Full Year Results

For the 12-month period ending 30 September 2023

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Presentation Team & Agenda

Alasdair MacDonald
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Agenda

Results Overview
- CEO Perspectives
- KPIs

Financial Review
- CFO Perspectives
- Financial Results

Market Review
- Offshore Wind
- Energy Transition

Strategic & Operational Review

Summary & Outlook

CEO Perspectives

- FY23 results in-line with expectations
- Business stabilised and path to profitability established.
- Group orderbook of £20m (as at 31 January 2024)
- We anticipate incremental improvement in offshore wind market conditions in FY24
- We benefit from a balanced business portfolio and highlight with these results the consistently good performance of our Pipeshield business / Marine Civils division
- We are being targeted and disciplined with capex and investing selectively in strategic priorities that can yield the greatest near-term results
- We are starting to explore M&A opportunities to strengthen and broaden the portfolio, leveraging SCF's strategic investment

Key Performance Indicators

	FY21 18m	FY22 12m	FY23 12m
Enquiry Book[1]	£327m	£370m	£386m
Order Intake[2]	£46.4m	£33.3m	£44.2m
Order Book[3]	£9.7m	£15.6m	£19.9m
Revenue	£47.0m	£30.2m	£39.9m
Adjusted EBITDA[4]	£(2.0)m	£(2.3)m	£(0.3)m

(1) Enquiry Book is defined as all active lines of enquiry within the Tekmar Group. Expected revenue recognition within 3 years.
(2) Order intake is the value of contracts awarded in the Period, regardless of revenue timing.
(3) Order Book is defined as signed and committed contracts with clients.
(4) Adjusted EBITDA is defined 'Earnings before interest, tax, depreciation and amortisation' are adjusted for material items of a one-off nature and significant items which allow comparable business performance. Adjusted EBITDA is a non-GAAP metric used by management and is not an IFRS disclosure

Financial Review

CFO Perspectives

- Marine Civils division continues strong growth trajectory with YoY improvement in gross margin % - this business is scalable via current product offering and new service revenue streams.
- Incremental growth in Offshore Energy, with healthier margin backlog. Ability to benefit quickly from volume.
- Further refinement of cost base during H2 FY23 from wider group integration and business improvement measures.
- The Group’s balance sheet was stabilised in April 2023 following £6.4m (£5.3m net of expenses) capital investment from SCF Partners and associated fund raise, with £18m CLN.
- Bank facilities remain important to support working capital needs. Challenging Middle East payment profiles persist albeit ability to apply leverage across wider group projects.
- Investment focused on developing current product offering in addition to new service lines and continued regional expansion.
- Stronger foundation for growth and sustainable profitability.

FY23 Results – Summary Income Statement

	Audited 12M ended Sep-23 £m	Audited 12M ended Sep-22 £m
Revenue	**39.9**	30.2
Gross Profit	**9.3**	7.0
Adjusted EBITDA(1)	**(0.3)**	(2.3)
(LBT)	**(9.9)**	(5.2)
Adjusted EPS(2)	**(4.5p)**	(8.1p)

Adjusted EBITDA is a key metric used by the Directors.

(1)'Earnings before interest, tax, depreciation and amortisation' are adjusted for material items of a one-off nature and significant items which allow comparable business performance. Details of the adjustments can be found in the adjusted EBITDA section below. Adjusted EBITDA might not be comparable to other companies.

(2)Adjusted EPS is a key metric used by the Directors and measures earnings are adjusted for material items of a one-off nature and significant items which allow comparable business performance. Earnings for EPS calculation are adjusted for share-based payments, £508k (£nil FY22), amortisation on acquired intangibles £168k (£605k FY22), Impairment of goodwill £4,745k (£nil FY22).

Revenue

- 32% increase from prior year
- Continued growth per half year (H2 £22.7m v H1 £17.7m)

Gross Profit

- 23% consistent with prior year
  - Marine Civils - Margin growth of 700 basis points
  - Offshore Energy – reduced to 18% in FY23 from 25% reported in prior year - lower margin backlog projects adequately provisioned to completion
  - Backlog gross margin improved to 28%

Adjusted EBITDA

- Result largely in line with our expectations, transition year as expected improving on the adjusted EBITDA losses of (£2.3m) and (£2.0m) reported for prior years respectively

Loss Before Tax

- Offshore Energy division goodwill impairment charge of £4.7m
- Lower amortisation and depreciation offset by other one-off items and FX loss of £0.9m

FY23 Results – Summary Balance Sheet

Balance Sheet		
£m	**FY23**	FY22
Fixed Assets	**6.8**	5.9
Other non-current assets	**19.4**	24.6
Inventory	**2.1**	4.6
Trade & other receivables	**19.7**	13.4
Cash	**5.2**	8.5
Current liabilities	**(16.9)**	(16.9)
Other non-current liabilities	**(1.7)**	(0.8)
Equity	**34.6**	39.2

The Group's balance sheet was stabilised in April 2023 following £6.4m (£5.3m net of expenses) capital investment from SCF Partners and associated fund raise.

