AQUALIS BRAEMAR

Annual Report **2019**

www.aqualisbraemar.com

Contents

Key Financial Figures

Results		2019	2018
Total revenues	USD thousands	54,792	36,185
EBITDA [1]	USD thousands	357	2,813
EBIT	USD thousands	(332)	2,684
Adjusted EBIT [1]	USD thousands	1,325	2,393
Profit (loss) after taxes	USD thousands	9,037	2,422
Adjusted profit (loss) after taxes [1]	USD thousands	(377)	2,131
Return on equity (ROE) [1]	%	(0.9%)	7.9%
Return on capital employed (ROCE) [1]	%	3.3%	8.6%

Balance sheet and cash flow

Cash and cash equivalent	USD thousands	10,930	5,454
Equity ratio	%	74.5 %	83.4 %
Cashflow from (used in) operating activities	USD thousands	(2,665)	312

Operations

Order backlog at 31 December [1]	USD thousands	13,800	7,836
Employees at 31 December [2]	Full-time equivalents	422	179
Lost time injury per million man-hours	Per million man-hours	1.64	-
Billing ratio [2]	%	76%	83%

Share data

Basic earnings per share	USD	0.16	0.06
Number of shares outstanding at 31 December	million	70.42	42.29
Number of options outstanding at 31 December	million	8.76	0.25
Number of warrants outstanding at 31 December	million	5.97	-
Share price at 31 December	NOK	3.89	3.80

1. Alternative Performance Measures
2. Including subcontractors, full time equivalents

FINANCIAL CALENDAR 2019

Event	Date
First quarter results	28/05/2020
Annual General Meeting	10/06/2020
Half-yearly results	27/08/2020
Third quarter results	29/10/2020

Ticker symbol	
Oslo Børs	AQUA
Reuters	AQUA.OL
Bloomberg	AQUA:NO

Letter from the Chairman

Dear fellow shareholders,

AqualisBraemar is a niche company in the industry that provides the fuel for the wealth and prosperity in the world, the marine energy and transportation industry.

Due to the strategic and economic value of the energy industry to modern society, it is probably the industry with the most political attention and interference, together with the food and military industries.

Very few (if any) of the global, regional or local markets for energy are free markets. Regulations, cartels, subsidies, taxes, economic sanctions and quotas are political tools used to influence the energy mix, prices and who has a licence to operate in the industry domestically or globally. Further, due to the high political importance of energy, the industry is probably the sector with the highest government ownership through the value chain. I have learned the hard way that my economic background is not enough to fully understand the energy market, with politics and public opinion being key factors for its development. The good news is that most political decisions have a short to medium term effect and might disturb the price equilibrium, but in the long run the key is the economic reality of supply and demand and the cost of the energy source. To quote John M Keynes; "in the long run we are all dead", and this is probably the feeling many investor and companies in the asset heavy support industries are currently experiencing.

AqualisBraemar is asset light and to a larger degree energy source independent and global (not dependent on one country's energy policy, but the mix of all countries energy policy). At the start of 2019, AqualisBraemar (then Aqualis) was about 80% dependent on the offshore oil and gas industry. At the end of 2019, after the acquisition of Braemar Technical Services and an organic growth of 46% for the offshore wind segment, oil and gas was only about 50% of the company's revenue. With offshore wind growing at rapid pace, this diversification is only expected to continue.

The energy industry is not only very political it's also a cyclical commodity and capital intensive. I have earlier described investing or working in the energy industry as riding a roller coaster. The swings in the industry are dramatic and often unexpected. Especially the oil and gas part of the energy industry which is currently in a perfect storm with the focus on CO2 emissions leading to high capital cost, the war of market share between Russia and Saudi Arabia, and the fight against COVID-19. The macro environment for oil and gas is going to be difficult in 2020 and likely into 2021 too. The recession in the economy and significant government stimuli might also have an impact on the offshore wind industry, but the direction and severity is up in the air. Time will tell.

In AqualisBraemar, we focus on what we can control and not the roller-coaster of the market and energy politics. Our focus is on developing our offering to our customers aiming on being the preferred company for talented professionals, consolidation, critical mass in locations and niches, flexibility of organisation and cost optimisation. We invest in people, not in hardware. That's our business and our focus.

As discussed above, the energy companies are to a large degree heavily regulated, and often local or national monopolies. Due to this, the clients in the energy industry are dominated by large companies often with a significant buying power. Over time this has in general terms lead to a concentration of the consumer rent (profit) with the energy companies and utilities, and a relatively low or negative profitability in the service industry. The trend for energy service (and oil service especially) will therefore continue to be consolidation to reduce the number of competitors, reduce cost and improve the geographical footprint to service global customers. In 2019, Aqualis combined with Braemar Technical Services (BTS) to form AqualisBraemar. This was the first consolidation in our industry in this cycle, but hopefully not the last.

