## Interim Results

Released: 04/09/2024

RNS Number: 1404X

Gulf Marine Services PLC

04 September 2024

# Gulf Marine Services PLC

## ('Gulf Marine Services', 'GMS', 'the Company' or 'the Group')

## Announcement of Interim results for the six months period ended 30 June 2024

GMS, a leading provider of advanced self-propelled, self-elevating support vessels serving the offshore oil, gas and renewables industries, is pleased to announce its interim results for the six months period ended 30 June 2024 (H1 2024).

## Overview

| | H1 2022 US$ m | H1 2023 US$ m | H1 2024 US$ m | H1 2024 versus H1 2023 change |
|---|---|---|---|---|
| Revenue | 66.4 | 74.3 | 80.7 | 9% |
| Gross profit | 27.4 | 34.8 | 38.8 | 11% |
| Adjusted EBITDA[1] | 37.3 | 44.3 | 47.7 | 8% |
| Net profit | 13.1 | 8.7 | 7.4 | -15% |
| Net Leverage Ratio[1] | 4.56:1 | 3.75:1 | 2.62:1 | -30% |

## H1 Financial and Operational Highlights:

- Net leverage ratio[1] on 30 June 2024 improved to 2.62:1 (31 December 2023: 3.05:1). Net bank debt[1] lowered by US$ 28.8 million to US$ 238.5 million (31 December 2023: US$ 267.3 million) as the Group continues its focus on deleveraging. In addition to its contractual obligations, the Group made an additional payment of US$ 5.0 million in debt reduction. Further measures were taken to minimise interest charges.
- The Group achieved revenue of US$ 80.7 million for the first half of 2024, reflecting an increase of 9% compared to US$ 74.3 million in H1 2023. The increase in revenue was attributed to improvements in fleet average day rates to $32.4k (H1 2023: US$ 30.4k) This was largely driven by higher demand for our S-Class vessels. The increase was partially offset by a decrease in fleet average utilization from 93% in H1 2023 to 91% in H1 2024. This decrease was largely attributed to necessary planned downtime for the maintenance and drydocking of various S-Class and K-Class vessels.
- Gross profit margin improved to 48% (H1 2023: 47%).
- Adjusted EBITDA increased by 8% reaching US$ 47.7 million (H1 2023: US$ 44.3 million) driven by the increase in revenue. Adjusted EBITDA margin remained at 59%.
- Group's net profit for the first half of 2024 decreased by 15% to US$ 7.4 million (H1 2023: US$ 8.7 million). Despite the growth in revenue and reduction in finance costs, net profit reduced as a consequence of the impact of fair value of warrants with the increased share price, increase in tax expense and general administrative expenses.

[1] This represents an Adjusted Performance Measure (APM) as defined in the Glossary which is included in Note 24 to the interim consolidated Financial Statements.

- Finance expenses decreased to US$ 12.3 million (H1 2023: US$ 17.5 million), driven by the cessation of 250 basis points (bps) Profit-In-Kind (PIK) interest, reduction of margin rate by 90 bps, and a further reduction in margin by 10 bps. The first two reductions were due to achieving a net leverage ratio below 4:1 as of 31 March 2023, and the third reduction was achieved upon reaching a net leverage ratio below 3:1 as of 31 March 2024.
- Fair value of the warrants at 30 June 2024 amounted to US$ 11.3 million (31 December 2023: US$ 14.3 million) representing 53.4 million warrants (31 December 2023: 87.6 million warrants). The reduction in the number of outstanding warrants is due to their partial exercise/settlement during H1 2024 resulting in issue of 53.5 million ordinary shares. The fair value of the warrants exercised amounting to US$ 10.4 million was reclassified from liability to equity. Further, the impact of changes in the fair value of the warrants increased to US$ 7.5 million during H1 2024 (H1 2023: US$ 0.7 million), primarily due to increase in the Group's share price and partially offset by a decrease in number of outstanding warrants.
- The basic earnings per share for the period decreased to US$ 0.68, as compared to US$ 0.82 in the first half of 2023. Further, the diluted earnings per share for the period decreased to US$ 0.63 compared to US$ 0.82 in the first half of 2023. Had the warrants not been exercised (resulting in issue of additional shares during the period), basic loss per share and diluted loss per share would have been US$ 0.02 and US$ 0.02 respectively.

## Outlook:

- Adjusted EBITDA guidance for 2024 remains in the range of US$ 92 - 100 million.
- Demand in the market remains strong due to a combination of high market activity and limited vessel availability. An estimated 18-21 new vessels are expected to be operational in the next 2 to 3 years. We expect market growth and retirement of aged assets from 2025-2027 to absorb the supply increase.
- Secured backlog was US$ 426.8 million on 30 June 2024 (30 June 2023: US$ 301.4 million), which reflects the additional contract awards announced over the last 12 months, offset by the revenue recognised.
- Contract awards announced in H1 2024 have a combined total charter period of 14.3 years (H1 2023: 2.4 years) which underscores the ongoing strength in demand for our vessels across the various markets in which we operate. The Group is currently working on potential new contracts to further improve the inventory and address the backlog.

## Mansour Al Alami, Executive Chairman, GMS said:

"We remain committed to our strategy of deleveraging, prioritizing the shift of value from lenders to shareholders, and are on course to meet our 2024 adjusted EBITDA guidance. This progress has been bolstered by higher day rates and disciplined performance in the first half of the year. Despite ongoing challenges such as operational disruptions, inflation, and elevated borrowing costs, we are actively managing these risks and are confident in our ability to further navigate the Company towards continued success."

**Enquiries:**

**Gulf Marine Services PLC** Tel: +44 (0)20 7603 1515
Mansour Al Alami
Executive Chairman

**Celicourt Communications** Tel: +44 (0) 20 7770 6424
Mark Antelme
Philip Dennis
Ali AlQahtani

## Chairman's Review

## Group performance

During the first half of 2024, the Group showed an improvement in its financial performance, driven by a 7% increase in average day rates. Although fleet average utilization was 91%, reflecting a 2% decline from H1 2023, this decrease was attributable to planned maintenance and drydocking. It's crucial to highlight that the increase in day rates represent fleet-wide averages. With some contracts carried over from previous years at lower rates, the actual increase for new contracts surpassed the reported average, showcasing a positive trend in securing new contracts at higher rates. The revenue growth contributed to improved adjusted EBITDA of US$ 47.7 million, compared to US$ 44.3 million reported in H1 2023.

## Capital structure and liquidity

The Group remains committed to deleveraging. The net leverage ratio was reduced to 2.62 times as of 30 June 2024, down from 3.05 times on 31 December 2023. This improvement was driven by a reduction in net bank debt to US$ 238.5 million (31 December 2023: US$ 267.3 million) and improved adjusted EBITDA. The Group prepaid US$ 21.0 million of its obligation for the year, during H1 2024, towards its debt and made an additional payment of US$ 5.0 million. Achieving a net leverage ratio below 3:1 at the end of the first quarter enabled us to reduce the margin rate by 10 bps, which is in addition to the 250 bps reduction in margin rate achieved in H1 2023, when the net leverage was reduced below 4:1. Subsequent to the period end, the Group made further prepayments towards the bank borrowings of US$ 11.0 million.

We recently announced a US$ 300 million debt facility, marking another milestone in the Group's progress. This potential transaction is commercially approved by all parties and the contractual arrangements, currently in progress, are expected to be finalised within the next couple of months. Management is confident that the deal will be signed consistent with the agreed term sheet. This development indicates a new beginning for us and paves the way to meet our long-term goals of growth and rewarding shareholders, while maintaining our dedication to agility.

This facility enables us to increase shareholder value through strategic investments in growth, as well as by reducing restrictions on dividend payments and share buybacks. GMS will seek opportunities to add assets that can promptly enhance our backlog and profitability, ensuring favourable terms for these acquisitions.
GMS is closely observing the encouraging developments in its shareholder registry. We are delighted to welcome our new investors.

## Board Update

By way of a separate announcement issued today, the Company is announcing that Hassan Heikal, Deputy Chairman of the Company, is stepping down from the Board with immediate effect. The Board is grateful to Mr Heikal for the support and guidance that he has provided to the Board and the Company over the past four years and extends to him every good wish for the future.

## Outlook

Given the Group's improved performance in H1 2024, we reaffirm our adjusted EBITDA guidance for 2024, projecting a range between US$ 92 million and US$ 100 million. This guidance is aligned with our current market conditions and expectations. We are also working on revisiting our EBITDA guidance for 2025 towards year end. Further, our secured backlog improved to US$ 426.8 million on 30 June 2024 (30 June 2023: US$ 301.4 million).

**Mansour Al Alami**
Executive Chairman
03 September 2024

## Notes to Editors:

Gulf Marine Services PLC, a company listed on the London Stock Exchange, was founded in Abu Dhabi in 1977 and has become a world leading provider of advanced self-propelled self-elevating support vessels (SESVs). The fleet serves the oil, gas and renewable energy industries from its offices in the United Arab Emirates, Saudi Arabia and Qatar. The Group's assets can serve clients' requirements across the globe, including those in Arabian Peninsula region and Europe.

The GMS fleet of 13 SESVs is amongst the youngest in the industry. The vessels support GMS's clients in a broad range of offshore oil and gas platform refurbishment and maintenance activities, well intervention work and offshore wind turbine maintenance work (which are opex-led activities), as well as offshore oil and gas platform installation and decommissioning and offshore wind turbine installation (which are capex-led activities).

The SESVs are categorised by size – K-Class (Small), S-Class (Mid) and E-Class (Large) – with these capable of operating in water depths of 45m to 80m depending on leg length. The vessels are four-legged and are self-propelled, which means they do not require tugs or similar support vessels for moves between locations in the field; this makes them significantly more cost-effective and time-efficient than conventional offshore support vessels without self-propulsion. They have a large deck space, crane capacity and accommodation facilities (for up to 300 people) that can be adapted to the requirements of the Group's clients.

