

Hawk Debtco Group 2022 Quarter 1 Financial Results (Unaudited)



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HAWK DEBT CO GROUP

Company Name	Hawk Debtco Limited
Company Number	SC431042
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Website	www.sparrowsgroup.com
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Secretary	Pinsent Masons Secretarial Limited
Bankers	Royal Bank of Scotland Plc 1 Albyn Place Aberdeen AB10 1BR
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International Securities Identification Number (ISIN)	NO0010911928
TICKER	HAWK01



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Q1 2022 Trading Performance Highlights

- Q1 2022 Revenue was £54.4m vs £42.2m in Q1 2021, an increase of 28.9%. Reflecting a continuing strong portfolio of diversified energy services, products and market position
- Q1 2022 Underlying EBITDA was £6.2m vs £5.0m in Q1 2021, an increase of 24.0%
- LTM Revenue was £220.0m, an increase of £12.3m v Full Year 2021 of £207.7m
- LTM EBITDA was £30.0m, an increase of £1.2m from Full Year 2021 of £28.8m

Note:

1. Underlying EBITDA (Earnings before interest, tax, depreciation and amortisation) is provided before exceptional items
2. All figures IFRS (IAS 34) unless otherwise stated



Hawk Debtco Group – Condensed consolidated statement of profit or loss

	£'000	£'000	£'000
	Q1 2022	Q1 2021	FY 2021
Group Revenue	54,418	42,155	207,742
Cost of sales (including exceptional costs)	(44,114)	(33,540)	(164,420)
Gross Profit	10,304	8,615	43,322
Administrative expenses	(6,133)	(5,594)	(22,145)
Other operating income	-	50	1,249
Group Operating Profit	4,171	3,071	22,426

Non-GAAP analysis of results before operating profit:			
Underlying EBITDA	6,202	5,017	28,775
Depreciation	(723)	(791)	(3,118)
Amortisation of right of use assets	(835)	(843)	(3,400)
Amortisation of intangible assets	(69)	(82)	(328)
Joint venture share of EBITDA	(64)	(67)	(536)
Exceptional costs - cost of sales	-	(86)	(219)
Exceptional (costs)/income - administrative	(340)	(77)	1,252

Finance costs (net)	(6,273)	(1,232)	(20,962)
Share of profit before tax in joint ventures	56	55	476
Profit / (loss) before taxation	(2,046)	1,894	1,940
Tax on profit/(loss)	(584)	(207)	(2,350)
Profit/(loss) for the financial year	(2,630)	1,687	(410)
Profit/(loss) attributable to :			
Equity holders of the parent	(2,556)	1,735	(837)
Non-controlling interests	(74)	(48)	427
	(2,630)	1,687	(410)



Hawk Debtco Group – Condensed consolidated Statement of comprehensive income

	£'000 Q1 2022	£'000 Q1 2021	£'000 FY 2021
Profit/(loss) for the financial year	(2,630)	1,687	(410)
Other comprehensive income:			
Items that will be reclassified to the profit or loss:			
Exchange gains arising on translation of foreign operations	(69)	(190)	1,438
Total comprehensive income / (expense)	<u>(2,699)</u>	<u>1,497</u>	<u>1,028</u>
Attributable to:			
Equity holders of the parent	(2,632)	1,303	266
Non-controlling interests	<u>(67)</u>	<u>194</u>	<u>762</u>
	<u>(2,699)</u>	<u>1,497</u>	<u>1,028</u>



Hawk Debtco Group – Condensed consolidated statement of financial position

	£'000 31-Mar-22	£'000 31-Mar-21	£'000 31-Dec-21
ASSETS			
Non-current assets			
Intangible assets	92,929	93,237	92,994
Right of use assets	11,333	14,348	11,930
Property, plant and equipment	9,550	10,264	9,218
Deferred tax assets	19,976	18,798	19,674
Investment in joint venture	883	481	703
	<u>134,671</u>	<u>137,128</u>	<u>134,519</u>
Current assets			
Inventories	2,658	3,301	2,443
Trade and other receivables	42,871	32,786	42,994
Contract assets	23,929	19,368	20,860
Cash and cash equivalents	19,471	18,402	16,386
	<u>88,929</u>	<u>73,857</u>	<u>82,683</u>
TOTAL ASSETS	<u>223,600</u>	<u>210,985</u>	<u>217,202</u>
LIABILITIES			
Current liabilities			
Trade and other payables	16,562	10,289	14,377
Contract liabilities	1,959	5,028	1,764
Income tax liabilities	1,253	228	1,516
Lease liabilities	2,843	2,605	2,663
Provisions	795	883	917
Accruals	19,330	18,290	17,089
	<u>42,742</u>	<u>37,323</u>	<u>38,326</u>
Non-current liabilities			
Long term debt	87,112	87,691	86,410
Shareholder loan notes	10,842	9,686	10,756
Amounts owed to group undertakings	179,033	164,274	174,398
Lease liabilities	9,566	12,528	10,321
Provisions	312	832	463
Accrued shareholder loan interest	1,746	1,155	1,582
	<u>288,611</u>	<u>276,166</u>	<u>283,930</u>
EQUITY			
Called up share capital	24,403	24,403	24,403
Retained earnings	(132,689)	(129,020)	(130,057)
	<u>(108,286)</u>	<u>(104,617)</u>	<u>(105,654)</u>
Non-controlling interest	533	2,113	600
TOTAL EQUITY	<u>(107,753)</u>	<u>(102,504)</u>	<u>(105,054)</u>
TOTAL EQUITY AND LIABILITIES	<u>223,600</u>	<u>210,985</u>	<u>217,202</u>



