

BEERENBERG AS

Unaudited first half year and 2nd quarter results 2023



Q223

Headlines

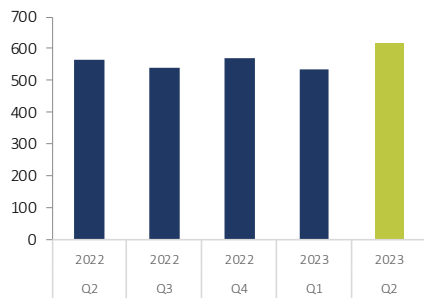
“Solid first half year with 9% revenue growth and 14% EBITDA growth”

THIS QUARTER

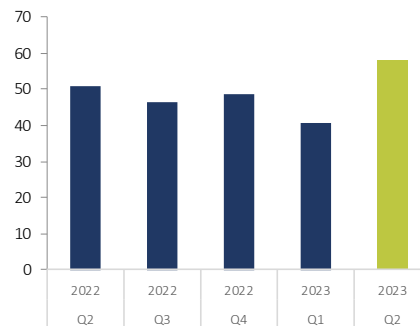
Operating Revenue	615 MNOK
EBITDA	58 MNOK
Cash Flow from Operations	150 MNOK
Order Intake	70 MNOK
SIF	0
Employees*	1413

* Employees end of quarter

REVENUE



EBITDA



Group overview

Highlights

The highlights for Beerenberg (Beerenberg AS consolidated) in the 2nd quarter 2023 were:

- Strong service activity in the period and YTD.
- Revenue was MNOK 615, up 9% compared 2nd quarter last year. YTD revenue was MNOK 1.150 compared to MNOK 1.112 YTD last year.
- Benarx experienced higher deliveries in 2nd quarter compared to 2nd quarter 2022. YTD revenue in line with 2022.
- EBITDA of MNOK 58, up from MNOK 51 in the 2nd quarter 2022. EBITDA YTD MNOK 99 compared to MNOK 85 YTD 2022.
- Order intake in the period was MNOK 70 up from MNOK 32 in the 2nd quarter of 2022.
- Estimated order backlog at the end of the quarter was BNOK 7.1 compared to BNOK 8.1 at the end of the 2nd quarter last year.
- Refinancing finalized mid-July where the Bond is repaid and replaced by a new MNOK 600 loan in SpareBank 1 SR-bank

