Bryne, Norway
18. Norsesea Base Bygg 104, Risavika Havnering 14, 4056 Tananger, 1124 Sola, Norway
19. Office 461, Building E, Business Park, Dubai World Central, P.O. Box 53148, UAE
20. Ajman Freezone Amber Gem Tower (E1Building), Sheikh Khaleefa Bin Zayed Road, AlSawan Area, Ajman, Ajman, UAE, 334155

**Notes to the financial statements
For the year ended 31 December 2021**

31. Subsidiaries (continued)

Registered addresses:

- 21. Kingston Offshore Services, 9-11 Moturoa Street, New Plymouth, 4310, New Zealand.
- 22. 47, Boulevard de la Republique 2^eme etage Cabinet Geni & Kebe, Dakar, Senegal.
- 23. Butler Settineri 'Spectrum Offices First', Level 1, Unit 16, 100 Railway Road, Subiaco, WA 6008, Australia
- 24. Mckinley Plowman & Associates, Level 2, 5 Davidson Terrace, Joondalup WA 6027, Australia
- 25. 140 Cecil Street #09-01B PIL Building Singapore 069540
- 26. c/o CO Services (BVI) Ltd, Rodus Building, P.O. Box 3093, Road Town, Tortola, British Virgin Islands
- 27. 2711 Centerville Rd, Suite 400, Wilmington, Delaware 19808, USA
- 28. 4100 NE Evangeline Thruway, Carencro, LA 70520, USA
- 29. 24 Hadenham Road, Lowestoft, Suffolk, NR33 7N, UK
- 30. Marine House, 40 Rimrose Road, Bootle, England, L20 4TX
- 31. 5 Kirkton Avenue, Pitmedden Industrial Estate, Dyce, Aberdeen, AB21 0BF, UK
- 32. Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Republic of the Marshall Islands MH 96960
- 33. Unit 810, Stag Building, 148-150 Queen's Road Central, Hong Kong, China
- 34. C13, 1-9 The Esplanade, Mount Pleasant, WA6153, Australia