Gulf Marine Services PLC's Legal Entity Identifier is 213800IGS2QE89SAJF77
www.gmsplc.com

## Disclaimer

The content of the Gulf Marine Services PLC website should not be considered to form a part of or be incorporated into this announcement.

## Financial Review

| | H1 2022 US$ m | H1 2023 US$ m | H1 2024 US$ m | H1 2024 versus H1 2023 change |
|---|---|---|---|---|
| Revenue | 66.4 | 74.3 | 80.7 | 9% |
| Gross profit | 27.4 | 34.8 | 38.8 | 11% |
| Adjusted EBITDA | 37.3 | 44.3 | 47.7 | 8% |
| Net profit for the period | 13.1 | 8.7 | 7.4 | -15% |
| Net Leverage Ratio | 4.56:1 | 3.75:1 | 2.62:1 | -30% |

## Revenue and segmental profit

The Group reported 9% increase in revenue, reaching US$ 80.7 million compared to the previous period's US$ 74.3 million, driven by an increase in average day rates for the period by 7%. The increase is partially offset by a decrease in fleet average utilisation from 93% in H1 2023 to 91% in H1 2024.

Average day rates across the fleet increased by 7% to US$ 32.4k compared to the previous period's US$ 30.4k with improvements in S-Class and K-Class vessels. S-Class average day rates rose by 21% to US$ 40.1k (H1 2023: US$ 33.1k), while K-Class average day rates improved by 7% to US$ 22.6k (H1 2023: US$ 21.2k). E-Class normalised average day rate also improved by 2% to US$ 41.3k (H1 2023: US$ 40.6k).

Utilisation continues to be at a high level; however, it decreased by two percentage points to 91% compared to H1 2023's 93%. S-Class and K-Class vessels achieved relatively lower utilisation at 86% (H1 2023: 96%) and 91% (H1 2023: 95%), respectively, due to planned downtime for maintenance and drydocking. E-Class vessels utilisation improved by 6% to 94% (H1 2023: 88%) reflecting improved backlog.

The table below shows the contribution to revenue and segment gross profit made by each vessel class during the period:

| (US$'000) Vessel Class | Revenue | | Gross profit before adjustment for depreciation, amortization and impairment charges | |
|---|---|---|---|---|
| | H1 2024 | H1 2023 | H1 2024 | H1 2023 |
| K-Class vessels | 28,178 | 27,781 | 17,383 | 17,244 |
| S-Class vessels | 18,947 | 17,691 | 12,951 | 12,407 |
| E-Class vessels | 33,593 | 28,813 | 24,231 | 19,850 |
| **Total** | **80,718** | **74,285** | **54,565** | **49,501** |

## Cost of sales and general & administrative expenses

Cost of sales as a percentage of revenue remained flat at 52%. Depreciation and amortisation charged to cost of sales increased to US$ 15.5 million (H1 2023: US$ 14.8 million) due to reversal of previously recognised impairments, as at 31 December 2023 and additional capital expenditure incurred during the current and prior period.

Underlying general and administrative expenses[1] (which excludes depreciation and amortisation) increased as a percentage of revenue to 8% from 6% in H1 2023 driven by increased staff costs and professional fees.

[1]Represents general and administrative costs excluding depreciation, amortisation and other exceptional costs. A reconciliation of this measure is provided in Note 5 to the interim consolidated financial statements

## Finance expenses

Finance expenses decreased to US$ 12.3 million (H1 2023: US$ 17.5 million), driven by the cessation of a 250 basis points (bps) Profit-In-Kind (PIK), a reduction of the margin rate by 90 bps, and a further reduction in the margin by 10 bps. The first two reductions were due to achieving a net leverage ratio below 4.0:1, as of 31 March 2023, and the third reduction was due to achieving a net leverage ratio below 3.0:1 as of 31 March 2024.

A net foreign exchange loss of US$ 0.3 million in H1 2024 (H1 2023: loss of US$ 0.6 million) arose from unfavourable movements in exchange rates of the Pound Sterling against the US Dollar.

## Fair value of the warrants

Fair value of the warrants, at 30 June 2024 amounted to US$ 11.3 million (31 December 2023: US$ 14.3 million) representing 53.4 million warrants (31 December 2023: 87.6 million warrants). The reduction in the number of outstanding warrants is due to their partial exercise/settlement during H1 2024 resulting in issue of 53.5 million ordinary shares. The fair value of the warrants exercised amounting to US$ 10.4 million was reclassified from liability to equity. Further, the impact of changes in the fair value of the warrants increased by US$ 7.5 million during H1 2024 (H1 2023: US$ 0.6 million), primarily due to increase in the Group's share price and partially offset by a decrease in number of outstanding warrants.

## Tax expenses

Tax expense increased to US$ 2.5 million (H1 2023: US$ 1.3 million) as the introduction of UAE corporate tax and other tax expenses negatively impacted our H1 figures.

## Earnings

Net profit for the period decreased by 15% to US$ 7.4 million compared to US$ 8.7 million reported in H1 2023. Despite the growth in revenue and reduction in finance costs, net profit reduced due to an increase in the fair value of warrant liabilities and an increase in general & administrative expenses (as explained above).

## Cash flow and liquidity

During the period, the Group delivered higher operating cash flows of US$ 45.6 million (H1 2023: US$ 42.1 million). This increase is primarily from higher revenues generated during the period. The net cash outflow from investing activities increased to US$ 6.3 million (H1 2023: US$ 2.6 million).

The Group's net cash outflow from financing activities was US$ 40.6 million (H1 2023: US$ 46.7 million) mainly comprising of repayments to the banks of US$ 30.0 million (H1 2023: US$ 28.6 million) and interest paid of US$ 12.0 million (H1 2023: US$ 16.3 million). The Group continues to focus on deleveraging by prepaying US$ 21.0 million of its obligation for the period, during H1 2024. Further, an additional payment of US$ 5.0 million was made towards its debt during the period. The above cash outflows were partially offset by the funds received on issuance of share capital because of warrants being exercised. Subsequent to the period end, the Group made a prepayment of US$ 11.0 million to the banks.

The Group has US$7.4 million of available resources comprising cash and cash equivalents at the reporting date. Further, it has a working capital facility of US$ 15.0 million (31 December 2023: US$ 15.0 million) which can be utilised to draw down cash, of which US$ 2.0 million (31 December 2023: US$ 2.0 million) was utilised, leaving US$ 13.0 million (31 December 2023: US$ 13.0 million) available for drawdown. The facility expires alongside the main debt facility in June 2025. Please refer to the Net Bank Debt and Borrowings section for the update on refinancing.

## Balance sheet

Total non-current assets at 30 June 2024 decreased to US$ 614.7 million (31 December 2023: US$ 621.0 million), reflecting depreciation charge of US$ 17.9 million (H1 2023: US$ 15.6 million) on the non-current assets. The decrease is partially offset by capital expenditures of US$ 11.6 million (H1 2023: US$ 6.4 million) representing cost of planned equipment upgrades and dry-docking of vessels.

Total current assets at 30 June 2024 increased to US$ 49.8 million (31 December 2023: US$ 47.4 million). Trade receivables stood almost flat at US$ 30.4 million (31 December 2023: US$ 30.6 million). The Group reassessed the position of the client which entered administration during 2023 and decided to recognise an additional provision of US$ 0.25 million. Further, accrued revenue increased to US$ 7.6 million (31 December 2023: US$ 2.7 million).

The total current liabilities increased to US$ 306.3 million (31 December 2023: US$ 99.5 million), primarily due to the reclassification of bank borrowings from non-current to current liabilities considering its maturity in June 2025. This increase also reflects higher trade and other payables and lease liability amounting to US$ 38.4 million (31 December 2023: US$ 35.1 million) and US$ 2.7 million (31 December 2023: US$ 1.6 million), respectively. The increase in current liabilities is partially offset by payments made during H1 2024 towards the Group's debt facilities and reduction in the fair value of warrants due to a lower number of warrants after their partial exercise during H1 2024.

While current assets are significantly lower than current liabilities, mainly due to the reclassification of bank borrowings, the Group expects to honour all its liabilities as they fall due. The Group reaches this conclusion by excluding the impact of the current term loan expiring in the next 12 months, as we have successfully reached an agreement to refinance the term facility following the period end (refer below section), as well as the impact of the derivative financial instrument liability classified as current (as it will not generate a cash outflow of funds).

Total non-current liabilities reduced to US$ 6.3 million (31 December 2023: US$ 238.6 million) primarily due to the reclassification of bank borrowings from non-current to current liabilities, as explained above.

## Net Bank Debt and Borrowings

Net bank debt reduced to US$ 238.5 million (31 December 2023: US$ 267.3 million). This was a result of management's commitment to accelerate deleveraging. The Group prepaid US$ 21.0 million of its obligation for the year, during H1 2024. Further, an additional payment of US$ 5.0 million was made towards the Group's debt during the period.

The Group's existing debt facility is set to mature in June 2025. On 1 August 2024 the Group reached an agreement to refinance its current bank debt. Three banks, two of which are current lenders, will have an equal participation in the refinancing facilities. This potential transaction is commercially approved by all parties and the contractual arrangements, currently in progress, are expected to be finalised within the next couple of months. Management is confident that the deal will be signed consistent with the agreed term sheet.

The new facility will consist of a term loan of an amount equivalent to USD 250 million in United Arab Emirates Dirhams (AED) as a well as a working capital facility of an amount equivalent to USD 50 million, also in AED. The loan will have a tenor of five years from the facility agreement date. 80% of the term loan will be amortized quarterly over 5 years with a 20% balloon. Exposure to the AED will be hedged in full.

This landmark transaction will have significant advantages to all stakeholders. The financing costs, currently standing at 300 bps (+ SOFR) will gradually go down to 225 bps (+ EIBOR) when net leverage gets below 2.0 times. At the transaction date, expected net leverage levels, the financing costs will be at 250 bps plus EIBOR. This will provide additional cash liquidity to GMS. The surplus liquidity the deal provides will accelerate the achievement of GMS goals.