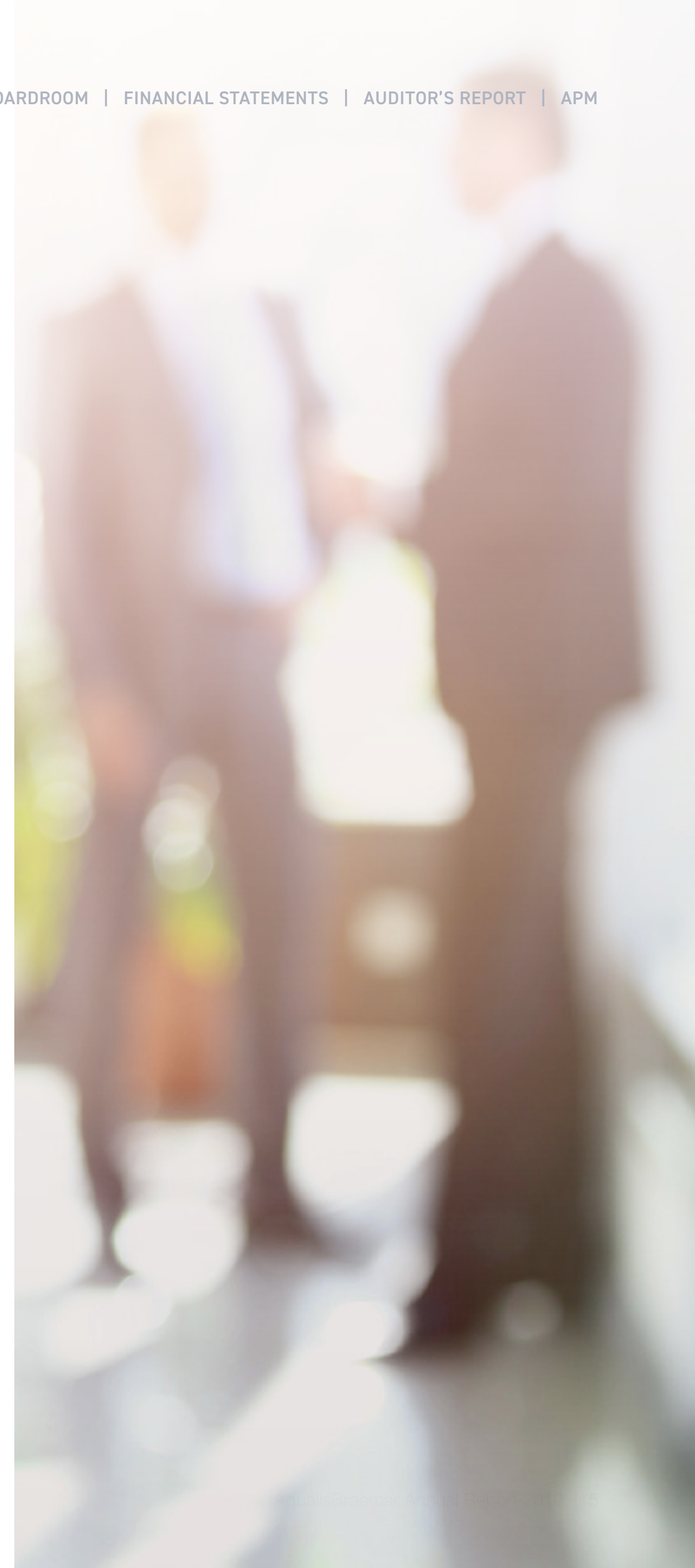
The combination of Aqualis and BTS is a key value driver for the company. The number of full-time employees (including subcontractors) increased from 182 at the start of 2019 to 422 at the end of 2019. At the start of 2019 we had 19 locations worldwide and at the end of 2019 we had 48 locations. The number of offices is increasing our fixed costs, but this is more than compensated by our ability to better service our customers worldwide. Our larger offices in Dubai, London, Houston, Singapore and Shanghai have significantly increased their staff levels and now offer a broader service offering to our customers. In total we estimate the cost synergies to be $2.5m of which $1.9m (with full effect in 2020) were already implemented during 2H19. The integration and the full cost and revenue synergies will take a few quarters to materialise in our P&L. Also, due to the expected downturn in the market in 2020, some of the underlying improvements from the acquisition will likely be masked.