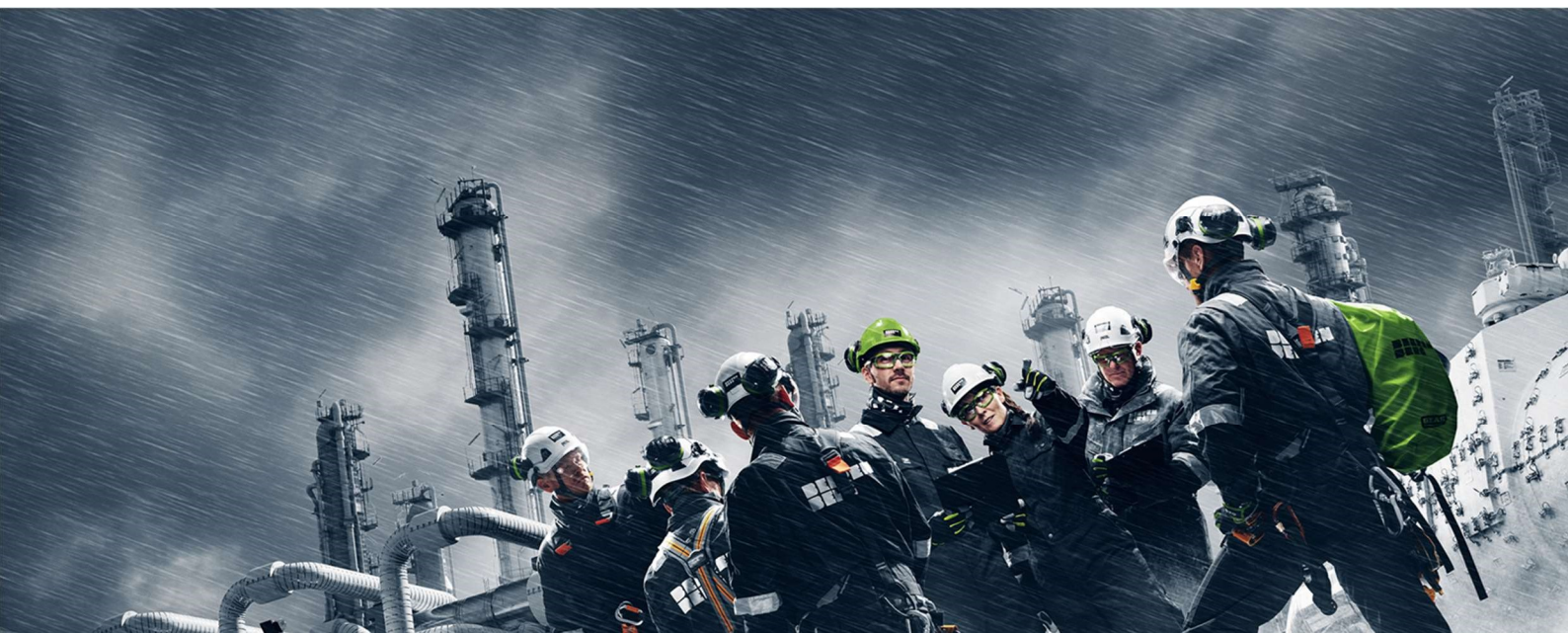
Income Statement

Revenue in the 2nd quarter was MNOK 615 compared to MNOK 565 in 2nd quarter 2022. The increase from the corresponding quarter last year relates mainly to higher activity within the service segment.

EBITDA in the 2nd quarter 2023 was MNOK 58, up from MNOK 51 in the corresponding quarter last year. EBITDA margin 9.4% compared to 9.0% in the 2nd quarter last year. EBITDA was influenced by sales mix and operational performance in the quarter. YTD the EBITDA margin is 8.6% compared to 7.7% YTD 2022.

Financial cost in the 2nd quarter 2023 was MNOK 19, up from MNOK 12 in 2nd quarter 2022. Higher financial cost in the 2nd quarter 2023 compared to 2022 is mostly due to positive currency effects in 2nd Quarter 2022. Higher interest rate is, to some extent, offset by an interest SWAP.

Net profit in the 2nd quarter 2023 was MNOK 16 compared to a net profit of MNOK 15 in the 2nd quarter 2022.



Balance Sheet

Total assets were MNOK 1800 at the end of the quarter, with an equity ratio of 33%. The group's cash position has increased from MNOK 42 in the 2nd quarter 2022 to MNOK 184 in 2nd quarter 2023.

Total non-current assets were MNOK 1100, up from MNOK 1061 compared to the end of 2nd quarter 2022. Current assets of MNOK 699 were down from MNOK 715 in the same period last year.

Total current liabilities of MNOK 1111 were up from MNOK 547 at the end of the 2nd quarter 2022 and total non-current liabilities were MNOK 98 down from MNOK 668 in the 2nd quarter 2022. The main reason for the reduction is reclassification of Bond to current liabilities. The Beerenberg's listed bond matures in November 2023 and has been reclassified as current liabilities. After the balance date the bond has been repaid and a long-term bank financing has been established, refer to Note 4 for further details.

The net interest-bearing debt was MNOK 550 compared to MNOK 688 in the 2nd quarter 2022.

Net working capital ended at MNOK 66 in the period, compared to MNOK 215 at the end of the 2nd quarter 2022.

Cash Flow

The Groups cash position was MNOK 184 by the end of the 2nd quarter 2023 up from MNOK 42 by the end of the 2nd quarter 2022.

Cash flow from operating activities was positive by MNOK 150 in 2nd quarter 2023 versus negative MNOK 23 in corresponding period last year. The difference relates mainly to changes in net working capital.