- Fixed Asset addition – ROU asset relating to manufacturing facility lease renewal
- Goodwill impairment charge of £4.7m relating to offshore energy division
- Trade Receivables – overdue ME and China debt
- Cash position of £5.2m, supported by banking facilities.
- Net debt of £1.4m

FY23 Results - Summary Cash Flow

Cash flows from operating activities	12 months FY23 £m	12 months FY22 £m
Loss before taxation	**(9.9)**	(5.2)
Adjustments for:		
Depreciation / Amortisation	**2.1**	2.4
Net finance costs	**0.5**	0.6
Share based payments charge	**0.5**	(0.1)
Other	**4.9**	-
Changes in working capital:		
(Increase) in inventories	**2.4**	(0.6)
Decrease / (Increase) in trade and other receivables	**(6.4)**	4.6
(Decrease)/Increase in trade and other payables	**(0.3)**	0.2
Increase in Provisions	**0.5**	-
Net cash (outflow) / inflow from operating activities	**(5.7)**	1.9

Cash flows from investing and financing activities	12 months FY23 £m	12 months FY22 £m
Purchase of PPE / Intangible assets	**(1.3)**	(1.0)
Other investing activities	**-**	-
Bank borrowing & repayments	**(0.4)**	1.0
Repayment of lease obligations	**(0.4)**	(0.5)
Share issue	**5.3**	3.7
Interest paid	**(0.5)**	(0.4)
Net cash inflow / (outflow) from investing and financing activities	**2.7**	2.8
Net (Decrease) / Increase in cash and cash equivalents	**(3.0)**	4.7
Cash and cash equivalents as beginning of year	**8.5**	3.5
Effect of foreign exchange rate changes	**(0.3)**	0.3
Cash and cash equivalents	**5.2**	8.5

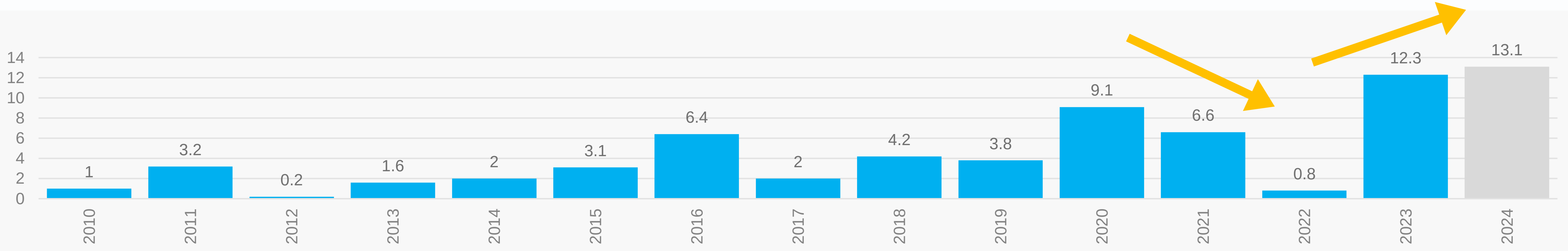
An evolving offshore energy market

Offshore Wind Market Trends

We anticipate incremental market improvement in 2024, supported by industry data.

12.3GW Record year for FID*

Despite current headwinds, 2023 was a record year for FID, **supporting incremental volume growth in offshore wind projects in FY24 for Tekmar Group.**



Ramped up lease activity

43.8 GW-worth of sites awarded in 2023, **indicating accelerated growth in the market in the medium to long term.**

High inflation, high costs of debt and supply chain impacts

Post COVID-19 including logistical, labour and supply chain constraints, couple with the ongoing energy crisis.

