Quinn Fanning: Welcome to Expro's first quarter 2023 conference call. I am joined today by Expro CEO, Mike Jardon. First Mike and I will share our prepared remarks. Then we will open it up for questions.

We have an accompanying presentation on our first quarter results that is posted on the Expro website, expro.com, under the Investors section. In addition, supplemental financial information for the first quarter and prior periods is downloadable on the Expro website, likewise under the Investors section.

I'd like to remind everyone that some of today's comments may refer to or contain forward-looking statements. Such remarks are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such statements speak only as of today's date, and the company assumes no responsibility to update forward-looking statements as of any future date.

The company has included in its SEC filings, cautionary language identifying important factors that could cause actual results to be materially different from those set forth in any forward-looking statements.

A more complete discussion of these risks is included in the company's SEC filings, which may be accessed on the SEC's website, sec.gov, or on our website at expro.com. Please note that any non-GAAP financial measures discussed during this call are defined and reconciled to the most directly comparable GAAP financial measure in our first quarter 2023 earnings release, which can also be found on our website.

With that, I'd like to turn the call over to Mike.

Mike Jardon: Thank you, Quinn. Good morning and good afternoon, everyone.

As noted in our press release, Q1 2023 revenue was up 21% year-over-year and, consistent with prior guidance, was down just modestly compared to a strong fourth quarter of 2022. Recognizing that our first quarter is typically impacted by the winter season in the Northern Hemisphere and customer budget dynamics, I am pleased with our start to 2023 in terms of revenue performance. However, delivery challenges with several projects negatively impacted our Adjusted EBITDA performance relative to expectations.

More specifically, as was noted in our press release, we recognized approximately $11 million of unrecoverable mobilization, start-up, and commissioning costs on several projects in APAC that we had not anticipated when we provided Q1 guidance. Other positive and negative variances in Q1 were generally small and largely off-setting.

Excluding such mobilization, start-up and commissioning costs, Q1 2023 Adjusted EBITDA and Adjusted EBITDA margin would have been $53 million and 16%, respectively, which is directionally consistent with our expectations for the March quarter as of our last earnings conference call. Also excluding LWI-related costs, Q1 2023 Adjusted EBITDA would have been roughly 35% higher than Q1 2022 Adjusted EBITDA.

In regards to our vessel-deployed, light well intervention, or LWI, system, we commenced commercial operations with one of the Super Majors offshore Australia in late March. Operations have now been on-going for about a month, with two well de-suspensions completed to date. After several quarters of start-up and commissioning issues, this is an important milestone for our light well intervention service.

We have also secured additional work for the LWI system on a well decommissioning project in APAC and, over the next couple of quarters, we will be focused on improving execution, including vendor management and service partner coordination; demonstrating our broad capabilities in vessel-deployed light well intervention; and building the case to extract more value for the services and solutions that we provide.

As Quinn will discuss, we maintain our previous full-year revenue and margin guidance. We expect Q2 results will reflect a seasonal recovery in activity in the North Sea and, more broadly, a continued ramp up in activity

across geographies. Based on what we know today, Adjusted EBITDA margin is expected to expand sequentially by more than 300 basis points, reflecting a non-repeat of the extraordinary costs that were recognized in the first quarter, a better business mix, and improved operating leverage.

Our view remains that the fundamental backdrop for energy services is quite constructive, with long-cycle development and capacity expansion projects supporting a growth phase that will be multi-year in duration, span all phases of oil and gas development, and include all operating environments.

On balance, the long-term demand outlook is favorable. Though the near-term US economic outlook is uncertain, post-lockdown increases in demand led by China should result in an overall demand recovery in H2 2023. OPEC+ appears committed to supporting oil prices, non-OPEC supply growth has been constrained to date, and global inventories are below average. I'll note that building US gas inventories are the exception here, with additional LNG export capacity likely the medium-term solution.

Turning to the energy services sector, while the consensus view seems to be that growth for the US onshore market has reached a plateau, we see momentum continuing to build in the international and offshore markets that Expro is most active in.

We entered 2023 with a healthy order book, and I am pleased that we have continued to build on this momentum. In Q1, we captured more than $350 million in additional work by leveraging global relationships and the breadth of our portfolio of capabilities, and by capitalizing on a strong resurgence of activity.

Over the next several years, the offshore market is expected to attract investment capital in amounts not seen in over a decade, largely because of the limited investment in upstream oil production during the last 5 plus years and an expected increase in oil demand to pre-pandemic levels.

With increasing urgency, operators are looking to replace produced reserves and add capacity to meet projected demand growth. As large-scale developments that are planned across multiple basins progress, particularly in Latin America, those projects will likely draw down available global capacity within the energy services and equipment industry. We expect that this dynamic will create pricing tailwinds as 2023 unfolds and the calendar turns to 2024.

We also expect that constructive commodity prices and energy security considerations will continue to incentivize new exploration and appraisal campaigns, particularly offshore West Africa and in the Eastern Mediterranean. Increased E&A should contribute to a favorable supply/ demand dynamic for value-added energy services providers such as Expro and provide our company with further scope for net pricing gains.

Perhaps most importantly, the resurgence in E&A should extend the current offshore growth cycle.

We continue to demonstrate our capabilities on frontier field developments. For example, in West Africa, our services and solutions are helping operators more fully participate in the significant and growing global market for liquefied natural gas, or LNG.

As previously disclosed, ENI awarded Expro a 10-year, fast-track production solutions contract for an onshore pre-treatment facility in Congo that is designed to increase LNG capacity, in part to address European demand for low-carbon electricity generation. We were pleased to win this important project, and our team is working to deliver the cost-effective, innovative solutions that our client has come to expect from Expro.