Cash flow from investing activities was negative by MNOK 13 compared to negative MNOK 34 in the 2nd quarter 2022. Capex was MNOK 13 compared to MNOK 8 same quarter last year.

Total cashflow in the 2nd quarter 2023 was positive by MNOK 91 compared to negative MNOK 104 in the 2nd quarter 2022. The difference between the periods is mainly related to changes in net working capital which at the end of the quarter was lower than the historical average.

Order Backlog & Market

The tender activity has been stable during the 2nd quarter of 2023 relating both to Benarx/Subsea deliveries and new build/modification projects (oil&gas, industry and infrastructure).

Total order intake of new contracts was approximately MNOK 70 for the period. The major part of the order intake is related to various subsea projects (approximately MNOK 38).

The current estimated order backlog (including frame agreements and options) is BNOK 7,1.

HSEQ

At the end of 2nd quarter Beerenberg had 1413 employees, down from 1416 1st quarter 2023.

There were no serious incidents in 2nd quarter resulting in a total Serious Incident Frequency (SIF) in the period of 0 and 1.1 during the last 12 months.

How we achieve our results is important. Beerenberg's strong commitment to sustainability is applied to everything we do. Sustainability is embedded in our strategy – and many of our primary operations, whether maintenance or insulation products, are inherently about sustainable development.

ESG pillar



Innovation for reduced emissions and waste



Developing people and providing safety



Transparency and governance

#	Key KPIs	2023 Goal	Q2 2023 Actual	Impact on UN's SDGs
1	Reduced release of microplastics in connection with surface treatment *	>20%	16 %	 
2	Reduced CO2 footprint in connection with surface treatment**	>10%	30 %	
3	Number of new sustainable technology, materials or solutions studied, tested, developed or adopted	>8	6	
4	Share of turnover in new and sustainable markets	>8%	9 %	
5	SIF (serious incident frequency) - YTD	0	0,7	
6	TRIF (total recordable incident frequency) - YTD	3,0	6,1	
7	Proportion of sick leave	<6,5%	7 %	
8	Competence development - Trade certificates	30	25	 
9	Planned supplier follow up meetings and audits	80 %	48 %	
10	Proportion of employees who have completed training in ethics	90 %	84 %	 
11	Proportion of operational employees who have completed training in HSE***	90 %	70 %	
12	Human rights due diligence assessment	75 %	65 %	
13	Regularly publish articles on Beerenbergs ESG initiatives (external)	10	3	

* Benchmark 2020. Scope surface treatment Offshore
 ** Benchmark 2020. Scope surface treatment Offshore and Onshore
 *** Reported monthly



Insulation:

Cuts energy consumption and lowers CO2 emissions.

Did you know that a single uninsulated valve can have an energy loss equivalent to the consumption of a Norwegian household? What does this mean in terms of energy loss in large industrial, or oil and gas plants today?

While power becomes a scarcity factor, consumption increases in line with electrification to reduce emissions. Going forward, producing enough energy will be challenging and prices are likely to remain higher than historical levels.

This topic was addressed by Beerenberg at Industry Week 2023, where CEO Arild Apelthun participated to discuss the global energy picture, national business development and the path towards climate-positive industry.

- Today, the demand for energy-efficient solutions is increasing in line with electricity prices and new requirements to meet climate targets. If the targets are to be reached by 2050, as much as 35% of the cuts should be made through energy efficiency (IEA). That means we need to work with energy efficiency wherever possible,

both in the short and long term, says CEO Arild Apelthun in Beerenberg.

Increased cost efficiency.

Modern insulation solutions can contribute to both lower energy consumption and costs. Similar to the energy efficiency of buildings, post-insulation of pipes and installations will contribute to far lower energy consumption and CO2 emissions than we have today. This is particularly relevant in the discussion about increased electrification. The higher the electricity price, the more appropriate it is to insulate.

- Using insulation to get more out of the energy we already have and use can be part of the solution for a sustainable future, says Apelthun.

Cost benefit calculations.