*Excluding China

Data from 4C Offshore POP Database Q4 2023

Offshore Wind Market Trends

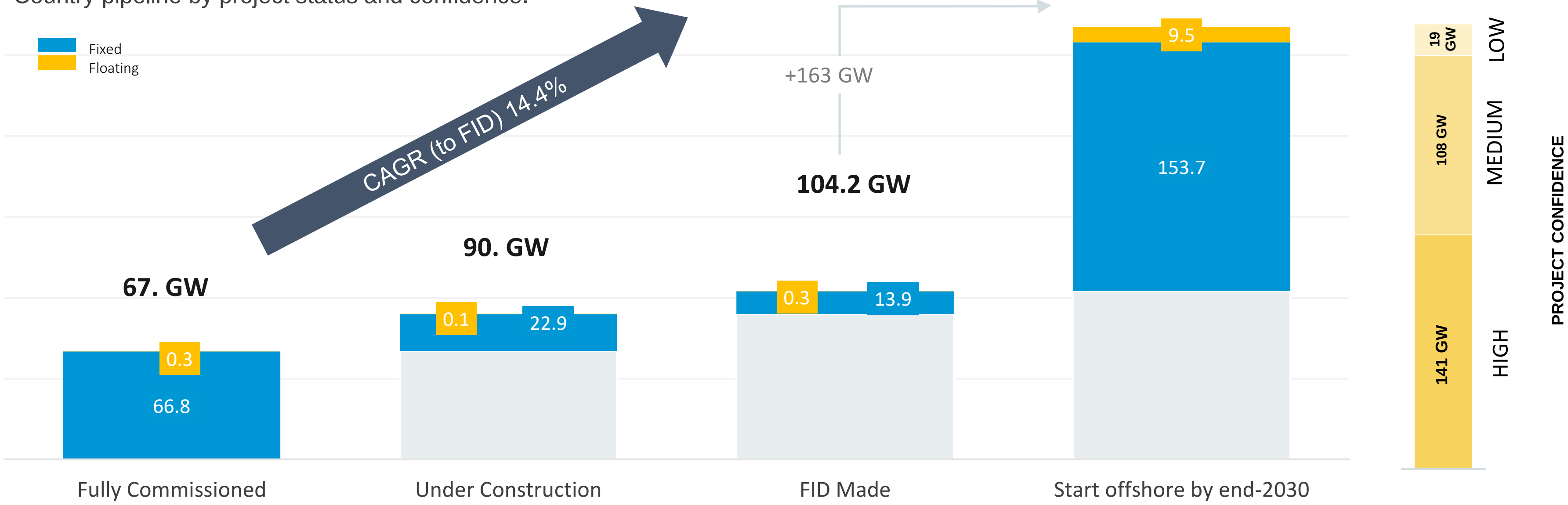
Longer term industry forecasts supports positive outlook for Tekmar

~67 GW is fully commissioned — Nearly 3 GW up on last quarter. China leads with 32.5 GW, followed by the UK (14.8 GW) and Germany (8.2 GW).

~104 GW is operational, in construction, or FID made

14.4% CAGR to 2030 — Taking total global offshore wind activity (operational or foundations underway) to 267 GW by end-2030

Journey to 2030
Country pipeline by project status and confidence. *



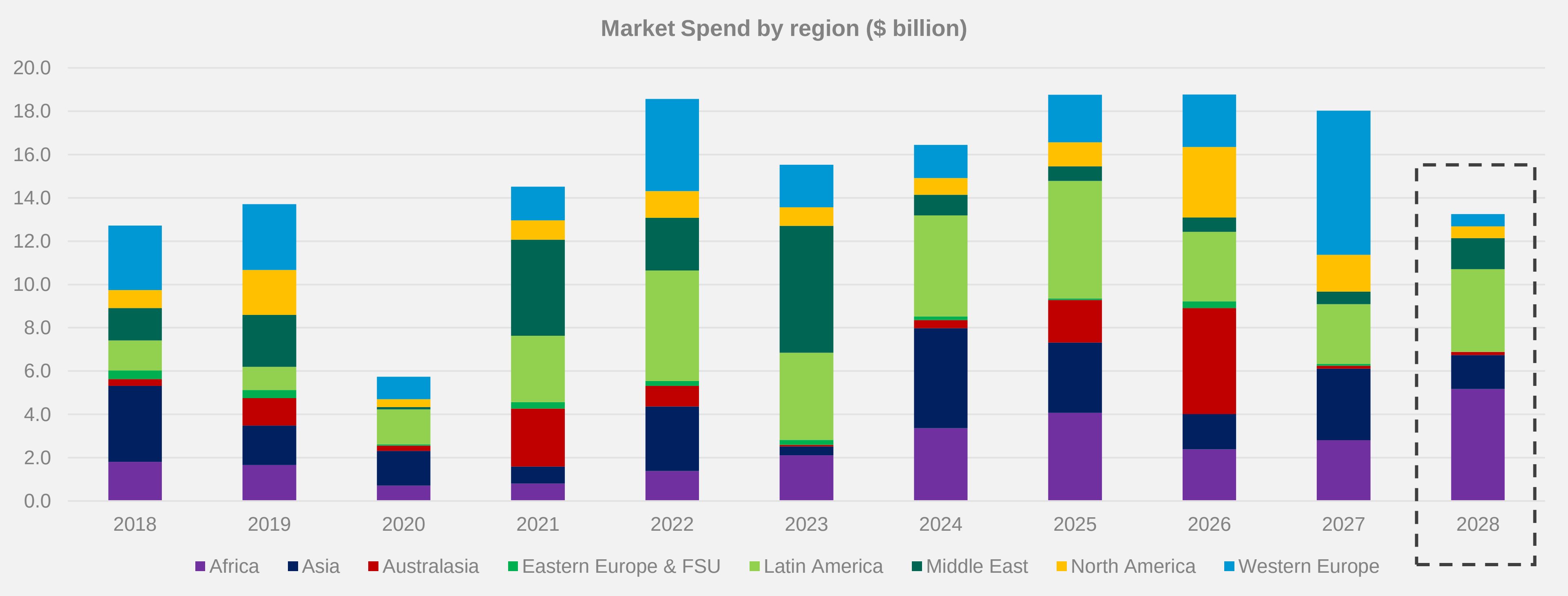
7 GW of low and medium confidence projects have become high confidence since the last quarter (Q3 2023)