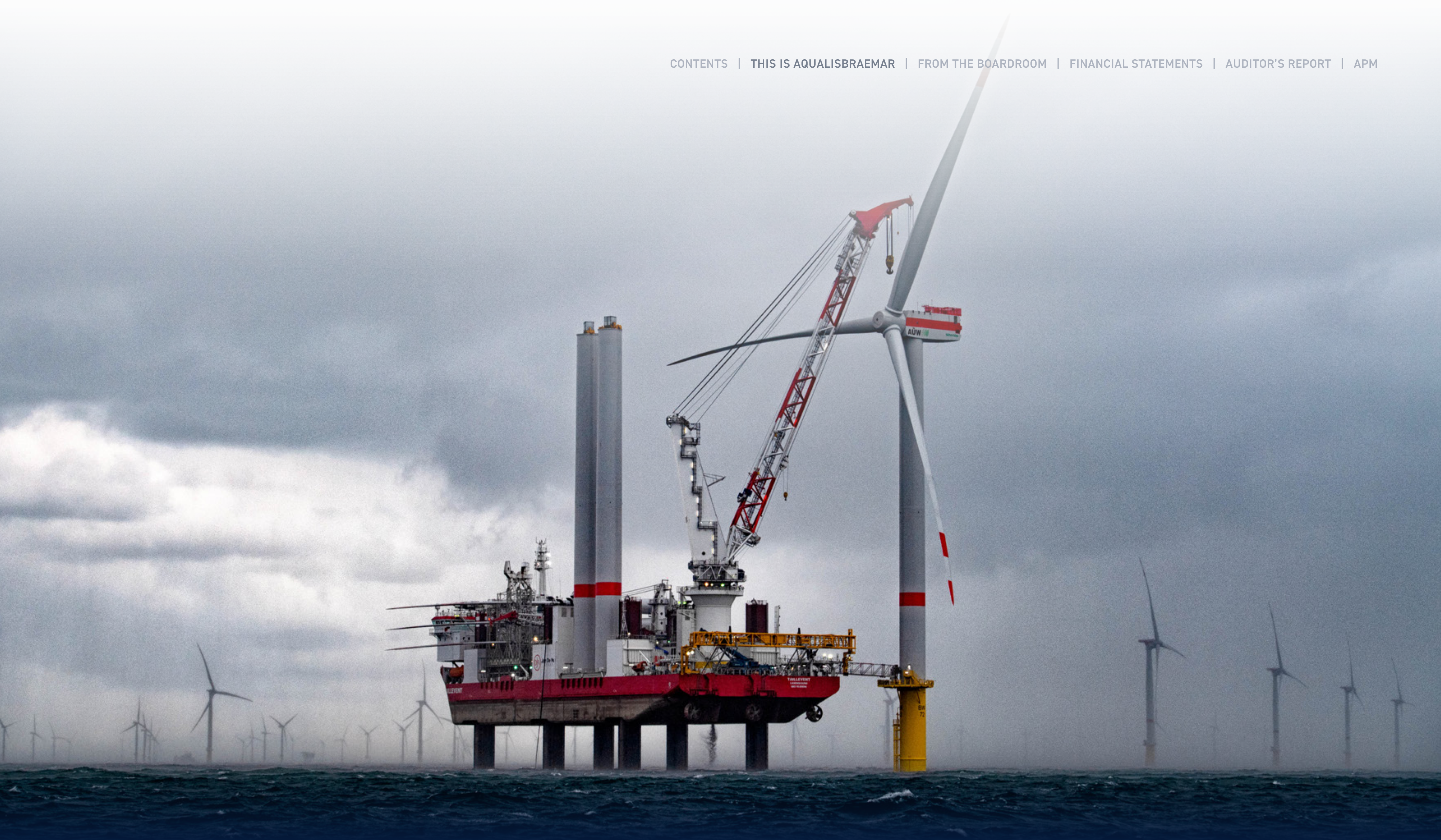
The current operating margin in our industry is relatively low but has a normalised level between 10-15%. AqualisBraemar's underlying operating margin was far from satisfactory in 2019 at 2%. The unsatisfactory performance was mainly caused by the takeover of the BTS business which was loss making and relatively more capital intensive (due to large working capital) than the traditional Aqualis business. Therefore, a focus over time on free cash flow and capital efficiency is key to giving a good return on invested capital. The day to day operation is run with focus on utilisation of fee earners, timely conversion of work to billable hours and close follow up of working capital with an aim to reduce unbilled revenue and days sales outstanding. Small improvements (or the opposite) could lead to significant changes to profitability and return on invested capital. We believe that our management system and the use of a few focused forward looking KPIs is part of the reason why AqualisBraemar will deliver profitable growth beyond 2020. The organisation in BTS has operated with legacy ERP and support systems that were not aligned to the needs of the business. We are in the final phase of migrating all of the company to one cloud-based ERP system aligned with the needs of our combined business, which will significantly improve our ability to manage all aspects of our business on a running basis.

In 2018 we paid an extraordinary dividend of NOK 0.90 per share. The board proposed an ordinary dividend of NOK 0.10 to be paid after the AGM in 2019, which was subsequently cancelled when the acquisition of BTS was announced. AqualisBraemar is now changing its dividend policy to a bi-annual dividend schedule policy, first after the AGM in May 2020 and aiming for a second pay-out before year end. The dividend will be based on two key factors, the profit of the company and our ability to free up working capital. The board has proposed a dividend of 0.2 NOK/share to be paid out after this year's AGM, and will consider additional dividend in the second half of 2020.