Expro also has a long history of teaming up with service partners when a combination of complimentary capabilities, operating footprints, and relationships that can result in better outcomes for the client. In this spirit, we recently entered a strategic alliance with one of the large service companies to supply our leading subsea technologies on a global basis, and to work collaboratively for new subsea completion,

decommissioning, and intervention work scopes by supplying in-riser, open-water, and surface applications.

We are delighted to have secured the first commitment under this new arrangement with the award of a $40 million contract for the sale of subsea equipment for a multi-well development in Angola. We believe this alliance provides an excellent platform for our organizations to work together and leverage the respective strengths of industry leaders for the benefit of our combined customer base.

In the first quarter, we also completed the acquisition of cementing specialists, DeltaTek Global, and are generating significant market interest in the innovative technologies that this acquisition brings to Expro.

DeltaTek's experienced leadership team has an excellent track record of developing and deploying cementing technologies for the offshore market, with operations across the UK and Norway. Our intent is to increase the penetration of DeltaTek's business into the Gulf of Mexico, West Africa and Asia-Pacific markets by combining Expro's global operating footprint and award-winning cement head technologies with DeltaTek's range of open-water cementing solutions to increase client's operational efficiency, delivering rig time and cost savings, and to improve the quality of cementing operations.

Expro's Distributed Fibre Optic Sensing, or DFOS, product line was shortlisted by a major client in the UK for their Global Innovation Award. This is in recognition of performance delivered on the Culzean project in the UK, whereby DFOS was able to provide the first ever production profile data in a high-rate gas well and is being positioned to be rolled out as a standard solution for their well stock. As you may recall, our DFOS-enabled data acquisition and data interpretation capabilities were expanded with the 2022 acquisition of SolaSense.

We highlighted several other operational achievements, technology awards and regional highlights in our press release and in the slide presentation that was posted today at expro.com. As I have done on previous calls, I will call attention to a few noteworthy achievements in the quarter to give new participants a better sense of Expro's services, and all participants a sense of business momentum within the sector and at Expro.

Our Well Construction product line continues to reinforce its position as the premium provider of tubular running services, with a leading position in complex wells, good exposure to deep-water and ultra deep-water development, and an advantaged position in key growth markets. Well construction, like drilling, is more levered to early-cycle activities, which should better position Expro for the large offshore development projects that are starting to ramp up around the world.

As the backlog of offshore deepwater and ultradeep water projects continues to build, clients will look to secure high-end TRS and subsea landing string capacity going forward and we believe that Expro remains a first call. The combination of market structure, capacity constraints and differentiated technology should provide these product lines, in particular, with scope for improved pricing.

Moving on to some regional commentary,

In North and Latin America, or NLA:

Within Well Construction, I want to commend our Brazilian tubular running services team and congratulate them for achieving 9 years without Lost Time Incident.

The Brazil team also retained a multi-million-dollar wireline intervention contract for a key client. This is a three-year award for provision of offshore slickline services that represents most of our Brazil wireline operations.

We also secured an 18-month contract for provision of Tubular Running Services on the Bacalhau field offshore Brazil, due to Expro's technical offering and reputation for service delivery.

From a technology standpoint, in Brazil, we successfully deployed our award-winning Centri-Fi Consolidated Control Console for a major customer, which is a new technology deployment and an important part of our broader digital strategy. Centri-Fi is a safety and automation technology that provides hands-off control for a single operator on multiple tools, with a tablet interface that allows operator mobility and provides real-time visibility of equipment status to drillers and their supervisors.

Also within the North and Latin America, or NLA, region, we won a Subsea Well Access contract extension for a further 24-months on a major client's mature assets in the U.S. Gulf of Mexico. Service quality was the key driver in securing the extension as Expro has been this client's Subsea Large Bore provider on these assets in the Gulf of Mexico since 2006.

Additionally, in the Gulf of Mexico, our Well Construction team successfully completed two long-term well suspensions for a super-major utilizing both 14" and 9 5/8" BRUTE packers, which were suspended for approximately 6 months in the well. This is an important accomplishment for our BRUTE well isolation system.

Our fluids analysis team is also working with a customer in Colombia to carry out the first sampling in Colombia of clean hydrogen. Our participation in the hydrogen market is in its early stages, but this is a market with significant potential for further development.

Moving on to Europe and Sub-Saharan Africa:

Expro's Subsea Well Access team was recently awarded plug and abandonment work in the UK sector of the North Sea, winning a twelve-month scope for an upcoming nine-well project. Expro developed a bespoke equipment package for this work to meet specific requirements of the customer.

Expro also completed a multi-well campaign for a customer in the Turkish sector of the Black Sea during the first quarter. This high-rate gas clean-up and measuring system, with flow rates in excess of 100 mscf, included data-to-desk services for remote monitoring and data quality control. In addition to the rig services, Expro provided the reservoir engineering analysis, providing data interpretation services. This integrated services contract also included well intervention services as well as TRS, well test and data gathering services. Expro's services were delivered without a lost time incident and with zero NPT on this nine well project.

Our UK-based Well Construction team was also awarded multiple contracts during the March quarter, including TRS support for multiple mobile offshore drilling units (MODUs) and platforms in the North Sea and west of Shetland. The contract includes drilling, completions, and abandonment work scopes and, importantly, we will be delivering equipment to eliminate personnel in the red zone and to improve drilling efficiency.

Well Construction also captured a new, three-year TRS contract for work offshore Denmark from a long-term incumbent.

Finally, we are pleased to have extended a multi-services contract with a key client in the UK, demonstrating the breadth of our portfolio and the value of Expro technologies. This is a three-year extension to an existing wireline services contract – with well test and TRS services now formally added to the contract – and Expro is now the preferred supplier for these services. Value-adding technologies such as DFOS, our CoilHose light well circulation system, and our Octopoda annular intervention system are also included.