Hawk Debtco Group – Condensed consolidated statement of equity

	£'000	£'000	£'000	£'000	£'000	£'000
	Called up share capital	Share Premium Account	Profit and loss account	Total attributable to owners of parent	Non- controlling interest	Total equity
Balance as at 1 January 2021	24,403	-	(130,323)	(105,920)	1,919	(104,001)
Profit/(loss) for the quarter	-	-	1,735	1,735	(48)	1,687
Other comprehensive income/(expense) for the quarter	-	-	(432)	(432)	242	(190)
Dividends	-	-	-	-	-	-
Balance as at 31 March 2021	24,403	-	(129,020)	(104,617)	2,113	(102,504)
Balance as at 1 January 2022	24,403	-	(130,057)	(105,654)	600	(105,054)
Profit/(loss) for the quarter	-	-	(2,556)	(2,556)	(74)	(2,630)
Other comprehensive income/(expense) for the quarter	-	-	(76)	(76)	7	(69)
Dividends	-	-	-	-	-	-
Balance as at 31 March 2022	24,403	-	(132,689)	(108,286)	533	(107,753)



Hawk Debtco Group – Condensed consolidated cashflow statement

	£'000 Q1 2022	£'000 Q1 2021
Net cash from operating activities	5,057	3,971
Taxation paid	(1,112)	(653)
Net cash generated from operating activities	3,945	3,318
<i>Cash flow from investing activities:</i>		
Capital expenditure	(868)	(242)
Return on investment	-	58
Net cash used in investing activities	(868)	(184)
<i>Cash flow from financing activities:</i>		
Repayment of lease liabilities	(866)	(855)
Debt issue costs	(63)	(2,801)
Interest paid - other	(58)	(42)
Net cash used in financing activities	(987)	(3,698)
Net increase/(decrease) in cash and cash equivalents	2,090	(564)
Cash and cash equivalents at the beginning of the year	16,386	19,176
Exchange gain/(loss) on cash and cash equivalents	995	(210)
Cash and cash equivalents at the end of the year	19,471	18,402



Hawk Debtco Group – Notes

1 Segmental Reporting

Segmental information by industry type

	£'000 Q1 2022	£'000 Q1 2021	£'000 FY 2021
Revenue:			
Offshore Energy and Industrial	46,237	36,898	176,308
Renewables	8,181	5,257	31,434
Non-segmental costs	-	-	-
	54,418	42,155	207,742
Underlying gross profit:			
Offshore Energy and Industrial	8,271	7,308	36,306
Renewables	2,033	1,393	8,215
Non-segmental costs	-	-	-
	10,304	8,701	44,521
EBITDA:			
Offshore Energy and Industrial	8,271	7,308	36,306
Renewables	2,033	1,393	8,215
Non-segmental costs	(4,102)	(3,684)	(15,746)
	6,202	5,017	28,775

Revenue represents external revenue for each segment.

Sparrows offers a mission-critical toolkit of specialist services to two key end-markets that are highly focused on equipment, product and operational safety and integrity.

Offshore energy and Industrials – Best-in-class integrated multi-disciplined engineering and maintenance solutions provided to the offshore energy industry, with a particular focus on offshore platforms. Sparrows offering includes mechanical handling, fluid power and provision of specialist equipment as well as integrated engineering services, primarily for O&M. Upstream customers include O&G operators, EPCs, Original Equipment Manufacturers (OEMs), drillers, vessel owners and platform and FPSO operators,

Industrial work involves specialist engineering, inspection and O&M services offered to international industrial plants and facilities. Major customers include global manufacturing, processing and service companies.

Renewables – Through its brand Alpha, Sparrows provides a wide selection of O&M services for on- and offshore wind turbines, particularly; blade inspection and repair, regular inspection and component replacement, supervision of commissioning work. Major customers include some of the largest OEMs and wind farm operators.

It is not possible to allocate assets and liabilities to the 3 segments identified, as these assets and liabilities serve all segments.



Hawk Debtco Group – Notes

2 General

1. General

This condensed consolidated interim financial report for the quarter-year reporting period ended 31 March 2022 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting. All quarterly financial data reported is unaudited.

2. Forward-looking statements

Where the interim management report contains forward-looking statements. Such statements are based on current expectations and assumptions and are subject to risk factors and uncertainties which we believe are reasonable. Accordingly, Sparrow's actual future results may differ materially from the results expressed or implied in these forward-looking statements. We do not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

3. Risks and uncertainties

The management of the business and the execution of the company's strategies are subject to a number of risks. Refer to the Prospectus dated 20 February 2022 and annual audited financial statement for year end 31 December 2021 on the Company website for further detail on potential risk factors.

4. Statement of going concern

A Euro 110,000,000 Fixed rate bond was issued in December 2020. In addition a super senior revolving credit facility of £15m was put in place, which is undrawn at 31 December 2021 and March 2022. As a result of this financing, together with the strong trading and cash generation of Group since the refinancing, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the financial statements.

5. Material accounting estimates

In connection with the preparation of the interim report, Management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of Hawk Debtco Group's assets and liabilities for accounting purposes. There are no significant changes in the material estimates or assessments presented in Hawk Debtco Limited's Annual Report for 2021.

6. Seasonality and cyclicalities

Sparrows' operations and maintenance focus and global operations help mitigate some regional seasonality, however Q1 is typically a seasonally lower quarter because of adverse weather impacting personnel mobilisations and operations. Alpha's legacy focus on Nordic markets also contributes to seasonality, however with its increased internationalisation, reduction in seasonality is recognised.



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reliability and safety of your critical equipment
and people.**