I would like to take this opportunity to thank the management team and employees at AqualisBraemar for the achievements in 2019 and especially the work with the integration and cost synergies. The market will be more difficult in 2020, but the combination of a relatively flexible cost base and the implementation of one fit for purpose management system in our global organisation is expected to secure timely response to any weakness and later renewed growth for the company. The company is more diversified in 2020 than we were in the last downturn in 2014. This, combined with a strong balance sheet, should lead to new opportunities for the company in 2020. Never waste a recession. It creates opportunities.

Glen Rødland | Chairman of the Board





Renewables

AQUALIS BRAEMAR

OWC
AN AQUALISBRAEMAR COMPANY

The Group offers services in the offshore renewables sector through Offshore Wind Consultants and AqualisBraemar. AqualisBraemar is a global advisory, engineering and project management consultancy.

Through Offshore Wind Consultants (OWC), the business line solely focused on offshore wind, we cover the full value chain of technology and projects. OWC has significant experience in the industry, dating back to the first offshore wind farm development project in the UK. The key members of the team have been involved in most of the major offshore wind projects developed in the UK and the rest of Europe to date. Since the establishment in 2011, OWC has delivered assignments amounting to more than 50 Gigawatts and over 70 projects across Europe, Asia and the US.

In combination with the Group's other services, OWC can deliver enhanced services to their clients by sharing knowledge, expertise, and resources, particularly where engineering and offshore attendances are required.

KEY SERVICES

AqualisBraemar specialises in providing services to offshore renewables developers, lenders and investors. We add value to clients through our experience, whether they need support to realise a project or invest in a technology or project or develop their business or technology. We can align closely with our clients' business goals and strategies, enabling us to deliver practical and innovative solutions.

We support the following offshore renewables market segments:

- Offshore wind (fixed and floating)
- Ocean energy (wave and tidal)
- Subsea cables
- Energy storage

AqualisBraemar supports the following needs:

- **Projects:** We have been involved in over a quarter of offshore wind developments globally to date. Our experienced team of offshore renewable experts take a full lifecycle approach to your project; from feasibility to operation to decommissioning/repowering.
- **Business intelligence:** Data, analysis and insightful opinion is the key for making the right business decisions. We help clients analyse and identify opportunities and gain real benefit from evidence-based insights.
- **Transactions:** We can advise on projects and technology around the world. With hands-on experience of developing, constructing and realising offshore wind projects, we provide real-world advice on financial risks regardless of the stage of the technology or project.

AqualisBraemar's service portfolio is broad and delivered by experts with deep experience. Our offshore renewables service portfolio is:

- **Project Development Services:** We provide all the early studies necessary for constraint analysis, site selection studies and early site evaluation developing LCOE and other inputs into early DEVEX decision making.
- **Strategy, Market and Policy Studies:** Offering advice and consultancy for all current and emerging offshore renewables markets and technologies.
- **Technical Studies:** We draw on a vast range of technical expertise, enabling us to provide technical studies in almost every area of interest. Some of our delivered studies cover fixed and floating foundation design, including coupled load assessments, weather downtime analysis (sequenced downtime analysis utilising Monte Carlo simulation), technical risk assessments and CAPEX and OPEX modelling.
- **Wind Measurement Advisory Services:** We combine first-hand research knowledge in the field of wind measurements with practical experience from a large number of commercial project assignments. OWC experts have provided technical and consultancy services to several floating Lidar deployments in commercial projects making OWC a leading technical advisory in the field of floating Lidar technology and measurements.
- **Owners Engineering:** We bring in-depth design and construction experience, first-hand experience of offshore installation and all the associated technological challenges as well as bringing the lessons learnt from many other projects. We cover the entire project lifecycle and can either manage or consult on a project on the client's behalf, or supplement the client's teams.
- **Operation & Maintenance Consultancy:** Advice on all phases and aspects of O&M, including deep expertise in subsea cables. We cover emergency cable repair support, cable remediation solutions and works, scour issues, survey management. In the wider O&M space we cover operations management, technical support services, commercial management, O&M concept and strategy, modelling for OPEX, operational CAPEX, logistics, WTG availability and downtime calculations and QHSE.