## Going concern

The Group's forecast indicates that its refinanced debt facility, as announced on 1 August 2024, will provide sufficient liquidity for its requirements for at least the next twelve months and accordingly the condensed consolidated financial statements for the Group for the current period have been prepared on the Going Concern basis. For further details please refer the going concern disclosure in Note 2 to the condensed consolidated financial statements.

## Related party transactions

During the period, there were related party transactions for catering services of US$ 82k (H1 2023: US$ 402k), overhauling services of US$ 597k (H1 2023: US$ 156k) and laboratory services of US$ 3k (H1 2023: nil) with affiliates of Mazrui International LLC, the Group's second largest shareholder (25.6%).

All related party transactions disclosed herein have been conducted at arm's length and entered into after a competitive bidding process. This process ensures that the terms and conditions of such transactions are fair, reasonable, and comparable to those that would be available in similar transactions with unrelated third parties.

## Risks and uncertainties

Several risks and uncertainties could significantly influence the Group's performance for the rest of 2024. The Directors believe that the principal risks and uncertainties have remained consistent since the release of the Annual Report for the year ended 31 December 2023. For a comprehensive analysis of these risks and the Group's mitigation strategies, please refer to pages 12 to 18 of the 2023 Annual Report, available at www.gmsplc.com.

- Utilization levels might decline due to several key factors: a high concentration of customers leading to possible contract shifts and increased competition risk; ADNOC's fleet expansion dominating the UAE market; and potential misalignment of fleet capabilities with evolving client demands, which could necessitate costly upgrades to meet new SESV standards.
- National Oil Companies (NOCs) in the Arabian Peninsula have local content requirements in their tender processes, favouring suppliers that enhance local investment and spending. This could prevent GMS from securing new contracts or result in financial losses and reduced profit margins on existing contracts, ultimately impacting operating cash flows and net profitability.
- Geo-political events or pandemics may disrupt safe asset operations due to restricted crew travel. The Group could face commercial and reputational damage from environmental or safety incidents involving employees or contractors. Insufficient preparation for equipment failures, failure to meet client demands, or unpredictable weather may negatively impact the business, and inadequate insurance coverage could lead to financial losses.
- The business faces short-term liquidity risks from high interest rates and inflation, which could affect debt service and bank covenants. Reduced liquidity may impact future operations and trigger a default, giving lenders the right to accelerate loan repayments and claim assets.
- Attracting, retaining, recruiting, and developing a skilled workforce is crucial. Losing talent or failing to attract new skilled employees could undermine the business's performance.
- Political instability in the regions where GMS recruits, could adversely affect its operations. With many key crew members coming from Eastern Europe and Southeast Asia, such instability may disrupt recruitment, retention, and deployment of personnel.
- Non-compliance with anti-bribery and corruption regulations could harm stakeholder relations and result in reputational and financial losses. GMS is required to comply with complex international and local laws on health, safety, and environmental protection, with increasing costs and stringent requirements. Failure to comply could lead to regulatory investigations. Additionally, adhering to new UAE Corporate Tax Regulations and transfer pricing requirements may impose administrative and financial burdens on the Group.
- Phishing attempts result in inappropriate transactions, data leakage and financial loss. The Group is at risk of loss and reputational damage through financial cyber-crime.
- Climate change presents both transition and physical risks to the Group. Transition risks include the global shift toward decarbonization, which may alter investor sentiment, reduce client demand, and introduce new legislation requiring increased reporting and greener alternatives. Physical risks involve rising temperatures affecting working hours and rising sea levels impacting operations.

# RESPONSIBILITY STATEMENT

Financial information for the period ended 30 June 2024.

We confirm to the best of our knowledge:

a) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Gulf Marine Services plc and its undertakings, included in the consolidation as a whole as required by DTR 4.2.4R;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R; and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R.

By order of the Board

| | |
|---|---|
| **Mansour Al Alami** | **Alex Aclimandos** |
| Executive Chairman | Chief Financial Officer |
| 03 September 2024 | 03 September 2024 |

## Independent Review Report to Gulf Marine Services PLC ("the Entity")

### Conclusion

We have been engaged by the Entity to review the Entity's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows, a summary of material accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as contained in the UK adopted International Accounting Standards and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the* Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the above conclusions are not a guarantee that the Entity will continue in operation.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

As disclosed in note 1, the annual financial statements of the Entity for the year ended 31 December 2023 are prepared in accordance with UK-adopted international accounting standards.

In preparing the condensed set of consolidated financial statements, the directors are responsible for assessing the Entity'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 Entity or to cease operations, or have no realistic alternative but to do so.

**Our responsibility**

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

**The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this 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 Entity for our review work, for this report, or for the conclusions we have reached.

KPMG Sep 3 2024

*Chartered Accountants*

1 Harbourmaster place,

IFSC,

Dublin 1,

Ireland.

# GULF MARINE SERVICES PLC
# Condensed Consolidated Statement of Comprehensive Income for the period ended 30 June 2024

| | Notes | Six months period ended 30 June 2024 US$'000 (Unaudited) | 2023 US$'000 (Unaudited) |
|---|---|---|---|
| Revenue | **4,8** | **80,718** | 74,285 |
| Cost of sales | | **(41,667)** | (38,954) |
| Expected credit losses – net of recoveries | **4** | **(211)** | (548) |
| **Gross profit** | | **38,840** | 34,783 |
| General and administrative expenses | | **(9,043)** | (6,098) |
| **Operating profit** | | **29,797** | 28,685 |
| Finance income | | **83** | 74 |
| Finance expenses | **9** | **(12,300)** | (17,535) |
| Impact of change in fair value of derivative | **17** | **(7,460)** | (652) |
| Foreign exchange loss, net | | **(263)** | (617) |
| Other income | | **10** | 12 |
| **Profit for the period before taxation** | | **9,867** | 9,967 |
| Taxation charge for the period | **6** | **(2,499)** | (1,256) |
| **Profit for the period** | | **7,368** | 8,711 |
| **Other comprehensive income – items that may be reclassified to profit or loss:** | | | |
| Net hedging gain reclassified to the profit or loss | | **-** | 279 |
| Exchange differences on translating foreign operations | | **(44)** | 305 |
| **Total comprehensive income for the period** | | **7,324** | 9,295 |
| **Profit attributable to:** | | | |
| Owners of the Company | | **7,023** | 8,336 |
| Non-controlling interest | | **345** | 375 |
| | | **7,368** | 8,711 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **6,979** | 8,920 |
| Non-controlling interest | | **345** | 375 |
| | | **7,324** | 9,295 |
| **Earnings per share** | | | |
| Basic (cents per share) | **7** | **0.68** | 0.82 |
| Diluted (cents per share) | **7** | **0.63** | 0.82 |

All results are derived from continuing operations in each period. There are no discontinued operations in either period.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# GULF MARINE SERVICES PLC
# Condensed Consolidated Statement of Financial Position
# as at 30 June 2024

| | Notes | **30 June 2024 US$'000 (Unaudited)** | 31 December 2023 US$'000 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 10 | **594,630** | 606,412 |
| Dry docking expenditure | 11 | **13,751** | 11,204 |
| Right-of-use assets | | **6,334** | 3,347 |
| **Total non-current assets** | | **614,715** | 620,963 |
| **Current assets** | | | |
| Trade receivables | 12 | **30,442** | 30,646 |
| Prepayments, advances and other receivables | 13 | **11,949** | 8,057 |
| Cash and cash equivalents | | **7,440** | 8,666 |
| **Total current assets** | | **49,831** | 47,369 |
| **Total assets** | | **664,546** | 668,332 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital – Ordinary | 14 | **31,472** | 30,117 |
| Capital redemption reserve | 15 | **46,445** | 46,445 |
| Share premium account | 13 | **111,995** | 99,105 |
| Group restructuring reserve | | **(49,710)** | (49,710) |
| Restricted reserve | | **272** | 272 |
| Capital contribution | | **9,177** | 9,177 |
| Translation reserve | | **(2,586)** | (2,542) |
| Retained earnings | | **201,726** | 194,703 |
| Attributable to the Owners of the Company | | **348,791** | 327,567 |
| Non-controlling interest | | **3,059** | 2,714 |
| **Total equity** | | **351,850** | 330,281 |
| **Current liabilities** | | | |
| Trade and other payables | | **38,352** | 35,054 |
| Current tax liability | | **8,173** | 7,032 |
| Bank borrowings – scheduled repayments within one year | 16 | **245,939** | 41,500 |
| Lease liabilities | | **2,670** | 1,623 |
| Derivative financial instruments | 17 | **11,304** | 14,275 |
| **Total current liabilities** | | **306,438** | 99,484 |
| **Non-current liabilities** | | | |
| Provision for employees' end of service benefits | | **2,407** | 2,395 |
| Bank borrowings – scheduled repayments more than one year | 16 | **-** | 234,439 |
| Lease liabilities | | **3,851** | 1,733 |
| **Total non-current liabilities** | | **6,258** | 238,567 |
| **Total liabilities** | | **312,696** | 338,051 |
| **Total equity and liabilities** | | **664,546** | 668,332 |