If there is a shortage of energy, the potential in reducing the energy requirement is great – and the costs to improve the insulation ability to get maximum effect and life cycle savings is low. Beerenberg makes such cost and benefit calculations for several customers.

- Through calculations of insulation capacity and lifetime costs for installation and maintenance, we are able to estimate the economically optimal insulation thickness that gives the customer most value for money, says Apelthun.

A large onshore petrochemical plant in Korea has, together with Beerenberg, achieved 40% reduction, precisely by optimizing insulation where the greatest effect can be extracted.

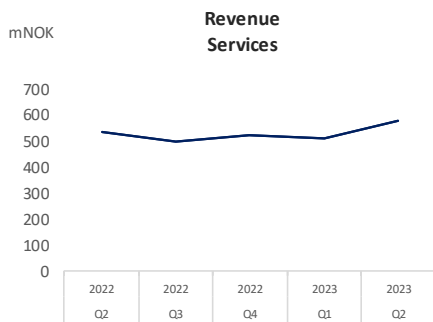
- Investments in energy-efficient solutions should be as high on the agenda as other new forms of energy, says Apelthun.

Beerenberg performs all types of insulation; thermal, fire and acoustic, for the oil and gas industry but also for other industries such as infrastructure and construction.

Business segments

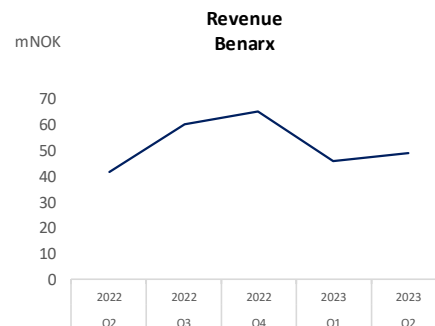
Services

The Service segment revenue for the 2nd quarter was MNOK 582, up MNOK compared to the corresponding period last year. Increased maintenance work increasing the activity. The EBITDA margin was 10%.



Benarx

The Benarx segment reported a revenue of MNOK 49 for the quarter with EBITDA margin of 0 %. The revenue was up 18% compared to the same period last year. The subsea market is gaining momentum at the end of the quarter. Still low activity in Asia.



Declarations by the Board of Directors

The Board confirm that to the best of our knowledge, the condensed set of financial statement for the period 1. January 2023 to 30. June 2023 has been prepared in accordance with all applicable accounting standards and gives a true and fair view of the group's assets, liabilities, financial position and result for the period. The Board also confirm that the interim first half report includes, to the best of our knowledge, a fair review of any significant events that arose during the six-month period and their effect on the half-yearly financial report, and a description of the principal risks and uncertainties facing the Beerenberg AS Group.

Bergen 24. August 2023

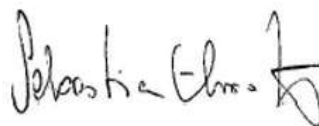
Beerenberg AS Board of Directors and CEO



Geir Aarstad
Chairman



Morten Walde
Director



Sebastian Ehrnrooth
Director



Hilde Drønen
Director



Arild Apelthun
CEO

Figures & notes



Condensed Consolidated Income Statement

Condensed Consolidated Income Statement

Group Summary		Q2	Q2	YTD	YTD	FY
Amounts in NOK million	Note	2023	2022	2023	2022	2022
Operating revenue	6	614,9	565,0	1 150,2	1 112,0	2 221,9
Operating expenses		556,8	514,2	1 051,4	1 026,9	2 041,9
EBITDA	6	58,0	50,8	98,8	85,1	180,0
Depreciation		15,2	14,3	29,7	26,8	56,7
EBITA		42,8	36,5	69,1	58,3	123,3
Amortisation		4,2	4,4	8,4	7,9	25,2
Operating profit (EBIT)		38,6	32,1	60,6	50,4	98,1
Finance costs - net	4	18,7	12,1	35,3	35,6	78,7
Profit before tax (EBT)		19,9	19,9	25,3	14,7	19,4
Income Tax expense		4,4	4,9	5,6	3,8	0,0
Net profit		15,5	15,0	19,7	11,0	19,4
Profit for the period is attributable to:						
Shareholders of the parent company		16,4	15,3	21,3	11,5	19,6
Non controlling interests		-0,9	-0,3	-1,6	-0,5	-0,2
Net profit		15,5	15,0	19,7	11,0	19,4
Basic earnings per share for 1.000.000 A shares		0,0	0,0	0,0	0,0	0,0
Diluted earnings per share are identical as there are no dilutive effect						
EBITDA margin		9,4 %	9,0 %	8,6 %	7,7 %	8,1 %
EBITA margin		7,0 %	6,5 %	6,0 %	5,2 %	5,6 %