- **Technical Due Diligence:** We offer specialist technical due diligence supporting the financing, acquisition, sale and refinancing of assets, technology and companies within the offshore renewables market. Owners and financial institutions can obtain an objective expert view on the actual offshore wind project performance or asset value, as an important input to the decision-making process related to loans, consolidation or acquisitions.
- **Geotechnical Engineering Services:** A core service; the OWC geotechnical team consists of engineers who have many years of experience within the offshore wind industry and possess both excellent design and analytical skills combined with direct experience of working offshore. We bring leading experience and expertise in Offshore geophysical and geotechnical site investigations, live interpretation of site investigation data to inform ground model updates and immediate design assessments, foundation design and installation analysis, cable route risk analysis and planning and site-specific assessments for jack-up locations including leg penetration analyses. OWC combine this expertise with a number of innovative in-house tools that have reduced DEVEX & CAPEX costs on projects.
- **Project Management:** OWC provides project management service support through all stages of an offshore wind farm project. Our reputation is based on early involvement in projects; from the planning, design and engineering and then seeing our role expand to a project management service provider through the construction, installation and commissioning phases of the project. Our team can either undertake a leading role and manage a project directly on behalf of an owner or, more commonly, work as part of an integrated team with our client, managing specific packages of work and providing support and advice to all other areas of the project.
- **Engineering:** We can provide structural engineering services support through all stages of an offshore wind farm project. The services we can provide include: structural analysis and design for offshore WTGs and offshore substations, both fixed and floating, for all stages of the design process/projects including optioneering and concept, FEED studies, optimisation to reduce LCoE and increase profitability, and detailed design. We also have specialists in mooring lines, electrical engineering, and dynamic cable analysis.
- **Expert Witness:** Our offshore wind team bring a proven track record in forensic investigation and the provision of expert witness reports and testimony for use in dispute resolution, arbitration, mediation or in the court of law.
- **Transport & Installation / Marine Operations Consultancy:** We offer transportation & offshore installation feasibility studies, loadout engineering, harbour engineering related to seabed levelling, concrete structures, fenders, linkspans and gangways, transportation engineering, installation engineering for jack-up units going on location, jacket launching and lifting installation engineering, inspection and supervision and marine operations management.
- **Risk Management & Interface Management:** OWC provides risk and interface management through all stages of an offshore wind farm project. We apply proven and state-of-the-art risk and interface management tools and techniques such as Monte-Carlo Simulation, combined with solid experience of our team.
- **HSEQ:** OWC's multi-disciplinary background gives us a very broad experience base across different industries, continents and technical disciplines. We apply risk tools such as standardised risk profiling for projects or operations, integrated risk, planning and commercial profiling and HSE risk categorisation and benchmarking. We use such risk methods in the evaluations of marine operations, qualification of new vessel concepts, risk assessment of wind turbine maintenance tasks, wind farm diving and ROV operations and also for offshore wind helicopter operations.
- **Marine Warranty Services:** AqualisBraemar's marine warranty engineers, surveyors and master mariners act to protect underwriters' or self-insured clients' interests. We provide independent third party review and approval of offshore wind projects. We have extensive experience of a wide range of offshore activities from simple marine operations to challenging and complex offshore projects.

Offshore

AQUALIS BRAEMAR

AqualisBraemar is a specialised marine and engineering consultancy, focusing on the shallow and deep-water segments of the offshore oil & gas industry and the offshore renewables markets worldwide. Our multidisciplinary engineering and marine teams are recognised in the industry for their competence and experience. We work closely with clients to understand their requirements, identify solutions and execute their projects and marine operations in a timely, cost-effective and safe manner.

AqualisBraemar specialises in the following marine and engineering services:

- Deep and shallow water installation engineering and related marine operations
- Marine operations and surveying, including rig moving and tow master services together with engineering support services
- Vessel construction supervision and owner representation
- Engineering and project management support to the renewables industry
- Third-party approvals on behalf of owners and underwriters such as marine warranty and audits of dynamic positioning systems
- Concept, FEED and basic design for new-build and vessel upgrades
- Rig inspection services

AqualisBraemar provides clients with global support via an extensive office network. We aim to be your reliable long-term partner.

Our team comprises:

- Naval Architects
- Marine Warranty Surveyors
- Marine Surveyors
- Master Mariners (Tow Masters, Rig Movers, Marine Advisors, Mooring Masters, Consultants)
- DP Practitioners
- Structural Engineers
- Geotechnical Engineers
- Civil Engineers
- Installation Engineers
- Environmental Compliance Engineers
- Project Managers/Site Superintendents
- Risk Managers/Engineers
- Mechanical Engineers
- Control System Engineers
- Subsea Engineers
- Electrical and Electro Technical Engineers

MARINE WARRANTY

AqualisBraemar is well known in the insurance market by many of the key international energy underwriters. We have been approved as Marine Warranty Surveyors on projects which include offshore construction works, transportations (including float overs and heavy-lift topside loadouts), jack-up rig moving and location approvals, towages and dry transportations.