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# GULF MARINE SERVICES PLC
# Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2024

| | Share capital – Ordinary US$'000 | Capital redemption Reserve US$'000 | Share premium account US$'000 | Group restructuring reserve US$'000 | Restricted reserve US$'000 | Share based payment reserve US$'000 | Capital contribution US$'000 | Cash flow hedge reserve US$'000 | Translation Reserve US$'000 | Retained earnings US$'000 | Attributable to the owners of the Company US$'000 | Non-controlling interest US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2024** | **30,117** | **46,445** | **99,105** | **(49,710)** | **272** | - | **9,177** | - | **(2,542)** | **194,703** | **327,567** | **2,714** | **330,281** |
| Profit for the period | - | - | - | - | - | - | - | - | - | **7,023** | **7,023** | **345** | **7,368** |
| **Other comprehensive income for the period** | | | | | | | | | | | | | |
| Exchange differences on foreign operations | - | - | - | - | - | - | - | - | **(44)** | - | **(44)** | - | **(44)** |
| **Total comprehensive income for the period** | - | - | - | - | - | - | - | - | **(44)** | **7,023** | **6,979** | **345** | **7,324** |
| **Transactions with owners of the Company** | | | | | | | | | | | | | |
| Issue of share capital | **1,355** | - | **12,973*** | - | - | - | - | - | - | - | **14,328** | - | **14,328** |
| Share issuance cost | - | - | **(83)** | - | - | - | - | - | - | - | **(83)** | - | **(83)** |
| **Total transactions with owners of the Company** | **1,355** | - | **12,890** | - | - | - | - | - | - | - | **14,245** | - | **14,245** |
| **As at 30 June 2024** | **31,472** | **46,445** | **111,995** | **(49,710)** | **272** | - | **9,177** | - | **(2,586)** | **201,726** | **348,791** | **3,059** | **351,850** |
| As at 1 January 2023 | 30,117 | 46,445 | 99,105 | (49,710) | 272 | 3,632 | 9,177 | (279) | (2,885) | 149,712 | 285,586 | 1,988 | 287,574 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 8,336 | 8,336 | 375 | 8,711 |
| Other comprehensive income for the period | | | | | | | | | | | | | |
| Net hedging gain on interest hedges reclassified to the profit or loss | - | - | - | - | - | - | - | 279 | - | - | 279 | - | 279 |
| Exchange differences on foreign operations | - | - | - | - | - | - | - | - | 305 | - | 305 | - | 305 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | 279 | 305 | 8,336 | 8,920 | 375 | 9,295 |
| Transactions with owners of the Company | | | | | | | | | | | | | |
| Share based payment charge | - | - | - | - | - | 14 | - | - | - | | 14 | - | 14 |
| Transfer of share option reserve | - | - | - | - | - | (3,646) | - | - | - | 3,646 | - | - | - |
| Total transactions with owners of the Company | - | - | - | - | - | (3,632) | - | - | - | 3,646 | 14 | - | 14 |
| As at 30 June 2023 | 30,117 | 46,445 | 99,105 | (49,710) | 272 | - | 9,177 | - | (2,580) | 161,694 | 294,520 | 2,363 | 296,883 |

*Addition to share premium amount reflects cash proceeds US$ 2.5m and release of warrants liability of US$ 10.4m upon exercise of warrants.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# GULF MARINE SERVICES PLC
## Condensed Consolidated Statement of Cash Flows
## for the period ended 30 June 2024

| | Six-month period ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| | **(Unaudited)** | (Unaudited) |
| **Profit for the period** | **7,368** | 8,711 |
| Adjustments for: | | |
| Depreciation of property and equipment (Note 10) | **13,018** | 12,102 |
| Amortisation of dry-docking expenditure (Note 11) | **2,568** | 2,138 |
| Amortisation of right-of-use asset | **2,268** | 1,340 |
| Income tax expense (Note 6) | **2,499** | 1,256 |
| End of service benefits charge | **228** | 336 |
| Movement in ECL provision during the period | **211** | 548 |
| Share based payment credit/(charge) | **-** | 14 |
| Finance income | **(83)** | (74) |
| Finance expenses (Note 9) | **12,300** | 17,535 |
| Impact of change in fair value of warrant (Note 17) | **7,460** | 652 |
| Other income | **(10)** | (12) |
| **Cash flow from operating activities before movement in working capital** | **47,827** | 44,546 |
| Changes in trade receivables | **(7)** | (4,926) |
| Changes in prepayments, advances and other receivables | **(3,926)** | (2,120) |
| Changes in trade and other payables | **3,298** | 5,693 |
| **Cash generated from operations** | **47,192** | 43,193 |
| Taxation paid | **(1,358)** | (952) |
| End of service benefits paid | **(216)** | (172) |
| **Net cash generated from operating activities** | **45,618** | 42,069 |
| **Investing activities** | | |
| Payments for additions of property and equipment | **(1,236)** | (2,127) |
| Dry docking expenditure paid | **(5,115)** | (521) |
| Interest received | **83** | 74 |
| **Net cash used in investing activities** | **(6,268)** | (2,574) |
| **Financing activities** | | |
| Repayment of bank borrowings | **(30,000)** | (28,601) |
| Principal elements of lease payments | **(2,090)** | (1,828) |
| Proceeds from issue of share capital on exercise of warrants | **3,897** | - |
| Share issuance cost | **(83)** | - |
| Payment of costs associated with borrowings | **-** | (148) |
| Settlement of derivatives *(Note 17)* | **-** | 327 |
| Interest paid on bank borrowings | **(12,048)** | (16,264) |
| Interest paid on leases | **(252)** | (137) |
| **Net cash used in financing activities** | **(40,576)** | (46,651) |
| **Net decrease in cash and cash equivalents** | **(1,226)** | (7,156) |
| Cash and cash equivalents at the beginning of the period | **8,666** | 12,275 |
| **Cash and cash equivalents at the end of the period** | **7,440** | 5,119 |

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

## 1 Corporate information

Gulf Marine Services PLC ("GMS" or the "Company") is a Company which is registered and was incorporated in England and Wales on 24 January 2014. The Company is a public limited liability company with operations mainly in the Gulf Cooperation Council (GCC) and Europe. The address of the registered office of the Company is 107 Hammersmith Road, London, W14 0QH. The registered number of the Company is 08860816.

The principal activities of GMS and its subsidiaries (together referred to as the "Group") are chartering and operating a fleet of specially designed and built vessels. All information in the notes relate to the Group, not the Company unless otherwise stated.

The Group is engaged in providing self-propelled, self-elevating support vessels (SESVs) that present a stable platform for delivery of a wide range of services throughout the total lifecycle of offshore oil, gas and renewable energy activities, and which are capable of operations in the GCC and other regions.

The condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024 were authorised for issue on 03 September 2024. The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The condensed consolidated interim financial statements have been reviewed, not audited.

The Group issued statutory consolidated financial statements for the year ended 31 December 2023, which were prepared in accordance with UK adopted International Accounting Standards in conformity with requirements of the Companies Act 2006. Those consolidated financial statements were approved by the Board of Directors on 03 April 2024. The report of the auditor on those consolidated financial statements did not contain any statement under section 498(2) or 498(3) of the Companies Act 2006. A copy of the statutory consolidated financial statements for year ended 31 December 2023 has been delivered to the Registrar of Companies.

During the period, the Group has issued ordinary shares on 10 May 2024 (refer to Note 17 for further details).

## 2 Material accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023 as disclosed in the Annual Report, except for the adoption of new standards and interpretations effective as of 01 January 2024, which are described in more details below.

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for derivative financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**2 Material accounting policies (continued)**

**Basis of preparation**

The annual consolidated financial statements of the Group will be prepared in accordance with UK adopted International Accounting Standards in conformity with requirements of the Companies Act 2006. The interim set of condensed consolidated financial statements included in this half-yearly financial report has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the United Kingdom.

The condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2023. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. The condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2024 is not affected significantly by seasonality of results.

**Going concern**

The Group was in a net current liability position as at 30 June 2024 amounting to US$ 256.6 million (31 December 2023: US$ 52.1 million). The current assets are significantly lower than current liabilities primarily due to the reclassification of bank borrowings from non-current to current liabilities considering its maturity in June 2025.

On 1 August 2024 the Group reached an agreement to refinance its current bank debt. Three banks, two of which are current lenders, will have an equal participation in the refinancing facilities. This potential transaction is commercially approved by all parties and the contractual arrangements, currently in progress, are expected to be finalised within the next couple of months. Management is confident that the deal will be signed consistent with the agreed term sheet.

The agreed facilities comprise a term loan of an amount equivalent to USD 250 million in United Arab Emirates Dirhams ('AED') as a well as a working capital facility of an amount equivalent to USD 50 million, also in AED. The loan will have a tenor of five years from the facility agreement date, with 80% repayable quarterly over five years and 20% due as a balloon payment at the end of the tenor. Whilst the AED has been pegged to the USD for a number of years, the Group is planning to hedge any potential exposure to this in full. The new facilities will also be subject to the periodic compliance with agreed covenants.

The financing costs, currently at 300 bps (+ SOFR) will gradually decrease to 225 bps (+EIBOR) when the Group's net leverage ratio falls below 2.0 times. At transaction date expected net leverage levels, the financing costs will be at 250 bps plus EIBOR. This will provide additional cash liquidity to GMS. The surplus liquidity the deal provides is expected to accelerate the achievement of GMS's goals.

The Group closely monitors its liquidity and is expected to meet its short-term obligations over the next twelve months. During the period, the Group made a loan prepayment of US$ 21.0 million and an additional payment of US$ 5.0 million towards its bank borrowings. The loan prepayment and additional payment were made after taking into account the forecast cash flows in the second half of 2024.

The Group has US$ 7.4 million of cash and cash equivalents and an undrawn working capital facility of US$ 13 million (31 December 2023: US$ 13 million) at the reporting date. The working capital facility expires alongside the main debt facility in June 2025.

## 2 Material accounting policies (continued)

### Going concern (continued)

The Group's forecasts indicate that its anticipated refinanced debt facility will provide sufficient liquidity for its requirements for at least the next 12 months and accordingly, the condensed consolidated interim financial statements for the Group for the period ended 30 June 2024 have been prepared on a going concern basis.

### New and amended standards adopted by the Group

The following new and revised IFRSs have been adopted in these condensed consolidated interim financial statements.

| New accounting standards or amendments | Effective date |
|---|---|
| - Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants | 1 January 2024 |
| - Amendments to IFRS 16 Lease Liability in a Sale and Leaseback | 1 January 2024 |
| - Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements | 1 January 2024 |

The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior periods and did not require any retrospective adjustments but may affect the accounting for future transactions or arrangements. The full revised accounting policies applicable from 1 January 2024 will be provided in the Group's annual consolidated financial statements for the year ending 31 December 2024.