Moving to Sub-Saharan Africa, Expro is providing hydrate remediation services for a major international client in Mauritania**,** utilizing our CoilHose technology. As compared to coiled tubing, our CoilHose solution delivered cost savings with a reduced equipment footprint, while retaining a fast response capability and delivering operational safety benefits.

Also in Mauritania, we have secured a contract for the provision of well test and TRS services for a five-well, rig-based subsea plug and abandonment project.

It is also noteworthy that our team in Takoradi, Ghana celebrated 14 years with zero recordable safety incidents. This base is currently servicing a long-standing client's Ghana value maximisation plan, which is a multi-year, multi-well campaign led by our Well Intervention & Integrity product line. This major client also recently commended Expro for our strong commitment to rig safety culture and "one team" approach, and we congratulate the team for their dedication to delivering to the highest levels of safety and quality.

In Namibia, we delivered a wireless reservoir monitoring solution to a major client. This technology will enable the customer to efficiently gather the reservoir information required to optimize development plans for this exciting new frontier project.

We were also awarded a new contract for Subsea Large Bore Electro-Hydraulic Services for two upcoming wells in offshore Congo. The work is scheduled to commence in the summer of 2023.

As a final highlight of activity in the ESSA region, in Tanzania, we successfully completed our first Slick-E-Line operations in Sub-Saharan Africa. This four-well perforating campaign will utilize Expro's proprietary eXequor trigger system, combining the efficiency of slickline and the control provided by real time monitoring.

Historically, Expro has maintained a very strong position in the West African markets, and we are encouraged by the resurgence in activity and the uptick in exploration and appraisal activity. With vast resources and good access to demand markets, security of supply concerns are serving as a new catalyst for operator investment in Africa.

In the Middle East and North Africa:

We secured a 20-month TRS contract with a key client in the United Arab Emirates. This multi-million-dollar contract is a great example of sales professionals working in collaboration with the client to meet their needs and develop valuable business, and we are delighted to further enhance our relationship with this important customer.

Additional TRS activity in the UAE has also provided us with an opportunity to introduce new technologies, including our new Triple Catwalk, which facilitates the manipulation of triple stands of drill pipe and doubles of casing from the pipe rack to the rig floor, thereby delivering improved drilling efficiencies.

In Saudi, we are pleased to have been awarded a long form contract, covering well test activity for drilling and workover rigs.

In Iraq, we have secured a five-year contract for clamp-on meters for a major client, covering single and multiphase clamp-on sonar meters for flow surveillance.

And in Egypt, we were awarded two-year contract extensions for well testing, drill stem testing and TRS services.

Capacity expansion projects in the Middle East will attract significant investment over the next decade, and we remain focused on building upon Expro's currently strong positions in markets such as Saudi Arabia, the

UAE, Egypt, and Algeria. In addition to providing traditional services such as TRS, well test, and wireline, we are well-positioned in MENA to provide early production, production optimization, and emissions management solutions in support of ongoing capacity expansion and carbon reduction initiatives.

In the Asia-Pacific region, or APAC:

In addition to the subsea projects that I mentioned earlier, also in Australia, we were awarded a contract to provide our rig-deployed Intervention Riser System, utilizing Expro's Direct Hydraulic controls, for the de-suspension of an initial ten development wells followed by a further planned eighteen wells. The contract duration is 22 months. For this same client in Australia, we have also secured an award to provide well testing services for a two well exploration campaign.

In Brunei, we were awarded a two-year extension for well test, subsea, DST/TCP and fluids services.

And in Malaysia, we were awarded a new contract to provide subsea landing strings and a well testing package for a deep-water exploration well. This is a good example of coordination across product lines to deliver value to the client and win new business.

Our Malaysian client recently presented Expro with its Triple Star Safety Performance Award, highlighting the performance of our TRS team and their commitment to safety and service quality. While Expro was initially not part of an integrated services award, our business development team worked with the client to determine a discrete services proposal. Like the subsea services alliance that I referenced earlier, this is an excellent example of professionalism, collaboration, and coordination with other service partners to deliver value to our clients.

Additionally, in Malaysia, our TRS team was successful in winning a contract for provision of TRS services for a three-year TRS and Conductor Installation contract.

And finally, in Indonesia, Expro secured a well test contract for an additional well after a successful earlier campaign.

Turning to New Energy intiatives:

Turning to Sustainability, we are proud to have published Expro's 2022 Sustainability Review at the end of March. This comprehensive publication showcases the progress we continue to make in our journey to embed our Environmental, Social and Governance strategies into everything that we do, both within our business and in the communities in which we operate.

This is our second annual ESG report and we believe it is an excellent reflection of the cross-company efforts to progress our own carbon-reduction capabilities and support our customers in achieving their goals.

You can view the full report at expro.com.

Our geothermal business continues to develop globally. We are working to advance new strategic partnerships as we target, for example, the European geothermal heating market. As noted in our press release, we recently completed the integration of Expro's facilities in Den Helder, providing operational efficiencies across product lines. This world class facility will not only support our Netherlands operations but also our expansion into the geothermal business across Europe.

We also continue to advance our strategy to grow our business in the carbon capture, usage and storage sector, further strengthening our Portfolio Advancement organization to manage the evolving industry needs around carbon capture and, more broadly, to support decarbonization initiatives within the energy industry.

Before I turn the call over to Quinn, I would like to provide some perspective on trends we are observing in the market.

The market outlook for 2023 continues to improve, building on liquids consumption growth in 2022, with demand likely to surpass pre-pandemic levels in the second half of the year, driven by steady recovery in the Middle East, China and India, and growth in domestic aviation and global transportation fuel demand.

Global liquids production is anticipated to increase slightly in 2023, with supply increases from non-OPEC countries expected to be offset by continued OPEC+ restraint that is consistent with the output cuts that were announced in October 2022 and reaffirmed in April 2023.