Our teams of Marine Warranty Engineers, Surveyors and Master Mariners provide independent third-party review and approval of offshore projects on behalf of underwriters or self-insured clients. We have extensive experience in a wide range of offshore activities from simple marine operations to complex and challenging offshore projects which include approvals for the following operations:

- Ocean towages
- Barge transportations
- Unusual/oversized cargoes on ships
- Location Approval for MODUs
- Offshore rig move attendance onboard MODUs
- Loadout, transportation and installation of offshore platforms, topsides and subsea structures
- Floating construction activities, floatover, deck mating, FPSO mooring installation & TLP hook-up
- Pipelay operations
- Bridge and harbour construction activities

Typical activities may include:

- Document reviews
- Suitability surveys of offshore marine spreads
- Approval of towages, heavy lifts and installations
- Subsea operations
- Decommissioning and removal of offshore structures
- Acting as Marine Advisors to oil companies and their contractors

MARINE CONSULTANCY

We offer a wide range of marine capability to the oil & gas and maritime industries. Our mariners have many years of experience associated with drilling rigs, offshore vessels and trading vessels. We aim to assist our clients in finding practical solutions to their marine operations and projects, and/or protect their interests when sub-contracting or making asset investments.

We offer:

- Provision of Towmasters
- Provision of Marine Advisors
- Dry transportation consultancy and operations
- Vessel inspections
- Rules & regulations compliance
- Inclining experiments
- Pilotage operations
- Rig move procedures
- Suitability surveys and audits
- Pre-charter audits/surveys
- Pre-purchase surveys
- Bollard pull certifications
- Drafting and review of offshore project related procedures
- Mooring plans
- Anchor handling procedures
- Witnessing equipment trials and tests
- Towing plans and procedures
- Common Marine Inspection Document (CMID) and Offshore Vessel Inspection Database (OVID) Surveys

RIG MOVING

We offer a full range of rig moving support services for Mobile Offshore Drilling Units. We offer full engineering assessments for site-specific location approvals and provide both Marine Warranty Surveyors and Rig Movers/ Towmasters for offshore attendance during jack-up and floating unit rig moves.

The following services are provided:

- Jack-up engineering studies including site-specific assessments, fatigue analysis, collision studies, earthquake assessments, and heavy-lift dry transportation
- Pre-contract rig suitability engineering analyses
- Leg penetration analyses
- Site-specific location approvals
- Mooring analyses
- Transportation approvals and consultancy
- Towage approvals
- Towmaster services
- Rig movers
- Turnkey marine operations
- General rig moving consultancy
- Marine Advisor

RISK CONSULTING

The Risk Consulting team strengthens AqualisBraemar's marine and engineering services with a methodological and systematic approach to risk management.

Our engineering risk management experience includes drilling and productions facilities. Within marine operations we have performed numerous risk management activities within loadout, transport, anchor handling, rig move, heavy lifting, subsea and SURF installation, dynamic position (DP), hook-up, diving and ROV operations, personnel transport, vessel layup and decommissioning.

We provide the best practices for identifying and managing risks and hazards to personal safety, assets, environment and reputation both in engineering and operations. We can lead, facilitate or contribute to risk management activities such as:

- Hazard Identification Analysis (HAZID)
- Hazard and Operability Analysis (HAZOP)
- Quantitative Risk Analysis (QRA)
- Safety case studies
- Risk assessments
- Failure Mode, Effect and Criticality Analysis (FMECA)
- Carry out inspections
- Provide people who can work within a client's team to manage risk within a project

ENGINEERING

AqualisBraemar provides a unique solutions-based approach to engineering. Our engineers aim to work with our clients as a one-stop-shop to find efficient solutions to their engineering projects.

Due to our independent status, focus is on cost-effective solutions, fit for purpose and tailoring to suit the specific needs and constraints of our client. Our offshore engineering expertise covers the life-cycle of an offshore facility from concept and basic design through installation, on to ageing platform integrity management and finally, decommissioning. We are involved in both the shallow and deep water ends of the offshore oil & gas industry and operate from the major centres of the offshore industry.

Our experienced team can provide unique solutions for many platform types including Mobile Offshore Drilling Units (MODU), Wind Turbine Installation Vessels and Liftboats, Mobile Offshore Production Units (MOPU) including FPSO, FSO, as well as other offshore installations and floating structures. Our capability covers the marine systems, structural, geotechnical and naval architectural disciplines.

Solutions range from:

- Concept designs
- FEED and pre-FEED
- Basic designs
- MODU Upgrades, modification engineering and conversion to production platforms
- Advanced engineering studies including hydrodynamic, non-linear response, stochastic and time-domain analysis
- Our combined teams include structural engineers, marine engineers and naval architects

TRANSPORTATION & INSTALLATION

Our multi-disciplined teams of Engineers, Surveyors and Master Mariners have many years of experience in the offshore industry.

We specialise in complex marine operations and can provide valuable early planning and advice to optimise the solutions with regard to vessel and equipment selection, structural design and offshore procedures. Subsequent engineering comprises analysis and design associated with all temporary phases of a marine operation, from loadout and transportation to installation or discharge of high-value offshore assets.