Condensed Consolidated Statement of Comprehensive Income

Amounts in NOK million	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Net profit for the period		15,5	15,0	19,7	11,0	19,4
<i>Other comprehensive income:</i>						
Conversion differences		5,1	-0,6	5,5	-1,7	-1,1
Change in value of derivatives		-1,3	1,9	-3,2	5,1	4,1
Total comprehensive income		19,2	16,3	22,0	14,5	22,4

Condensed Consolidated Balance Sheet

Group Summary		Q2	Q2	YTD
Amounts in NOK million	Note	30.06.2023	30.06.2022	31.12.2022
Intangible assets		44,1	42,3	52,1
Goodwill		782,8	782,8	782,8
Property, plant and equipment		258,2	208,2	210,0
Financial fixed assets		15,3	28,1	14,3
Deferred tax assets		0,0	0,0	0,0
Total non-current assets		1 100,4	1 061,4	1 059,2
Inventory		105,5	78,7	93,9
Accounts receivables from customers		245,8	468,5	261,7
Earned, not invoiced accounts receivables		122,3	92,8	215,9
Other receivables		41,3	32,9	41,9
Cash at bank		184,2	42,2	113,3
Total current assets		699,2	715,1	726,7
TOTAL ASSETS		1 799,6	1 776,5	1 785,8
Share capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Other equity		325,9	294,5	302,3
Non controlling interests		-2,1	-0,6	-0,5
Total equity		590,8	560,9	568,8
Pension liabilities		21,0	18,8	19,3
Deferred tax liabilities		4,4	2,0	0,0
Interest bearing long-term liabilities	4	72,5	647,5	26,1
Total non-current liabilities		98,0	668,3	45,4
Interest bearing short-term liabilities	4	661,8	82,3	680,0
Supplier liabilities		119,5	156,1	133,9
Tax payable		-0,4	7,2	9,4
Social Security, VAT and other taxes		82,7	80,5	83,5
Other short-term liabilities		226,9	199,4	242,7
Warranty liabilities		20,3	21,8	22,2
Total Current Liabilities		1 110,8	547,4	1 171,6
TOTAL EQUITY & LIABILITY		1 799,6	1 776,5	1 785,8

Condensed Consolidated Statement of Change in Equity

Amounts in NOK million

	Share capital	Share premium	Conversion reserve	Hedging reserve	Retained earnings	Equity attributable to parent Company	Non Controlling interests	Total equity
01. January 2023	26,7	240,3	-2,1	9,2	295,2	569,3	-0,5	568,8
Net profit					21,3	21,3	-1,6	19,7
Other Comprehensive Income			5,4	-3,1		2,3		2,3
Changes in non-controlling interests								
Equity as per 30.06.2023	26,7	240,3	3,3	6,1	316,5	592,9	-2,1	590,8

Amounts in NOK million

	Share capital	Share premium	Conversion reserve	Hedging reserve	Retained earnings	Equity attributable to parent Company	Non Controlling interests	Total equity
01. January 2022	26,7	240,3	-1,0	5,2	275,4	546,5	-0,1	546,4
Net profit					11,5	11,5	-0,5	11,0
Other Comprehensive Income			-1,7	5,1		3,5		3,5
Changes in non-controlling interests								
Equity as per 30.06.2022	26,7	240,3	-2,7	10,4	286,9	561,5	-0,6	560,9