As noted earlier, our sense is that OPEC leadership in the Middle East is committed to managing supply and supporting oil prices until global economic activity reaches a post-pandemic equilibrium sometime in the second half of 2023. Our customer dialogue indicates no retreat from the ambitious capacity additions and spending plans that have been announced.

As a result, liquids supply and demand should remain in relative balance over the medium-term, supporting high and generally stable oil prices, consistent with the EIA's average Brent forecast of roughly $85/bbl for 2023, and a longer-term outlook that has oil prices remaining at a profitable level for operators.

Roughly 80% of new offshore projects to be sanctioned have a breakeven price below $40/bbl according to recent analysis by Rystad. As deepwater barrels are also considered to be carbon advantaged relative to other energy alternatives, we believe that there are fundamental drivers that underpin a strong, multi-year offshore market outlook.

Natural gas prices appear to be stabilizing, down substantially from demand destructive levels seen at the beginning of Russia's ongoing war with Ukraine. Following the invasion, energy policy in the US and Europe began to pivot in 2022, and consequently momentum has shifted from phasing out natural gas to reducing emissions from natural gas while potentially cleaner alternatives are developed and deployed.

We share the view that has been expressed by several Wall Street analysts that a pragmatic path toward global net zero will likely rely on gas as a transition fuel and potentially as a structural source of low carbon electricity generation.

While we expect IOC capital investment to remain disciplined, overall upstream investment is forecast to exceed pre-COVID levels this year as operators look to increase production, in part to replace Russian barrels, and governments focus on energy security and renewed economic development. With macroeconomic pressures beginning to ease in the second half of the year, the outlook remains positive for the energy services sector, and we believe demand for our services and solutions will continue to grow throughout 2023 and into 2024.

Activity is continuing to rise as operators are striving to increase production from existing assets and develop new fields offshore and in deepwater especially. Motivated by sustainable development considerations, operators are also prioritizing gas and LNG projects.

As a result, offshore rig activity is continuing to increase especially in Latin America and across our ESSA, MENA and APAC regions as operators look to progress new developments such as in Guyana, Norway, Angola and Egypt, and increase exploration such as in Namibia. Expected increases in deep-water and ultra deep-water activity should favour our Well Construction and Subsea Well Access businesses and elements of our Well Flow Management business, which combined, represent about 65% of Expro's business.

The Energy Trilemma – energy security, energy transition and supply diversification – is increasingly underpinning policy and investments. As I noted earlier, this is driving increased activity in gas and LNG production across North and sub-Saharan Africa, North America and the Middle East. We continue to see further demand for production related technologies in these areas, traditionally a core strength of Expro, building upon recent high value contract awards.

Operators are looking to make the most out of their existing oil and gas fields and prior investments, capitalizing on the sustained strong commodity pricing to reduce well productivity decline, extend asset life and reduce the amount of methane emissions from their overall fossil fuel operations. Consequently, we are seeing increasing demand for our Well Intervention & Integrity, and elements of our Well Flow Management product lines in support of these brownfield enhancement programs especially across the APAC and Latin America regions. These services collectively represent about 35% of our business.

With increased activity and demand, our company and the broader energy services sector are experiencing increased utilization of people and assets and a tightening of supply, which is supporting ongoing initiatives to raise prices and extract more value for our services and solutions.

Coupled with sustained increases in operators' upstream expenditures and the resulting increase in activity, the outlook for the sector and Expro is resoundingly positive.

With that I will hand over to Quinn to discuss our financial results.

Quinn Fanning: Thank you, Mike.

To recap, first quarter revenue was $339 million, which was up by $59 million, or 21%, year-over-year. The increase in revenue was driven by higher activity, primarily in NLA and ESSA. Sequentially, revenue was down by $12 million, or approximately 3%, relative to the fourth quarter of 2022, largely reflecting historic seasonal patterns.

First quarter contribution margin, which is essentially cash-basis gross profit, was 34%, with start-up delays on our riserless well intervention system resulting in unrecoverable and unanticipated costs.

As Mike noted, the vessel-deployed LWI system became operational late in the first quarter of 2023, and we expect that LWI-related headwinds experienced in the first quarter will be non-recurring, or at least not material to go-forward consolidated results.

Excluding mobilization, start-up and commissioning costs, contribution margin for the first quarter of 2023, fourth quarter of 2022, and first quarter of 2022 was 37%, 40%, and 37%, respectively, with the sequential trend (as adjusted) reflecting activity mix.

First quarter support costs, at $76 million, totalled 22% of group revenue. Support costs were up ~$5 million both sequentially and relative to the first quarter of 2022, primarily reflecting higher labor costs. Support costs as a percentage of revenue were up ~2 percentage points relative to the fourth quarter of 2022 and were down ~3 percentage points relative to the first quarter of 2022.

At 22% of revenue, support costs are down ~9 percentage points relative to the combined support costs of Expro and Frank's in Q4 2020, which was the last full quarter prior to the announcement of the merger.

Adjusted EBITDA for Q1 2023 was approximately $42 million, representing a $5 million, or 14%, increase year-over-year, and a sequential decrease of approximately $28 million, or 40%, relative to the December quarter.

Adjusted EBITDA margin in Q1 2023 was 12% as compared to 13% in Q1 2022 and 20% in Q4 2022.

Like contribution margin, the sequential decrease in Adjusted EBITDA is primarily attributable to $11m of LWI-related mobilization, start-up and commissioning costs in APAC.

The remaining sequential decrease in Adjusted EBITDA and Adjusted EBITDA margin primarily reflects lower revenue and a less favorable activity mix, which was most pronounced in the ESSA, and MENA regions.