Such engineering includes:

- Vessel ballasting
- Global and local vessel strength
- Vessel motions and stability
- Vessel/cargo interaction
- Grillage and seafastening design
- Design of fendering and installation aids
- Dynamic lifting and rigging
- Hydrodynamic analysis
- Jacket launch and upending
- Dynamic analysis for floatover installations
- Towing analysis and design
- Geotechnical analysis
- Production of appropriate documentation

Our service then extends to offshore operation supervision and support from our qualified and experienced Marine Superintendents and Project Engineers. We draw on the services of external companies where supplementary skills or input are required, for example, metocean data for transportation assessment and planning. These services are tailored to suit our clients' requirements and can be supplied as conceptual/feasibility studies, detailed engineering and operation, or verification.

We have formed strategic alliances with vessel partners, enabling us to provide package solutions for T&I projects such as:

- Platform installations, including topside float overs
- Tow, positioning and hook-up of floating structures
- With these services we provide associated engineering, preparation of procedures and offshore operations management.

RIG INSPECTION

We offer a wide range of rig inspection services to the offshore oil & gas industry. Our engineers offer years of practical experience in rig inspection, providing regulatory compliance and equipment operability assurance to our clients. Our rig inspection teams develop and execute bespoke rig inspection acceptance programs specifically tailored to our clients' needs.

- We specialise in the following services:
- Rig inspection and assurance
- Rig selection
- Rig stacking & reactivation assurance
- New build delivery assurance
- Rig preservation inspection
- Focused rig inspections of the following equipment:
  - Well control equipment inspections
  - API standard 53 compliance audits & gap analysis
  - Cyber-based drilling equipment inspections
  - Integrated Control Management System (ICMS) inspections and testing
  - ROV inspection & assurance
  - Drilling rig equipment Factory Acceptance Testing (FAT) witnessing
- Cyber Security Assessments

Our aim is to provide independent technical reviews of drilling rigs' regulatory compliance and equipment operability to ensure incident-free drilling campaigns with maximum productive time.

CONSTRUCTION SUPERVISION

AqualisBraemar provides teams to work with the client throughout the construction or conversion of an offshore asset. The project team monitors the project to ensure that it is carried out in accordance with the contract, the specifications, clients' expectations, flag and class requirements.

The project team consists of key personnel with the necessary skills to ensure that the construction meets the build schedule. AqualisBraemar provides a group of engineers and inspectors of various disciplines to be utilised at different stages of the project. In addition, dedicated planning and document control functions are provided throughout the construction phase.

- Key project control activities include:
- Development and implementation of project procedures
- Review of machinery and equipment purchase orders and specifications
- Development and implementation of project execution plans
- Monitoring of work progress and testing activity
- Monitoring of quality control of each activity throughout the construction
- Attendance at formal safety meetings
- Attendance at Factory Acceptance Testing (FAT)
- Audits of subcontractors' facilities
- Attendance during sea trials and inclining experiments
- Reporting to the client on a weekly and monthly basis
- Tracking of site queries, observing safety policy, monitoring quality control measures
- Maintaining electrical & mechanical completion and commissioning records and database
- Monitoring and reporting on extras and credits

DYNAMIC POSITIONING & CRITICAL SYSTEMS

AqualisBraemar provides an experienced multidisciplinary team of engineering and operational resources to support the Dynamic Positioning (DP) industry. We deliver dynamic positioning services & critical systems consultancy, including DP FMEA (Failure Mode and Effects Analysis), DP audit, DP Assurance and DP project management.