At the date of the condensed consolidated interim financial statements, the following other standards, amendments and Interpretations have not been effective and have not been early adopted by the Group:

| New accounting standards or amendments | Effective date |
|---|---|
| - Amendments to IAS 21 Lack of Exchangeability | 1 January 2025 |
| - Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Available for optional adoption / effective date deferred indefinitely |

These new and amended standards are not expected to have a significant impact on the Group's condensed consolidated financial information.

## 3 Key sources of Estimation Uncertainty and Critical Accounting Judgements

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements. These include the impairment and reversal of previous impairment of property and equipment, impairment of financial assets, the fair valuation of warrants and the critical accounting judgment relating to a subsidiary of the Group that received a tax assessment from the Saudi tax authorities (ZATCA) regarding the transfer pricing of our inter-group bareboat agreement.

## 4 Segment reporting

The segment information provided to the chief operating decision makers for the operating and reportable segments for the period include the following:

| | Revenue | | Gross profit before adjustments for depreciation, amortisation and impairment charges | |
|---|---|---|---|---|
| | 6 months ended 30 June | | 6 months ended 30 June | |
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| K-Class vessels | **28,178** | 27,781 | **17,383** | 17,244 |
| S-Class vessels | **18,947** | 17,691 | **12,951** | 12,407 |
| E-Class vessels | **33,593** | 28,813 | **24,231** | 19,850 |
| **Total revenue** | **80,718** | 74,285 | **54,565** | 49,501 |
| **Less:** | | | | |
| Depreciation charged to cost of sales | | | **(12,946)** | (12,032) |
| Amortisation charged to cost of sales | | | **(2,568)** | (2,138) |
| Expected credit losses – net of recoveries | | | **(211)** | (548) |
| **Adjusted gross profit** | | | **38,840** | 34,783 |
| **Gross profit** | | | **38,840** | 34,783 |
| General and administrative expenses | | | **(9,043)** | (6,098) |
| Finance income | | | **83** | 74 |
| Finance expense *(refer Note 9)* | | | **(12,300)** | (17,535) |
| Impact of change in fair value of derivatives | | | **(7,460)** | (652) |
| Foreign exchange loss, net | | | **(263)** | (617) |
| Other income | | | **10** | 12 |
| **Profit before taxation** | | | **9,867** | 9,967 |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in either of the periods. Segment assets and liabilities, including depreciation, amortisation and additions to non-current assets, are not reported to the chief operating decision maker on a segmental basis and, therefore, are not disclosed.

## 5 Presentation of non-GAAP results

The following table provides a reconciliation between the statutory and non-statutory financial results:

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | **2023** |
| | **US$'000** | **US$'000** |
| Revenue | **80,718** | 74,285 |
| Cost of sales | | |
| -Cost of sales before depreciation, amortisation and impairment | **(26,153)** | (24,784) |
| **Gross profit before depreciation, amortization & impairment** | **54,565** | 49,501 |
| -Depreciation and amortisation | **(15,514)** | (14,170) |
| -Expected credit losses | **(211)** | (548) |
| **Gross profit** | **38,840** | 34,783 |
| General and administrative | | |
| -Depreciation and amortisation | **(2,340)** | (1,410) |
| -Other administrative costs | **(6,703)** | (4,688) |
| **Operating profit** | **29,797** | 28,685 |
| Finance income | **83** | 74 |
| Finance expense | **(12,300)** | (17,535) |
| Impact of change in fair value of derivatives | **(7,460)** | (652) |
| Other income | **10** | 12 |
| Foreign exchange loss, net | **(263)** | (617) |
| **Profit before taxation** | **9,867** | 9,967 |
| Taxation charge | **(2,499)** | (1,256) |
| **Net profit after tax** | **7,368** | 8,711 |
| **Profit attributable to** | | |
| Owners of the Company* | **7,023** | 8,336 |
| Non-controlling interest | **345** | 375 |
| **Earnings per share (Basic)** | **0.68** | 0.82 |
| **Earnings per share (Diluted)** | **0.63** | 0.82 |
| ***Supplementary non-statutory information*** | | |
| Operating profit | **29,797** | 28,685 |
| Add: Depreciation and amortisation charges | **17,854** | 15,580 |
| **EBITDA[1]** | **47,651** | 44,265 |

[1]*Please see Glossary for definition.*

**There are no exceptional adjustments for the current and comparative periods, so the adjusted non-GAAP results align with the statutory results.*

### 6 Taxation

Tax is calculated at the rates prevailing in the respective jurisdictions in which the Group operates. The overall effective rate is the weighted average of the expected taxes to be paid in each jurisdiction. Income is subject to tax including withholding tax on revenue and corporation tax on profit for the period in each taxable jurisdiction (being principally Qatar, the United Kingdom, Saudi Arabia and United Arab Emirates). The Group effective tax rate was 25.3% for the period ended June 2024 (Six months ended June 2023: 12.6%).

The current tax charge of US$ 2.5 million (six-month period ended June 2023: US$ 1.3 million) included withholding tax amounting to US$ 1.0 million (six-month period ended June 2023: US$ 1 million).

A subsidiary of the Group received a tax assessment from the Saudi tax authorities (ZATCA) for an amount of US$ 7.3 million related to the transfer pricing of inter-group bareboat agreement, for the period from 2017 to 2019. The Group has currently filed an appeal with the Tax Violations and Disputes Appellate Committee (TVDAC) against the assessment raised by ZATCA. The Directors have considered the claim, including consideration of third-party tax advice received. Noticing the claim retrospectively applied from 2010 in respect of a law which was issued in 2019, which applied a “tested party” assessment different to that supported by the Group tax advisors and using an approach which the Directors (supported by their tax advisors) consider to be inconsistent with the principles set out in the KSA transfer price guidelines, the Directors believe that the Group has complied with the relevant tax legislation. Nevertheless, during 2023, to reach an amicable solution, the Group had also filed a settlement application with the Alternate Dispute Resolution Committee (ADRC), which subsequently requested a settlement offer. The Directors have submitted a settlement proposal and are currently awaiting a response from the ADRC. Appropriate provisions for this case have been recorded in the financial statements reflecting the directors current best estimate of the outflows in line with IFRIC 23. The directors will continue to keep this matter under review.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax regime in the UAE. This Law has become effective for accounting periods beginning on or after 1 June 2023.

The Group’s UAE operations is subject to a 9% corporation tax rate with effect from 01 January 2024. A rate of 0% apply to taxable income not exceeding AED 375,000.

GMS has considered deferred tax implications in the preparation of these condensed consolidated interim financial statements in respect of property and equipment and potential timing differences that could give rise to a deferred tax liability. There are currently no UAE tax laws that would impact treatment of depreciation and amortization of property and equipment, that would result in such a timing difference. Hence, management has concluded that no adjustments to these condensed consolidated interim financial statements are necessary.

**7 Earnings per share**

| | **6 months ended 30 June 2024** | 6 months ended 30 June 2023 |
|---|---|---|
| Earnings for the purpose of calculating the basic and diluted earnings per share being profit for the period attributable to Owners of the Company (US$'000) | **7,023** | 8,336 |
| Earnings for the purpose of calculating the adjusted basic and diluted profit per share (US$'000) *(Note 5)* | **7,023** | 8,336 |
| Weighted average number of shares ('000) | **1,031,709** | 1,016,415 |
| Weighted average diluted number of shares ('000) | **1,116,317** | 1,016,415 |
| Basic earnings per share (cents) | **0.68** | 0.82 |
| Diluted earnings per share (cents) | **0.63** | 0.82 |
| Adjusted earnings per share[1] (cents) | **0.68** | 0.82 |
| Adjusted diluted earnings per share[1] (cents) | **0.63** | 0.82 |

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company for the period (as disclosed in the condensed consolidated statement of comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Adjusted earnings per share is calculated on the same basis as basic earnings but uses the adjusted profit attributable to equity holders of the Company for the period (refer *Note 5).* The adjusted earnings per share is presented as the Directors consider it provides an additional indication of the underlying performance of the Group.

Diluted earnings per share is calculated by dividing the earnings attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the period adjusted for the weighted average effect of warrants during the period.

Adjusted diluted earnings per share is calculated on the same basis but uses adjusted profit *(refer Note 5)* attributable to the equity shareholders of the Company.

The following table shows a reconciliation between basic and diluted average number of shares:

| | **30 June 2024 000's** | 30 June 2023 000's |
|---|---|---|
| Weighted average basic number of shares in issue | **1,031,709** | 1,016,415 |
| Weighted average effect of warrants | **84,608** | - |
| Weighted average diluted number of shares in issue | **1,116,317** | 1,016,415 |

Refer Note 17 for details on exercise of warrants.

[1] This represents an Adjusted Performance Measure (APM) as defined in the Glossary which is included in Note 24 to the condensed consolidated interim financial statements.