Seasonally lower activity, revenue and contribution margin also resulted in reduced operating leverage as highlighted by the sequential increase in support costs as a percentage of revenue. In addition, our Q1 *equity in earnings of unconsolidated affiliates* reflects sequentially lower JV earnings.

In Europe, higher margin services activity such as well test was down sequentially, which (again) is consistent with historic seasonal patterns. To a large extent, the Q1 reduction in European activity was replaced with production solutions revenue that was generated in Sub-Saharan Africa, albeit at a lower average margin.

MENA results primarily reflect equipment moving between contracts, particularly in Algeria, and associated lost revenue and mobilization costs. We also had equipment sales in ESSA and MENA in Q4 2022 that were not repeated in Q1 2023.

Excluding $11 million of LWI-related mobilization, start-up and commissioning costs, Q1 Adjusted EBITDA for the group would have been $53 million and Adjusted EBITDA margin would have been 16%. Without LWI-related costs, Adjusted EBITDA and Adjusted EBITDA margin in Q4 2022 and Q1 2022 would have been $75 million and $39 million, respectively, and 21% and 14%, respectively.

Also adjusted for LWI-related costs, Q1 Adjusted EBITDA was up about 35% year-over-year.

Adjusted net income for the first quarter of 2023 was flat compared to the first quarter of 2022 and was down compared to fourth quarter adjusted net income of $0.22 per diluted share, primarily reflecting lower Adjusted EBITDA.

Results for the first quarter of 2023, the fourth quarter of 2022, and the first quarter of 2022 include foreign exchange gains of $0.01, $0.02, and $0.03 per diluted share, respectively.

Q1 adjusted operating cash flow, reflecting cash provided by operations before (i) cash paid for interest, (ii) severance and other expenses and (iii) merger and integration expenses, was $27 million compared to $1 million in Q1 2022 and $99 million in Q4 2022. The sequential trend in Adjusted cash flow from operations largely reflects lower revenue and Adjusted EBITDA, and the non-repeat of a reduction in working capital in Q4.

Capital expenditures for the first quarter of 2023 totalled $29 million, compared to $11 million in Q1 2022 and $31 million in Q4 2022. CapEx for the full year 2023 should fall within a range of $120 million to $130 million.

Regarding the acquisition of DeltaTek, total consideration was estimated at ~$17.5 million, $8 million of which was paid at close, net of cash acquired of ~$1 million. The balance of consideration represents the net present value of our estimate for future consideration that is tied to performance.

Most of the fair value of net assets acquired will be allocated to acquired intangible assets and to goodwill. The March 31 balance sheet also includes a couple of million dollars in DeltaTek-related deferred tax liability.

In addition, in the first quarter, we acquired $10 million in Expro shares at an average price per share of $17.99.

Total liquidity at quarter end was approximately $316 million. Cash and cash equivalents, including restricted cash, was $186 million as of March 31. Total liquidity also includes $130 million that is available to the company for draw downs as loans under our revolving credit facility. The approximate $93 million balance of the facility is available for bonds and guarantees, approximately half of which is currently being utilized.

Expro had no interest-bearing debt at quarter end and the company has no interest-bearing debt today.

As Mike noted, we maintain our prior full-year 2023 guidance range for revenue of between $1.45 billion and $1.55 billion; for Adjusted EBITDA of between $275 million and $325 million; and for Adjusted EBITDA margin of between 19% and 21% of revenue. In fact, our current internal forecast for full-year 2023 is modestly more bullish than the forecast we had in hand when we provided our initial guidance for the year on our Q4 2022 earnings conference call in late February.

Our full-year expectation for support costs as a percentage of revenue and cash taxes as a percentage of revenue is +/- 20% and +/- 3%, respectively.

As discussed on previous calls, anticipated growth and annual incentives typically result in a seasonal build in working capital in Q1, with cash flow tending to improve in the second half of the year. In fact, the working capital build in Q1 2023 was relatively modest, which contributed to positive free cash flow in Q1.

We expect activity and revenue to trend higher and working capital to moderate as 2023 progresses. As a result, we continue to expect to be cash generative for the full year. Our internal target for 2023 free cash flow margin, or free cash flow as a percentage of revenue, is mid- to high single digits.

I will now turn the call back over to Mike for a few closing comments.

Mike Jardon: Thanks Quinn.

I would like to reinforce a few points from this call and leave you with 3 key points:

First, Expro continues to deliver double digit revenue growth by capturing market share and entering new markets. This is a result of us being able to leverage our global operating footprint and breadth of capabilities. Second, we continue to deliver world-class service and introduce new technologies. These technologies are the result of organic and inorganic investments which we believe will positively impact our results in 2023. Third, absent start-up and commissioning challenges associated with launching a new business, Expro continues to deliver exceptional performance. We also continue to add attractive business to our order book. With a favorable outlook for offshore and international activity, increased scale and improving business mix, we should be well-positioned to expand margins, increase free cash flow and deliver value to all stakeholders.

With that, I will transfer it back to the operator for our Q&A session.

Operator: First question today comes from Eddie Kim with Barclays.

Eddie Kim: Just wanted to touch on kind of the $11 million in unanticipated cost this quarter. Was there something unique about this LWI project that resulted in the cost here? Just trying to understand how much of a risk this could be on similar type of projects that you might currently have in the pipeline?

Mike Jardon: Sure. No, Eddie, thanks for participating, thanks for the question. Fundamentally, what it really amounts to is we had anticipated that we would go operational much earlier in the quarter. We really didn't go operational with the system until about the last week of March. The real positive thing is we've been fully operational since the last week of March. And we actually, as of now, just a few minutes ago, have completed the third de-suspension well.

So the real challenge for us is it took longer on some of our third-party suppliers and some of our partners to be able to go out and go operational. We had some weather delays in the first quarter. It's cyclone season in that part of the world at times -- so that really was what it amounted to is it was, we didn't go operational as soon as we had anticipated but I think that the real key takeaway is we are now fully operational. We've completed a third well, we still have additional wells that we'll continue to move on to. So that's how I would look at that. Quinn, anything I missed?