Data from 4C Offshore POP Database Q4 2023

Global Energy Transition Market Outlook

Market conditions expected to remain supportive of an upturn in global spend with Tekmar well positioned to take advantage of this forecast growth

We see a sustained upcycle in the offshore EPC forecast through 2023 - 2028, with EPC spending expected to total $91bn. This is a 21% increase compared to the preceding five-year period.



2028 and onwards market visibility still low and will likely increase.

Data Westwood Subsea Logix

Tekmar Group plc

Strategic & Operational Review

A review of near-term priorities

Path to sustained profitability

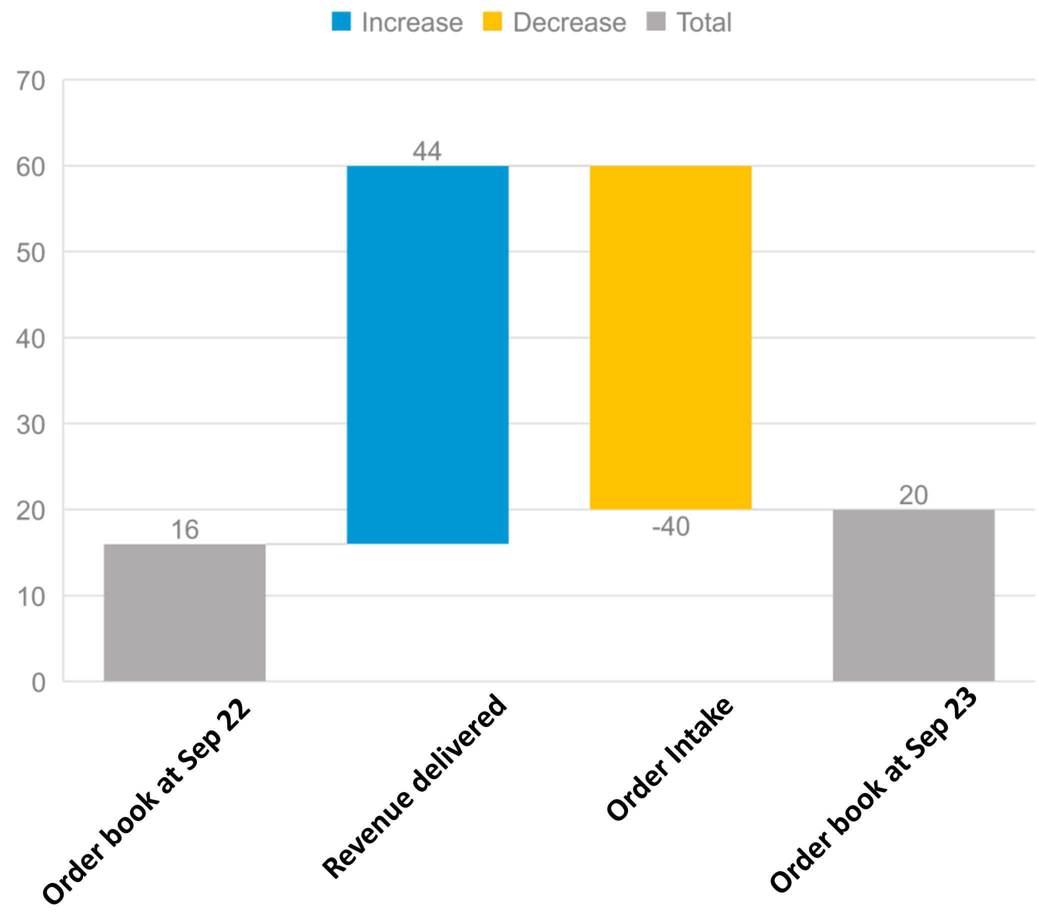
For FY24, we expect a further year of profit improvement and to benefit from our balanced portfolio. Further ahead, we expect to benefit from the positive multi-year market growth outlook across our energy markets .