## 8 Revenue

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| Charter hire | **40,496** | 36,759 |
| Lease income | **28,666** | 28,305 |
| Messing and accommodation | **6,106** | 4,640 |
| Maintenance service | **3,293** | 2,709 |
| Mobilisation and demobilization | **1,783** | 820 |
| Sundry income | **374** | 1,052 |
| | **80,718** | 74,285 |
| Revenue recognized – over time | **80,344** | 73,124 |
| Revenue recognized – point in time | **374** | 1,161 |
| | **80,718** | 74,285 |

Revenue by geographical segment is based on the geographical location of the customer as shown below:

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| United Arab Emirates | **23,561** | 29,101 |
| Saudi Arabia | **19,931** | 19,061 |
| Qatar | **28,073** | 20,978 |
| Total – Arabian Peninsula region | **71,565** | 69,140 |
| Total – Europe | **9,153** | 5,145 |
| Total – Worldwide | **80,718** | 74,285 |

The Group operates in both the oil and gas and renewables sector. Oil and gas revenues are driven from both client operating cost expenditure and capex expenditure. Renewables are primarily driven by windfarm developments from client expenditure. Details are shown below:

| | | |
|---|---|---|
| Oil and gas | **71,565** | 69,140 |
| Renewables | **9,153** | 5,145 |
| | **80,718** | 74,285 |

## 9 Finance expenses

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| Interest on bank borrowings | **11,628** | 16,493 |
| Interest on finance leases | **252** | 137 |
| Other finance expenses | **420** | 567 |
| Loss on derivatives reclassified through profit and loss | **-** | 279 |
| Net loss on changes in fair value of interest rate swap *(note 17)* | **-** | 59 |
| | **12,300** | 17,535 |

## 10 Property and equipment

| | Vessels US$'000 | Vessel spares, fitting and other equipment US$'000 | Others US$'000 | Capital work-in-progress US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **Balance as at 1 January 2024** | **898,200** | **60,757** | **2,250** | **10,569** | **971,776** |
| Additions | **-** | **-** | **-** | **1,236** | **1,236** |
| Transfers | **-** | **2,963** | **-** | **(2,963)** | **-** |
| **Balance as at 30 June 2024** | **898,200** | **63,720** | **2,250** | **8,842** | **973,012** |
| **Accumulated Depreciation and impairment** | | | | | |
| **Balance at 1 January 2024** | **335,987** | **24,471** | **2,061** | **2,845** | **365,364** |
| Depreciation expense | **11,189** | **1,756** | **73** | **-** | **13,018** |
| **Balance as at 30 June 2024** | **347,176** | **26,227** | **2,134** | **2,845** | **378,382** |
| **Net Book Value as at 30 June 2024** | **551,024** | **37,493** | **116** | **5,997** | **594,630** |

| | Vessels US$'000 | Vessel spares, fitting and other equipment US$'000 | Others US$'000 | Capital work-in-progress US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance as at 1 January 2023 | 898,200 | 60,234 | 2,250 | 6,766 | 967,450 |
| Additions | - | - | - | 4,326 | 4,326 |
| Transfers | - | 523 | - | (523) | - |
| Balance as at 31 December 2023 | 898,200 | 60,757 | 2,250 | 10,569 | 971,776 |
| Accumulated Depreciation and impairment | | | | | |
| Balance at 1 January 2023 | 348,515 | 21,219 | 1,916 | 2,845 | 374,495 |
| Depreciation expense | 20,900 | 3,252 | 145 | - | 24,297 |
| Impairment charge | 3,565 | - | - | - | 3,565 |
| Reversal of impairment | (36,993) | - | - | - | (36,993) |
| Balance as at 31 December 2023 | 335,987 | 24,471 | 2,061 | 2,845 | 365,364 |
| Net Book Value as at 31 December 2023 | 562,213 | 36,286 | 189 | 7,724 | 606,412 |

## 11 Dry docking expenditure

| | **30 June 2024 US$'000** | 31 December 2023 US$'000 |
|---|---|---|
| At 1 January | **11,204** | 8,931 |
| Expenditure incurred during the period/year | **5,115** | 6,960 |
| Amortised during the period/year | **(2,568)** | (4,687) |
| | **13,751** | 11,204 |

## 12 Trade receivables

| | **30 June 2024 US$'000** | 31 December 2023 US$'000 |
|---|---|---|
| Trade receivables | **32,879** | 32,872 |
| Less: Allowance for expected credit losses | **(2,437)** | (2,226) |
| **Net trade receivables** | **30,442** | 30,646 |

## 13 Prepayments, advances and other receivables

| | **30 June 2024 US$'000** | 31 December 2023 US$'000 |
|---|---|---|
| Prepayments | **2,819** | 3,557 |
| Advances to suppliers | **1,486** | 1,758 |
| Accrued revenue | **7,564** | 2,656 |
| Deposits | **80** | 86 |
| | **11,949** | 8,057 |

## 14 Share capital

**Ordinary shares at £0.02 per share**

| | Number of ordinary shares ('000) | US$'000 |
|---|---|---|
| **At 1 January 2024** | **1,016,415** | **30,117** |
| **Issue of share capital (Note 17)** | **53,531** | **1,355** |
| **As at 30 June 2024** | **1,069,946** | **31,472** |

| | Number of ordinary shares ('000) | US$'000 |
|---|---|---|
| At 1 January 2023 | 1,016,415 | 30,117 |
| As at 31 December 2023 | 1,016,415 | 30,117 |

Prior to an equity raise on 28 June 2021 the Group underwent a capital reorganisation where all existing ordinary shares with a nominal value of 10 pence per share were subdivided and re-designated into 1 ordinary share with a nominal value of 2 pence and 1 deferred share with a nominal value of 8 pence each. The previously recognised share capital balance relating to the old 10p ordinary shares was allocated pro rata to the new subdivided 2p ordinary shares and 8p deferred shares. The deferred shares had no voting rights and no right to the profits generated by the Group. On winding-up or other return of capital, the holders of deferred shares had extremely limited rights, if any. The Group had the right but not the obligation to buyback all of the deferred shares for an amount not exceeding £1.00 in aggregate, which with the shareholders approval, was completed on 30 June 2022. Accordingly, 350,487,787 deferred shares were cancelled. Following the cancellation of the Deferred shares on 30 June 2022, a transfer of $46.4 million was made from Share capital – Deferred to a Capital redemption reserve. There was no dilution to the shares ownership as a result of the share reorganisation.

Under the Companies Act, a share buy-back by a public company can only be financed through distributable reserves or the proceeds of a fresh issue of shares made for the purpose of financing a share buyback. The Company had sufficient reserves to purchase the Deferred shares for £1.00.

The Group has issued ordinary share capital on the exercise of previously issued warrants to its lenders which has resulted in issuance of ordinary shares of 53,531,734 on 31 May 2024 (refer Note 17).

### 15 Capital redemption reserve

The capital redemption reserve with a value of US$ 46.4 million was created on 30 June 2022 when the Company purchased and then cancelled 350,487,787 deferred ordinary shares *(refer Note 14)*. The capital redemption reserve is not distributable.

### 16 Bank borrowings

Secured borrowings at amortised cost are as follows:

| | **30 June 2024 US$'000** | 31 December 2023 US$'000 |
|---|---|---|
| Term loans | **243,939** | 273,939 |
| Working capital facility* | **2,000** | 2,000 |
| | **245,939** | 275,939 |

*The revolving working capital facility amounts to US$ 40 million (31 December 2023: US$ 40 million). US$ 25 million (31 December 2023: US$ 25 million) of the working capital facility is allocated to performance bonds and guarantees and US$ 15 million (31 December 2023: US$ 15 million) is allocated to funded portion, of which US$ 2.0 million was utilised as of 31 December 2023, leaving US$ 13.0 million (31 December 2023: US$ 13 million) available for drawdown. The working capital facility expires alongside the main debt facility in June 2025.

Bank borrowings are presented in the condensed consolidated financial position as follows:

| | **30 June 2024 US$'000** | 31 December 2023 US$'000 |
|---|---|---|
| **Non-current** | | |
| Bank borrowings | **-** | 234,439 |
| **Current** | | |
| Bank borrowings – scheduled repayments within one year* | **243,939** | 39,500 |
| Working capital facility | **2,000** | 2,000 |
| | **245,939** | 275,939 |

*Refer Note 2 for details on planned refinancing of bank borrowings.

**16 Bank Borrowings (continued)**

Net debt as at the end of the period/year was as follows:

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| Bank borrowings net of issue costs | **245,939** | 275,939 |
| Less: Cash and cash equivalents | **(7,440)** | (8,666) |
| **Total** | **238,499** | 267,273 |

The principal terms of the outstanding facility as at 30 June 2024 are as follows:

- The facility's main currency is US$ and is repayable with a Secured Overnight Financing Rate (SOFR) plus a margin based on a ratchet depending on leverage levels.
- Following the cessation of the LIBOR on 30 June 2023, the reference rate in the Common Terms Agreement has been changed to the SOFR as the new benchmark rate.
- As of the second quarter of 2023, the Group has achieved a reduction in the net leverage ratio to below 4.0, and PIK is no longer accrued. As a result, the margin rate on the loan has been decreased from 4% to 3.1%. By the second quarter of 2024, the Group further reduced its net leverage ratio to below 3.0, resulting in an additional decrease in the margin rate from 3.1% to 3.0%.
- The facility remains secured by mortgages over its whole fleet with a net book value at 30 June 2024 of US$ 551 million (31 December 2023: US$ 562.2 million) (Note 10). Additionally, gross trade receivables, amounting to US$ 32.9 million (31 December 2023: US$ 32.9 million) have been assigned as security against the loans extended by the Group's banking syndicate (Note 12).
- The Group has also provided security against gross cash balances, being cash balances amounting to US$ 7.4 million (31 December 2023: US$ 8.7 million) before the restricted amounts related to visa deposits held with the Ministry of Labour in the UAE which are included in deposits. These have been assigned as security against the loans extended by the Group's banking syndicate.
- As an equity raise of US $50.0 million did not take place by 31 December 2022, 87.6 million warrants were issued on 2 January 2023, giving debt holders the right to 137,075,773 million shares at a strike price of 5.75 pence per share. Warrant holders will have the right to exercise their warrants up to the end of the term of the loan facility, being 30 June 2025. During the period, 34,218,700 warrants were exercised by the holders resulting in issuance of 53,531,734 new ordinary shares (refer to Note 17).

The facility is subject to certain financial covenants including: Debt Service Cover, Interest Cover, and Net Leverage Ratio, which are tested bi-annually in June and December. There are also additional covenants relating to general and administrative costs, capital expenditure and Security Cover (loan to value) which are tested annually in December. Further, there are other restrictions, including the payment of dividends, until the net leverage ratio falls below 4.0 times, a level reached in second quarter of 2023. All applicable financial covenants assigned to the Group's debt facility were met as of 30 June 2024.