Quinn Fanning: No, I mean, obviously, we've had a couple of quarters in a row now that we've had costs associated with the system. But the important thing that we accomplished in the first quarter is we're now on ticket with the customer and we're executing the work that we were contracted to do. There was, obviously incremental costs realized before being revenue generative and we're now going to execute other projects, all of which ultimately tie back to what Mike was talking about, which was the delay in the start-up.

Mike Jardon: Yes. And I think one other point, Eddie, that I did mention, I think it's worthwhile adding is, is this was not a -- this was a new technology development for Expro. We kind of repurposed some of our Subsea expertise. The challenge here has not been related specifically to our technology development or the engineering developments, it really was around availability of the vessel, timing of the vessel being fully operational, weather windows, supply vessels. It was those kind of obviously important to be able to go out and conduct an operation, you have to have all those things lined up, but it was not an engineering or a technology gap that we had in there.

Eddie Kim: Okay. Got it. My follow-up is on the DeltaTek acquisition. That company currently operates in the U.K. and Norway. You highlighted plans to globalize that business to other regions like the Gulf of Mexico and West Africa. Can you just talk about the expansion opportunity here? Is the plan to offer an integrated offering where you'll also be doing the cementing work on all the wells that you'll be doing the TRS on or is DeltaTek more of a specialty cementing service that's applicable only in specific circumstances?

Mike Jardon: Yes, great question. So it really is -- it's applicable in -- particularly in deepwater and ultra-deepwater operations. We would anticipate that we will -- it will be an additive service to ourselves. We're already going to have folks on the rig handling TRS, already doing some of the cementing operations. So this really is an incremental additional cementation service. It's -- we see great application to be able to move it outside of the UK and Norway. I was in South America recently in Guyana, in particular, we have tremendous interest from customers there to be able to apply the technology. But it's a really novel technology that becomes particularly important for operators.

As you start to see rig rates that start to move to the $500,000, $600,000 a day rate. What this really allows you to do is it improves the efficiency of cementation operations so you can save 12 to 24 hours of rig time not -- either not waiting on cement to set or more importantly, not having to drill out a much longer cement shoe, that's what the technology really brings to. And that's why it's a great thing for us, and we see rig rates increase because that means that there's going to be even more of an interest from operators in this technology because it reduces the amount of rig time.

Eddie Kim: Okay. Understood. And just last one, if I could squeeze one in here. Just on the 20-month TRS contract you secured in the UAE. Just curious if you can provide some more color on this one. Is this for offshore work or is it onshore work on the artificial islands there? We know the country's ambitious oil

capacity expansion plans through 2027. Could this be just the first step in additional extensions to this contract?

Mike Jardon: Yes. It really is. It's the first step in additional extensions to the contract, gives us the ability for both offshore and land operations. And what we really were trying to highlight and I realize -- we have a lot of commentary and a lot of examples of contract awards and those kind of things. What I really want for everybody to take away from that is, I think it's $350 million of -- contract awards in the quarter.

What I hope everybody takes away from that is you see that in all of our geographies across our product lines, and there's a lot of stickiness to that. So one of the concerns right now, obviously, is any volatility in any one given market. And what I hope you take away from our commentary is $350 million is very material. It's across our product lines, it's across services, it's across customers, it's across geographies, so it gives us that. That's one of the things I think that's really positive about Expro is, we've got a good global footprint offshore, international, and we have a kind of a broad offering.

Operator: Next question comes from Luke Lemoine from Piper Sandler.

Luke Lemoine: '23 EBITDA guide is unchanged. '23 guidance unchanged for EBITDA and I guess with 1Q and 2Q guide, some pleasant even healthier second half than the Street is expecting, and Quinn, you alluded to your internal forecast being more bullish than when you provided the EBITDA guide on the 4Q call for '23. Can you talk about the visibility that you have for second half? What's improving more than you expected? And then maybe what it takes to get to the midpoint or above the annual EBITDA guide and kind of your confidence and visibility surrounding this?

Quinn Fanning: Yes. I guess where I would start is, as the year plays out, as we see it, first and foremost, we'll be regressing to a mean in terms of regional performance. We had the seasonal issues in most predominantly in ESSA. Quite frankly, the ESSA performance was better sequentially than you would have seen historically setting aside pandemic years. That's largely as a result of higher margin services activity in the U.K. and Norway being replaced by African activity, which, as I mentioned in my prepared remarks, was at lower margin.

So first off, we see ESSA and MENA really over the second and third quarter, kind of moving back to historical margin performance. Obviously, with the North Sea picking up in the warmer weather. Asia is largely a story of non-repeat of unusual costs that we've talked a lot about over the last couple of quarters. And NLA had a seasonally weaker quarter, but not dramatically so. And I think what you'll see in the certainly in the second half of the year and to a lesser extent in the second quarter is NLA margins moving back up to what we saw in the second half of last year.

So I guess I would guide as our slides highlighted an expectation for the second quarter, consistent year-over-year performance to the first quarter, which is plus 20% revenue growth, which would imply sequentially 10% up. We gave a guide of 16% to 18% EBITDA margin in the second quarter for the or I should say, in the slides. And obviously, if you do the math, that would imply in the last 3 quarters of the year to get to the midpoint of our guidance, you're comfortably over $380 million of revenue per quarter.

And if you kind of bake in the 10% sequential growth in the second quarter, that implies the year over $390 million of revenue per quarter in the second half of the year. The margin expansion as Mike highlighted is a combination of non-repeat of losses related to LWI. Number two, is improving business mix and three is an improvement in operating leverage as you move up in revenue and at least historic fall-through margins.