Condensed Consolidated Statement of Cash Flow

Amounts in NOK million	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
EBITDA		58,0	50,8	98,8	85,1	180,0
Taxes paid		0,0	-6,4	-10,3	-13,1	-19,8
Change in net working capital		91,7	-74,0	67,4	-118,8	-23,5
Changes to other time restricted items		0,6	6,4	3,9	2,9	8,0
Net Cash flow from operating activities		150,3	-23,1	159,8	-43,9	144,8
Capex		-13,1	-8,4	-21,1	-13,9	-36,6
Acquisition of shares in subsidiary		0,0	-25,2	0,0	-25,2	-50,2
Net cash flow from investing activities		-13,1	-33,5	-21,1	-39,1	-86,8
Net repayment of interest bearing debt		-3,7	-26,2	-7,6	-30,1	-64,7
Changes in non-controlling interests		0,0	0,0	0,0	0,0	0,0
Net interest paid	4	-42,7	-21,2	-60,2	-38,1	-73,4
Net cash flow from financing activities		-46,4	-47,4	-67,8	-68,2	-138,1
Total cash flow		90,9	-104,0	70,9	-151,2	-80,1
Opening balance net bank deposits		93,3	146,2	113,3	146,2	193,3
Closing balance net bank deposits		184,2	42,2	184,2	42,2	113,3

Notes

Note 1 - General

Beerenberg AS is a company domiciled in Norway. The consolidated financial statements of Beerenberg AS comprise the company and its subsidiaries, together referred to as the group. The Beerenberg Group was established 01. March 2013, as a result of the Beerenberg AS acquisition of all shares in Beerenberg Holding AS.

Beerenberg is delivering products and services to its customers in complex environments implying operational risk with regards to quality, cost, time and injuries and accidents (HSE). Beerenberg works systematically to mitigate and manage risk on all levels. The annual report for 2022 provides further information on risks and uncertainties applicable to Beerenberg.

Shareholders in Beerenberg AS are specified in table below.

Shareholders	A-Shares	%	B-Shares	%	Total Shares	%
Segulah IV L.P.	820 875	82,1 %	223 247 653	83,9 %	224 068 528	83,9 %
AlpInvest Partners Co-Investments 2012 I C.V.	92 121	9,2 %	24 931 110	9,4 %	25 023 231	9,4 %
AlpInvest Partners Co-Investments 2011 II C.V.	23 319	2,3 %	6 310 883	2,4 %	6 334 202	2,4 %
Management and others	63 685	6,4 %	11 510 354	4,3 %	11 574 039	4,3 %
Total	1 000 000	100,0 %	266 000 000	100,0 %	267 000 000	100,0 %

Note 2 – Basis for preparation

The interim financial statements for the group are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and their interpretations adopted by the International Accounting Standards Board (IASB).

The interim report does not include all the information required for full annual consolidated financial statements in an Annual Report and should be read in conjunction with the Annual Report of the group for 2022. The accounting policies applied in the interim financial statements is the same as those described in the Annual Report for 2022.

The condensed consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

The Annual Report for 2022 is available at www.Beerenberg.com

Note 3 - Judgments, estimates and assumptions

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing this interim financial statement, the significant judgments made by management in applying the group's accounting policies and the key sources of uncertainty in the estimates were consistent with those applied to the consolidated financial statements as at and for the period ended 31. December 2022. Please refer to Note 3 in the Annual Report for 2022.

Note 4 – Bond and covenants

Repayment of the bond BBERG03 of MNOK 625 have been finalized the 19th of July. New long-term financing of 600 is established in SpareBank 1 SR-Bank. The Financing Package consists of 3 Term loans of MNOK 200 each. Tranche 1 has 5-year maturity and quarterly amortization of MNOK 10, Tranche 2 has also 5-year maturity but with no amortization. Tranche 3 has one year maturity. The main shareholder Segulah has provided security of MNOK 150 for Tranche 3.