	6m Sep-23	6m Mar-23	6m Sep-22	6m Mar-22	6m Sep-21	6m Mar-21	6m Sep-20
Revenue	22.2	17.7	17.2	13	17.9	13.9	15.2
Gross Margin	20%	28%	24%	22%	16%	26%	31%
Adjusted EBITDA	(0.5)	0.2	(0.3)	(1.8)	(1.8)	(1.1)	0.8

- **Marine Civils** delivered Adjusted EBITDA of £3.5m on revenue of £18.3m in FY23
- Expectation for **Marine Civils** to deliver positive EBITDA in FY24, albeit unlikely to exceed the FY23 contribution
- **Offshore Energy** Adjusted EBITDA loss of £2.1m, H2 23 includes provisioning for lower margin backlog projects.
- Confident that **Offshore Energy** will deliver positive EBITDA in FY24

Building a better-quality pipeline and order book

Our current order book of £20m as at 31 January 2024 with a gross margin of 28% highlights our disciplined approach is working. The Board is encouraged by the opportunities for material order intake in the remainder of the current financial year.



Balanced contract awards across Energy Transition and Offshore Wind projects

- Higher quality projects being secured
- Improving risk/reward balance
- More selective tendering
- Improving supply chain pricing to acceptable margin levels
- Encouraged by the strength of the enquiry book, indicating a recovering market

Risks remain impacting the phasing of major projects

Customer Engagement

We're focused on building strong, long lasting strategic relationships with customers

- SCF's diligence highlighted Tekmar's industry standing and potential for service and technology expansion
- Mutual alignment with customers on the role Tekmar's leadership can play in the industry
- Well-equipped to deliver larger projects with more complex engineering solutions
- Increased focus on embedding engineering consultancy capability throughout project lifecycles
- Significant growth opportunity to support energy transition infrastructure
- Responsible approach to addressing industry challenges and providing remedial solutions
- Strong appetite for customers to form partnerships with Tekmar to accelerate volume of projects

Measured Investment

Disciplined approach to capex and investing for growth. We anticipate capex for FY24 in the region of £2m, with approximately half covered by investment in near-term growth opportunities

1

Teklink

Product & Analysis Evolution supported by regionalised engineering consultancy strategy

2

Grouting

Grow footprint in energy transition and extend into offshore wind and marine civils markets

3

Subsea and Marine Civils

Further enhance subsea and port scour prevention solutions with existing and new products

Near-term priority 5

Strengthening the business – operational improvements

Disciplined continuous improvement initiatives across the business

Operating Model	Continued integration of existing businesses and process efficiency improvements
£0.8m	Annualised cost savings helped to offset against staff inflation costs and investment for growth
£0.5m	Supply Chain initiatives targeted for FY24 – Framework agreements implemented or in negotiation across key spend categories. Further localised strategy approach also underway
Portfolio	We continue to look for opportunities to further strengthen the business through more efficient resource allocation

Strengthening the business – M&A

Our ambition is to build a leading global offshore wind services business over time with the potential to create significant value for public market investors

Build value through scale and quality of earnings

Alert to energy transition opportunities

Strengthen the technology and services we offer our customers through complementary product/market synergies

Leverage our relationship with SCF and the £18m capital available through the CLN

SCF

33 years of investing

370 Growth Investments

- **78** Platform companies
- **18** Offshore energy services platform companies
- **18** Public companies built

Summary and Outlook

Summary & Outlook

- The business has been stabilised and FY23 results were in-line with expectations
- The Board anticipates the business returning to profitability at the Adjusted EBITDA level for FY24
- Project delays and cancellations remain a risk for offshore wind projects
- Positive near-term indicators for our tender pipeline and long-term thesis of significant new capacity remains intact
- Our growth plans are also supported by a supportive market outlook in the more traditional energy markets
- We are starting to explore M&A opportunities to complement organic growth with a focus on scale, quality of earnings and strengthening our services offerings
- M&A strategy is consistent with our ambition to build a leading global offshore wind services platform over time
- Commitment to delivering value for shareholders.