So it's a lot of different things that should be moving in the right direction. And again, it's our bar room napkin math. But to get to 20% EBITDA margin, based on the guidance we have in the quarter that we

reported, you should be comfortably over 20% EBITDA margins in the second half of the year, and that's our expectation.

Luke Lemoine: Yes. Okay. I guess on your comment, just kind of being more bullish than where in your 4Q call, any kind of geographies or product lines that we look to stick out there?

Quinn Fanning: I mean, I guess I'd start with the TRS and Subsea traditional Subsea or Subsea completions business. We are seeing a step-up in bidding activity. We've had awards that had more attractive pricing than what we've executed work at over the last number of quarters. That's going to take some time to work its way into the financial statements, but it is good to see that we're getting awards at higher pricing. And it's really just a question of when the work starts up to see it flow through the financial statements. But well construction has been on a very strong run. We expect strength to strength in that business line and NLA is probably most significantly impacted by that. In Subsea, as the year progresses, you should start to see incremental activity and margin improvement, particularly with the LWI issues hopefully behind us at this point.

Mike Jardon: Yes. I guess, look, the one thing I would add is we highlighted several of the E&A type projects. We continue to see kind of a pickup in resurgence and E&A type projects from our customers. And why is that important? A, it's important because, historically, in legacy Expro, almost 20% of our revenue was derived from E&A type activity. Today, we're kind of down in the single digits, 6%, 7%. And that's not because we lost market share. That's fundamentally because customers were not moving forward with exploration activity.

Now we're starting to see a pickup in that. That gives me more of a sense of what the next steps are for operators because you need to have those projects that you've been able to explore on to be able to move them into more of a development phase. And then secondarily, it's really the positivity we continue to see around West Africa. Just from a customer engagement, technical inquiries, market pricing checks, those kind of things, we continue to see some more and more interest in West Africa. And I think that bodes well for us for this to be more of a longer-term recovery in West Africa in particular.

Luke Lemoine: Okay. Great. And then just one more real quick. Mike, you've both highlighted the $350 million in kind of awards bookings this quarter. Can you talk about how significant that is? I think this is the first quarter you guys have kind of given a number like that. Just kind of wondering how this roughly compares to historical standards or how significant this is for you.

Quinn Fanning: I think what I would say is the legacy Frank's and legacy Expro organizations had a slightly different approach to budgeting -- we've got the, obviously, entirety organization on the same budget process at this point. So when we track order backlog internally on a combined company basis, we're at the highest levels we've been at, and that reflects the -- it's kind of a book-to-build dynamic, which is we're adding more work than what we're executing in the quarter. So you're right, we haven't provided order backlog or awarded work in the past, but it is moving in a positive trend.

Operator: Our next question comes from Ati Modak from Goldman Sachs.

Ati Modak: On the LWI cost for the quarter, our mobilization costs typically not recoverable or possible to the customer? And can you remind us on the duration of this particular engagement? How should we think about that piece going forward?

Mike Jardon: Yes. So I mean, good question. This is -- this particular contract is it's more of a number of wells to be completed, a number of de-suspensions to be completed. So it's -- it depends on the average amount of time for that. This is a contract that will last us certainly over the next quarter plus probably more like 2 quarters. They do have the ability to add in some incremental services around ROV type activities and well diagnostics and those kind of things. So typically, you would have -- once you're operational with the LWI

system, then the costs are going to be recoverable. We were in a pre-commissioning phase. Hence, the reason why the system was not operational. So that kind of milestone for us to go operational at the end of March was pretty -- very important for us to be able to have the system on ticket, so to speak.

Ati Modak: Got it. And so the readthrough basically is that if you do have mobilization from one region to another now from here on, you should be able to recover that mobilization cost?

Mike Jardon: Correct. We would be in a mob/de-mob costing scenario. Absolutely.

Quinn Fanning: Which could be a lump sum or a day rate.

Ati Modak: Got it. Understood. That's helpful. And then how should we think about the levers for free cash flow, the range you provided between mid- to high digit margins, I think, for the full year? Any thoughts you can provide around that and capital allocation priorities?

Quinn Fanning: Yes, I think the short version of it is, we expect working capital, which we had a relatively significant build throughout '22. It started to reverse in the fourth quarter. We're essentially a push on working capital in the first quarter of 2023. So it's really higher revenue fall-through and as a result, EBITDA is where you start and basically going from EBITDA to free cash flow, you've got 3 things: working capital, cash taxes and CapEx and I think we have relatively good visibility on CapEx and taxes, working capital at times is a bit of unknown. But at least where we sit today, our expectation is that working capital will moderate and a decent percentage of EBITDA will fall through to free cash flow, of course, dependent upon cost and capital discipline. And I think we've got a reasonable track record there.

Ati Modak: Got it. And anything on the capital allocation. I think you said about 8% of revenue would be CapEx. Just remind us of what that process is. And you did a buyback this year -- this quarter. What's the cadence that we should expect?

Quinn Fanning: Yes. We have a $50 million authorization on the buyback. We've utilized now about half of it. So we'll continue to dialogue with our Board regarding the return of capital plan and what form it takes. But we've previously put targets out there that about 1/3 of our free cash flow, we expect to return to shareholders in the form of dividends, buybacks or some combination thereof. That's our current expectation. Obviously, it's easier to think about returning capital when you can demonstrate cash generation. And our hope and expectation is that you'll see cash generation in the second half of the year in particular. And I think that's when you'd more likely see us moving forward with return of capital plans. But it's always going to be compared to a organic and inorganic investments.

Operator: Next question comes from Steve Ferazani from Sidoti.

Steve Ferazani: I did want to ask, I think you highlighted labor cost pressure and how it's impacting support costs. I'm just trying to think about the strong margin guidance you're providing for the second half, what we can back into any concerns about labor cost pressures and labor availability given that not just you, but plenty of others are seeing increased work second half and into next year?