Interest margins in addition to 3mth Nibor are 4,25 % for Tranche 1, 4,75 % for Tranche 2 and from 6% to 8,5 % for Tranche 3. (margins are quarterly increased on Tranche 3)

Financial covenants related to the Financing Package are the following:

Minimum Equity share:		25%
Maximum Net Interest Bearing debt / 12 months rolling EBITDA	Until 31.12.2024	< 4
	Until 31.12.2025	< 3
	Until 31.12.2024	< 2,5
Minimum Current assets / Short term debt excluding loans and amortization within one year		1,15

The Group is well within these covenants.

Below is a proforma balance sheet as at 30.06 where effect of the refinancing is illustrated.

Interest bearing long term-liabilities of MNOK 433 consists of loan Tranche 1 and Tranche 2 less amortization within one year (MNOK 360), leasing debt less amortization within one year (MNOK 66), and some minor loans (MNOK 7).

Interest bearing short-term liabilities of MNOK 301 consists of loan Tranche 3 (MNOK 200), amortization within one year on Tranche 1 (MNOK 40), Amortization of leasing within one year (MNOK 15). The remaining amount consists of accrued interests on the Bond as at 30.06 and MNOK 25 (difference between existing Bond and refinancing package) to be repaid the 19.07.

Group Summary		Q2	Q2	YTD
Amounts in NOK million	Note	30.06.2023	30.06.2022	31.12.2022
Intangible assets		44,1	42,3	52,1
Goodwill		782,8	782,8	782,8
Property, plant and equipment		258,2	208,2	210,0
Financial fixed assets		15,3	28,1	14,3
Deferred tax assets		0,0	0,0	0,0
Total non-current assets		1 100,4	1 061,4	1 059,2
Inventory		105,5	78,7	93,9
Accounts receivables from customers		245,8	468,5	261,7
Earned, not invoiced accounts receivables		122,3	92,8	215,9
Other receivables		41,3	32,9	41,9
Cash at bank		184,2	42,2	113,3
Total current assets		699,2	715,1	726,7
TOTAL ASSETS		1 799,6	1 776,5	1 785,8
Share capital		26,7	26,7	26,7
Share premium		240,3	240,3	240,3
Other equity		325,9	294,5	302,3
Non controlling interests		-2,1	-0,6	-0,5
Total equity		590,8	560,9	568,8
Pension liabilities		21,0	18,8	19,3
Deferred tax liabilities		4,4	2,0	0,0
Interest bearing long-term liabilities	4	432,5	647,5	26,1
Total non-current liabilities		98,0	668,3	45,4
Interest bearing short-term liabilities	4	301,8	82,3	680,0
Supplier liabilities		119,5	156,1	133,9
Tax payable		-0,4	7,2	9,4
Social Security, VAT and other taxes		82,7	80,5	83,5
Other short-term liabilities		226,9	199,4	242,7
Warranty liabilities		20,3	21,8	22,2
Total Current Liabilities		1 110,8	547,4	1 171,6
TOTAL EQUITY & LIABILITY		1 799,6	1 776,5	1 785,8

Note 5 – Related party transactions

No related party transactions were conducted in 2nd Quarter of 2023.

Note 6 Operating segments

Beerenberg is organized in two operating segments in order to optimize and focus its business. The Services segment includes business related to the traditional ISS-activity in the group, which is mainly related to major framework agreements, and the Benarx segment which consists of advanced insulation for topside and subsea applications.

Revenue by Segment

Amounts in NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Services	582,1	537,8	1 091,9	1 044,7	2 063,7
Benarx	48,8	41,3	94,5	94,0	219,2
Eliminations	-16,1	-14,1	-36,2	-26,7	-61,0
Total	614,9	565,0	1 150,2	1 112,0	2 221,9

EBITDA by Segment

Amounts in NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Services	57,9	48,4	100,1	83,6	159,2
Benarx	0,2	2,5	-1,3	1,5	20,9
Total	58,0	50,8	98,8	85,1	180,0

Note 7 – Subsequent events

The bond has been called and repaid. The company has a term loan through Sparebank 1 SR Bank on favorable terms, refer to Note 4 for further details.