The Group is exposed to interest rate risk on its bank borrowings which are subject to floating interest rates. The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instrument at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole period.

**16 Bank Borrowings (continued)**

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the profit for the period ended 30 June 2024 would decrease/increase by US$ 1.2 million. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

**17 Derivative financial instruments**

*Warrants*

Under the terms of the Group's loan facility, the Group was required to issue warrants to its lenders as GMS had not raised US$ 50.0 million of equity by 31 December 2022.

On 2 January 2023, as the US$ 50.0 million equity raise did not take place, therefore 87,621,947 warrants were issued to the lenders. Based on the final report prepared by a Calculation Agent, the warrants give right to their holders to acquire 137,075,773 shares at an exercise price of 5.75 pence per share for a total consideration of GBP £7.9 million. Warrant holders will have the right to exercise their warrants up to the end of the term of the loan facility, being 30 June 2025.

During the period, 34,218,700 warrants were exercised by the holders resulting in issuance of 53,531,734 new ordinary shares with a nominal value of 2p per share and share premium of 3.75p per share. The fair value of the warrants that were exercised was recalculated at the time of exercise. The fair value of 34,218,700 warrant exercised was calculated at US$ 10.4 million. This fair value is added to the actual cash raised of US$ 3.9 million, in line with Companies Act 2006 to give a total increase in share capital and share premium of US$ 14.3 million. Issue costs of US$83k have been reduced from the share premium account. Shares issued as a result of the exercise of warrants were ordinary shares with identical rights and privileges as the existing shares of the Group.

Management commissioned an independent valuation expert to measure the fair value of the outstanding warrants as of 30 June 2024, which was determined using Monte Carlo option-pricing model, which takes into consideration the market values of comparable public companies, considering among other factors, the use of multiples of earnings, and adjusted to reflect the restrictions on the ability of our shares to trade in an active market. The simulation considers sensitivity by building models of possible results by substituting a range of values. Warrants valuation represents a Level 3 fair value measurement under IFRS 13 hierarchy. The fair value of the 53,403,247 outstanding warrants as at 30 June 2024 was US$ 11.3 million (31 December 2023: US$ 14.3 million for 87,621,947 warrants). On a per warrant basis, 30 June 2024 valuation stands at US$ 0.212 per warrant representing a 29.9% increase from the 31 December 2023 valuation of US$ 0.163 per warrant, which is primarily attributable to increase in share price of the Company. The share price increased from 14.5 pence as at 31 December 2023 to 17.0 pence as at 30 June 2024. A 10% change in share price will increase or decrease the valuation by US$ 1.6 million.

*Interest Rate Swap*

The Group had an Interest Rate Swap (IRS) arrangement, originally in place, with a notional amount of US$ 50.0 million. The remaining notional amount hedged under the IRS as at 30 June 2024 was US$ nil (31 December 2023: US$ nil). The IRS hedged the risk of variability in interest payments by converting a floating rate liability to a fixed rate liability. The IRS arrangement matured during 2023, therefore, the fair value of the IRS as at 30 June 2024 was US$ nil (31 December 2023: US$ nil). In 2020 cash flows of the hedging relationship for the IRS were not highly probable and, therefore, hedge accounting was discontinued from that point.

### 17 Derivative financial instruments (continued)

*Interest Rate Swap (continued)*

Historically, the fair value measurement of the interest rate swap was determined by independent valuers with reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. They represent Level 2 fair value measurements under the IFRS 13 hierarchy.

*IFRS 13 fair value hierarchy*

Apart from warrants, the Group has no other financial instruments that are classified as Level 3 in the fair value hierarchy in the current period that are determined by reference to significant unobservable inputs. There have been no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

Derivative financial instruments are made up as follows:

| | **Interest rate swap** | **Warrants** | **Total** |
|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** |
| **At 1 January 2024** | **-** | **(14,275)** | **(14,275)** |
| Impact of change in fair value of warrants | **-** | **(7,460)** | **(7,460)** |
| Derecognition of warrants exercised | **-** | **10,431** | **10,431** |
| **At 30 June 2024** | **-** | **(11,304)** | **(11,304)** |
| At 1 January 2023 | 386 | (3,198) | (2,812) |
| Net loss on changes in fair value of interest rate swap | (59) | - | (59) |
| Settlement of derivatives | (327) | - | (327) |
| Impact of change in fair value of warrants | - | (11,077) | (11,077) |
| At 31 December 2023 | - | (14,275) | (14,275) |

### 18 Contingent liabilities

As at 30 June 2024, the banks acting for Gulf Marine Services FZE, one of the subsidiaries of the Group, had issued bid bonds and performance bonds amounting to US$ 19 million (31 December 2023: US$ 19.6 million), all of which were counter-indemnified by other subsidiaries of the Group.

### 19 Capital commitments

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| Contractual capital commitments | **6,896** | 7,825 |

Capital commitments comprise mainly capital expenditure, which has been contractually agreed with suppliers for future periods for equipment or the refurbishment of existing vessels.

### 20 Long term incentive plans

The Group had Long Term Incentive Plans ("LTIPs") which were granted to senior management, managers and senior offshore officers.

The employment condition attached to the Groups LTIP's was that each eligible employee of the Company must remain in employment during the three-year vesting period. For 2019 and 2020 awards, LTIPs were aligned to Company's share performance. The release of these shares was conditional upon continued employment and market vesting conditions. There were no LTIP awards granted during 2021.

During the year ended 31 December 2023, the market vesting conditions for the LTIP awards granted in 2020 were not met, and all LTIP awards issued in 2020 were forfeited.

During the year ended 31 December 2022, additional LTIPs awards were granted to the Chairman and Senior Management. The awards were to vest over three years subject to the same employment conditions and performance conditions being met in 2024 based on defined ranges. There was an underpin condition such that no awards would vest if the debt leverage in the Group exceeded 4.0 times EBITDA at 31 December 2022. As this criterion had not been met all LTIP awards issued in 2022 were forfeited.

Equity-settled share-based payments were measured at fair value at the date of grant. The fair value determined, using the Binomial Probability Model together with Monte Carlo statistical method, at the grant date of equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will ultimately vest. The fair value of each award was determined by taking into account the performance conditions, the term of the award, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the award.

Non-market vesting conditions were taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period was based on the number of awards that eventually vest. Any market vesting conditions were factored into the fair value of the share-based payment granted.

To the extent that share-based payments are granted to employees of the Group's subsidiaries without charge, the share-based payment is capitalised as part of the cost of investment in subsidiaries.

The number of share awards granted by the Group during the period/year is given in the table below:

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| **At the beginning of the period** | **-** | 1,176,014 |
| Granted in the period | **-** | - |
| Cash settled in the period | **-** | - |
| Forfeited in the period | | (1,176,014) |
| **At the end of the period** | **-** | - |

**20 Long term incentive plans (continued)**

The weighted average remaining contractual life for the vesting period outstanding as at 30 June 2024 was nil years (31 December 2023: nil years). The weighted average fair value of shares granted during the period to 30 June 2024 was US$ nil (31 December 2023: US$ nil).

| | LTIP | LTIP | LTIP |
|---|---|---|---|
| Grant date | 14 Jun 2022 | 29 May 2020 | 15 Nov 2019 |
| Share price | £0.06 | £0.09 | £0.08 |
| Exercise price | £0.00 | £0.00 | £0.00 |
| Expected volatility | 102% | 120% | 102.79% |
| Risk-free rate | 2.17% | 0.01% | 0.48% |
| Expected dividend yield | 0.00% | 0.00% | 0.00% |
| Vesting period | 3 years | 3 years | 3 years |
| Award life | 3 years | 3 years | 3 years |

The expected share price volatility of Gulf Marine Services PLC shares was determined by considering the historical share price movements for a three-year period up to the grant date (and of each of the companies in the peer group). The risk-free return was determined from similarly dated zero coupon UK government bonds at the time the share awards were granted, using historical information taken from the Bank of England's records.

**21 Related party transactions**

Significant transactions with related parties during the period were as follows:

| | **30 June 2024 US$'000** | 30 June 2023 US$'000 |
|---|---|---|
| Catering services for vessel Pepper from National Catering Company Limited WLL | **82** | 402 |
| Vessel maintenance and overhaul services from Sigma Enterprise Company LLC | **597** | 156 |
| Laboratory services from Aman Integrated Solutions LLC | **3** | - |

## 21 Related party transactions (Continued)

Related party balances included in trade and other payables are as follows:

| | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| National Catering Company Limited WLL | **229** | 500 |
| Sigma Enterprise Company LLC | **993** | 500 |
| Aman Integrated Solutions LLC | **6** | 3 |

## 22 Events after the reporting period

Subsequent to the period end, the Group made prepayments towards the bank borrowings of US$ 11.0 million.

On 1 August 2024, the Group reached an agreement with commercial banks to refinance its current bank debt (refer to Note 2 for further details).

## 23 Reclassification

Certain figures have been reclassified since the comparative consolidated financial statements as presented below. We believe the revised presentation gives users better information to understand these condensed consolidated interim financial statements given the materiality of the warrants in the current period.

| | H1 2023 Before reclassification | Reclassifications | H1 2023 After reclassification |
|---|---|---|---|
| | US$'000 | US$'000 | US$'000 |
| ***Condensed consolidated statement of profit or loss and other comprehensive income*** | | | |
| Finance expense (Note 35) | (18,187) | 652 | (17,535) |
| Impact of change in fair value of warrants | - | (652) | (652) |

## 24 Glossary

Alternative Performance Measure (APMs) - An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

APMs are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and the Directors consider that they provide a useful indicator of underlying performance. Adjusted results are also an important measure providing useful information as they form the basis of calculations required for the Group's covenants. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies.

### 24 Glossary (continued)

Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure. In response to the Guidelines on APMs issued by the European Securities and Markets Authority (ESMA), we have provided additional information on the APMs used by the Group.