Quinn Fanning: Yes, I think it's -- well, first of all, we have gone a couple of years as an industry without real compensation adjustments. So I think that's what you're starting to see across the board as the labor market has tightened up and activity has improved. We did put through COLA type adjustments across the board at the beginning of '23, particularly in the U.S., you have kind of a social security dynamic that front-end loads, labor costs to some extent. But more than anything, going from 20% to 22% of revenue in support cost is a reflection of the seasonal drop in revenue. And as that reverses you'll see support costs, we believe moderate and ultimately kind of fall within that 20% range that I gave in my prepared remarks.

Mike Jardon: Yes, I guess, Steve, the other thing I would add is that's one of the advantages that technology brings to us. One of the things I highlighted was the Centri-fi rollout in Brazil. Centri-fi really allows us to have less personnel on the rig. You rely more on the technology than you do on manpower. So it allows us to expand our operations without adding additional people, which is tremendously advantaged -- advantageous to us. And the other aspect is new technology rollouts like DeltaTek. We roll that out in a country like Guyana. We already have guys -- we already have personnel on the rig. We're in the process of cross-training the existing personnel to be able to go out and execute more operations with the DeltaTek type services. So we can get more revenue throughput, so to speak, without incremental people.

Quinn Fanning: I think the other thing that distinguishes us and other companies in the sector. I'm sorry, Steve, just something else.

Steve Ferazani: Absolutely. I also want to ask about synergies. I know you -- go ahead. Sorry --

Quinn Fanning: I was just going to say, Expro, like a couple of other companies in the sector, I won't name names, but our Guyanese operation is largely staffed with Guyanese people, same in Algeria, same in lots of other places that we operate. So we are not exposed to a single labor market, which does have some mitigating influence on our labor inflation trends.

Steve Ferazani: That makes sense. I just want to follow up on synergies. I know you're basically at your 3-year target at the end of the year. When you're thinking about that margin second half, are you thinking you're going to squeeze any more synergies out?

Quinn Fanning: Yes. I think it's -- we weren't at our 3-year target in the first year, we were through our first year target. And I think directionally, we're at 115%, 120% of the original $55 million target that we put out there. So there is a bit more to do. And if nothing else, I think incremental synergies capture, which is largely business process driven and technology, including IT projects that are still progressing. I think that will serve to mitigate labor and other cost inflation. But the 20% support cost guidance includes our expectations in terms of remaining synergies captured.

Operator: Our final question comes from Andrew Peters with T. Rowe Price.

Andrew Peters: Sorry for hopping on the call. Just -- I was just curious if you could just talk about how the LWI technology is performing? And is the customer generally pretty happy with kind of the performance. And I mean I guess I was just of the view that this was kind of a longer-term opportunity in Australia, but it kind of sounds like you guys are already moving it out to do plug and abandonment work. So maybe you can just kind of address the performance of the technology.

Mike Jardon: Sure. We have a number of projects opportunities in Asia Pacific overall. Australia, in particular, will be one in which I think I've made the comment to maybe you in the past that I suspect this particular LWI system may not ever leave Australia just because of the demand and the opportunities there. We do provide other intervention services with our In-Riser-type system that's more rig based. So that may be where there's a little bit of confusion. What I will tell you is that the efficiency of the system is -- we've completed the third well now. I think it took us about 6 days to complete the de-suspension. The original project plan had us to take about 7 days.

So even on the third well, we're gaining some efficiency here. Customer feedback has been very, very positive about our ability to go out. And now that we've gone operational. And as I said earlier, we've been 40-plus days operational. So technology-wise, the system is performing exceptionally well. It really, frankly, was the teething pains of making sure that the vessel was available, making sure the vessel was ready to go. It's not been the Subsea or the intervention kit that's been -- that we've had teething pains on, so to speak.

But I think more importantly, it's really around the opportunity for light well intervention services to be able to go out and do intervention that's not rig based. It's much more efficient. It's fewer days to rig up, it's fewer days over well center, just more efficient operations, and that's why customers are so particularly keen to see this become successful. And frankly, why this particular operator has been -- has shown a tremendous amount of patience because they know what the benefit of it is when we can go out and do vessel-based interventions. So it's a real positive for us to have gotten those first 3 wells done, and we'll have -- we've got additional projects, a number of additional projects lined up right behind this one.

Andrew Peters: So is the -- and I'm not looking for like exact numbers, but just is the system overall expected to be EBITDA positive here going forward? Or did you kind of give the sort of initial customer kind of a sweetheart deal to kind of prove out the technology? Like is it -- should it be profitable kind of in the back half of the year?

Quinn Fanning: Well, certainly, you'll see improved margin as a result of a nonrepeat of extraordinary costs. But I think it's fair to say that the initial jobs are essentially resume building in nature. And as Mike said in his prepared comments, over time, we will demonstrate the breadth of capabilities of the system and our services and ultimately receive better value for what we provide. But that's going to take a couple of quarters to happen.

Mike Jardon: And it's -- I mean, Andy, you ask a really good perceptive question. Part of this is when we originally engaged with the customer on this project, rig rates were in the $300,000 to $400,000 range and not that there's a direct linkage between rig rates and vessel rates on intervention, there's certainly a pretty good proxy. As we move forward with incremental projects after we have an established track record of operations, and you've seen rig rates start to move from the $300,000 to $500,000 range. We're going to have the ability to start to move pricing on the vessel as well. So having that initial track record was doing the shake down cruise, getting these things done, so to speak, and be able to show the operational excellence that we're known for, that just gives us -- it puts us in a much better position to be able to move prices down the road.

Operator: We have no further questions. So this concludes our Q&A and today's conference call. We'd like to thank you for your participation.

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