**Adjusted earnings per share** - represents the adjusted earnings attributable to equity holders of the Company for the period divided by the weighted average number of ordinary shares in issue during the period. The adjusted earnings attributable to equity shareholders of the Company is used for the purpose of basic gain per share adjusted for any exceptional items.

**Adjusted diluted earnings per share** - represents the adjusted earnings attributable to equity holders of the Company for the period divided by the weighted average number of ordinary shares in issue during the period, adjusted for the weighted average effect of share options outstanding during the period. The adjusted earnings attributable to equity shareholders of the Company is used for the purpose of basic gain per share adjusted by adding back impairment charges or writeback of impairment loss, and costs to acquire new bank facilities. This measure provides additional information regarding earnings per share attributable to the underlying activities of the business. A reconciliation of this measure is provided in Note 5 and 7.

**Adjusted net profit** – represents net profit after adding back costs of renegotiating bank terms. This measure provides additional information in assessing the Group's total performance that management is more directly able to influence and, on a basis, comparable from period to period. A reconciliation of this measure is provided in note 5 of these results.

**Average fleet utilisation –** represents the percentage of available days in a relevant period during which the fleet of SESVs is under contract and in respect of which a customer is paying a day rate for the charter of the SESVs.
Average fleet utilisation is calculated by adding the total contracted days in the period of each SESV, divided by the total number of days in the period multiplied by the number of SESVs in the fleet.

**Adjusted EBITDA -** represents operating profit after adding back depreciation, amortisation, non-operational items, impairment charges or reversal of impairment charges. This measure provides additional information in assessing the Group's underlying performance that management is more directly able to influence in the short term and on a basis comparable from period  to period .

**24 Glossary (continued)**

**Adjusted EBITDA margin -** represents adjusted EBITDA divided by revenue. This measure provides additional information on underlying performance as a percentage of total revenue derived from the Group.

**Adjusted gross profit/(loss) -** represents gross profit/loss after deducting reversal of impairment/adding back impairment charges. This measure provides additional information on the core profitability of the Group. A reconciliation of this measure is provided in Note 5.

**Cost of sales excluding depreciation and amortisation**– represents cost of sales excluding depreciation and amortisation. This measure provides additional information of the Group's cost for operating the vessels. A reconciliation is shown below:

| | **30 June 2024 US$'000** | 30 June 2023 US$'000 |
|---|---|---|
| Statutory cost of sales | **41,667** | 38,954 |
| Less: depreciation and amortisation *(Note 5)* | **(15,514)** | (14,170) |
| | **26,153** | 24,784 |

**EBITDA** - represents earnings before interest, tax, depreciation and amortisation, which represents operating profit after adding back depreciation and amortisation. This measure provides additional information of the underlying operating performance of the Group. A reconciliation of this measure is provided in Note 5.

In the current and comparative six months period there were no non-operational items or impairment charges or reversal of impairment charges and therefore EBITDA is equivalent to adjusted EBITDA.

**Margin** – revenue less cost of sales before depreciation, amortization and impairment as identified in Note 5 of the condensed consolidated interim financial statements.

**Net bank debt** - represents the total bank borrowings less cash and cash equivalents. This measure provides additional information of the Group's financial position. A reconciliation is shown below:

| | **30 June 2024 US$'000** | 31 December 2023 US$'000 |
|---|---|---|
| Bank borrowings | **245,939** | 275,939 |
| Less: cash and cash equivalents | **(7,440)** | (8,666) |
| | **238,499** | 267,273 |

**Net cash flow before debt service -** the sum of cash generated from operations and investing activities.

**24 Glossary** (continued)

**Segment adjusted gross profit** - represents gross profit after adding back depreciation, amortisation and impairment charges or reversal of impairment charges. This measure provides additional information on the core profitability of the Group attributable to each reporting segment. A reconciliation of this measure is provided in Note 4.

**Underlying performance -** day to day trading performance that management are directly able to influence in the short term.

Other Definitions

| | |
|---|---|
| **Average day rates** | we calculate the average day rates by dividing total charter hire revenue per month by total hire days per month throughout the p**eriod** and then calculating a monthly average. |
| **Backlog** | represents firm contracts and extension options held by clients. Backlog equals (charter day rate x remaining days contracted) + ((estimated average Persons On Board x daily messing rate) x remaining days contracted) +contracted remaining unbilled mobilisation and demobilisation fees. Includes extension options. |
| **Borrowing rate** | SOFR plus margin. |
| **Calendar days** | takes base days at 365 and only excludes periods of time for construction and delivery time for newly constructed vessels. |
| **Costs capitalised** | represent qualifying costs that are capitalised as part of a cost of the vessel rather than being expensed as they meet the recognition criteria of IAS 16 Property, Plant and Equipment. |
| **Day rates** | rate per day charge to customers per hire of vessel as agreed in the contract. |
| **Demobilisation** | fee paid for the vessel re-delivery at the end of a contract, in which client is allowed to offload equipment and personnel. |
| **DEPS/DLPS** | diluted earnings/losses per share. |
| **EIBOR** | The Emirates Interbank Offered Rate |
| **Employee retention** | percentage of staff who continued to be employed during the period (excluding retirements and redundancies) taken as number of resignations during the period divided by the total number of employees at the period end. |
| **EPC** | engineering, procurement and construction. |
| **ESG** | environmental, social and governance. |
| **Finance service** | the aggregate of<br>a) Net finance charges for that period; and<br>b) All scheduled payments of principal and any other schedule payments in the nature of principal payable by the Group in that period in respect of financing: |

| | |
|---|---|
| | i) Excluding any amounts falling due in that period under any overdraft, working capital or revolving facility which were available for simultaneous redrawing under the terms of that facility;<br>ii) Excluding any amount of PIK that accretes in that period;<br>iii) Including the amount of the capital element of any amounts payable under any Finance Lease in respect of that period; and<br>iv) Adjusted as a result of any voluntary or mandatory prepayment |
| **Debt Service Cover** | represents the ratio of Adjusted EBITDA to debt service. |
| **GCC** | Gulf Cooperation Council |
| **GMS core fleet** | consists of 13 SESVs |
| **Interest Cover** | represents the ratio of Adjusted EBITDA to Net finance charges. |
| **IOC** | Independent Oil Company. |
| **KPIs** | Key performance indicators. |
| **Lost Time Injuries** | any workplace injuries sustained by an employee while on the job that prevents them from being able to perform their job for a period of one or more days. |
| **Lost Time Injury Rate (LTIR)** | the lost time injury rate per 200,000 man hours which is a measure of the frequency of injuries requiring employee absence from work for a period of one or more days. |
| **Mobilisation** | fee paid for the vessel readiness at the start of a contract, in which client is allowed to load equipment and personnel. |
| **Net finance charges** | represents finance charges as defined by the terms of the Group's banking facility for that period less interest income for that period. |
| **Net leverage ratio** | represents the ratio of net bank debt to Adjusted EBITDA. |
| **NOC** | National Oil Company. |
| **OSW** | Offshore Wind. |
| **PIK** | Payment In Kind. Under the banking documents dated 31 March 2021, PIK is calculated at 5.0% per annum on the total term facilities outstanding amount and reduces to:<br>a 2.5% per annum when Net Leverage is between 4.0X and 5.0x<br>b Nil when Net Leverage reduces below 4.0x<br>PIK stops accruing at the PIK end date which is the earlier of leverage falling below 4.0X or loans being discharged. |
| **Restricted work day case (RWDC)** | any work-related injury other than a fatality or lost work day case which results in a person being unfit for full performance of the regular job on any day after the occupational injury. |
| **Secured day rates** | day rates from signed contracts firm plus options held by clients. |
| **Secured utilisation** | contracted days of firm plus option periods of charter hire from existing signed contracts. |
| **Security Cover (loan to value)** | the ratio (expressed as a percentage) of Total Net Bank Debt at that time to the Market Value of the Secured Vessels. |
| **SESV** | Self-Elevating Support Vessels. |

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|---|---|
| **SG&A spend** | means that the selling, general and administrative expenses calculated on an accruals basis should be no more than the SG&A maximum spend for any relevant period. |
| **SOFR** | Secured Overnight Financing Rate |
| **Total Recordable Injury Rate (TRIR)** | calculated on the injury rate per 200,000 man hours and includes all our onshore and offshore personnel and subcontracted personnel. Offshore personnel are monitored over a 24-hour period. |
| **Underlying G&A** | underlying general and administrative (G&A) expenses excluding depreciation and amortisation, restructuring costs, and exceptional legal costs. |
| **Utilisation** | the percentage of calendar days in a relevant period during which an SESV is under contract and in respect of which a customer is paying a day rate for the charter of the SESV. |
| **Vessel operating expense** | Cost of sales before depreciation, amortisation and impairment, refer to Note 5. |

**Cautionary Statement**

This announcement includes statements that are forward-looking in nature. All statements other than statements of historical fact are capable of interpretation as forward-looking statements. These statements may generally, but not always, be identified by the use of words such as ‘will’, ‘should’, ‘could’, ‘estimate’, ‘goals’, ‘outlook’, ‘probably’, ‘project’, ‘risks’, ‘schedule’, ‘seek’, ‘target’, ‘expects’, ‘is expected to’, ‘aims’, ‘may’, ‘objective’, ‘is likely to’, ‘intends’, ‘believes’, ‘anticipates’, ‘plans’, ‘we see’ or similar expressions. By their nature these forward-looking statements involve numerous assumptions, risks and uncertainties, both general and specific, as they relate to events and depend on circumstances that might occur in the future.

Accordingly, the actual results, operations, performance or achievements of the Company and its subsidiaries may be materially different from any future results, operations, performance or achievements expressed or implied by such forward-looking statements, due to known and unknown risks, uncertainties and other factors. Neither Gulf Marine Services PLC nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. No part of this announcement constitutes, or shall be taken to constitute, an invitation or inducement to invest the Company or any other entity and must not be relied upon in any way in connection with any investment decision. All written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above.