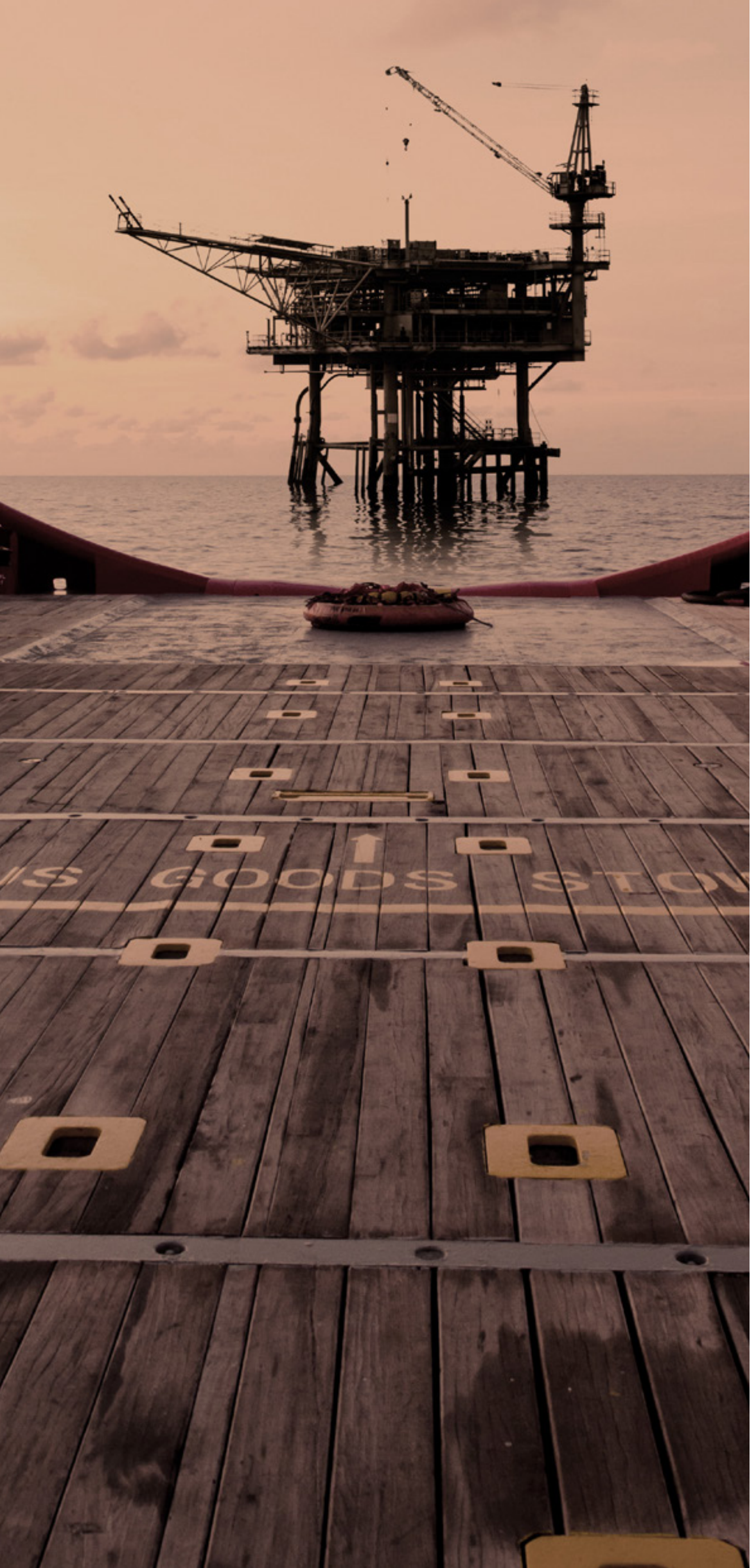
Our services encompass all aspects of the DP system, from initial design consulting, procedures and documentation, proving trials, audits, incident investigation, life extension studies, maintenance and management.

We aim to assist our clients to operate and validate according to their units' specific industrial mission, including drilling units, project and construction vessels, DSV's, accommodation units, shuttle tankers and OSVs. Whether identifying the critical activity mode or verifying the worst case failure mode through FME(C)A, AqualisBraemar aims to provide clients with independent technical reviews to enhance safe operations.

DP Services Include:

- FME(C)A
- DP FMECA proving and annual trials
- DP design review/redundancy analysis
- DP condition & suitability surveys
- DP Capability & gap analysis
- Development of ASOG, WSOG & CAMO
- DP incident investigation
- DP manuals and procedures
- DP operator competence assessment and verification
- DP project management & sea trials management
- Planning for DP conversions
- Dive Auditing and FMEA work
- Dive system FMEA
- Dive system FMEA proving trials
- Dive system auditing
- ROV auditing
- Critical systems FMEAs
- LNG code FMEAs
- Cargo control systems
- HAZID/HAZOP
- LNG bunker barges
- Analyses of cranes, bilge and ballast systems, pipelay systems and other critical systems

AqualisBraemar combines world-class Dynamic Positioning with world-class Rig Inspection services. We are the only Rig Inspection service provider with dedicated DP Practitioners. Our established DP inspection Practitioners bring years of experience with both offshore drilling rigs and offshore vessels.



TECHNICAL DUE DILIGENCE

With our assistance, owners and financial institutions can obtain an objective expert view on the actual project performance or asset value, as an important input to the decision-making process related to loans, consolidation or acquisitions.

AqualisBraemar is well placed to perform solid, independent technical due diligence services with its combination of engineers and master mariners. The engineers will have been involved from the first concepts to sailaway, including yard contract negotiations, the operational phase, yard stays for repairs, upgrades, modifications and special periodic surveys. The mariners will have been in charge of vessels, rig moves, and major marine operations, including vessel inspection/survey.

- Assessment of vessel requirement vs capabilities
- Design review, professional peer review
- Assessment of owner, project management team and project plans/ schedule
- CAPEX/OPEX budget evaluation
- Identify delay risks and other project risks
- Pre- and post- contract reviews
- Yard evaluation and inspection
- Verification of project progress/payment milestone audits
- Suitability survey, condition survey, assessment of vessel function
- Lifetime assessments
- Assessment of equipment preservation and reactivation
- The above services are performed for the following vessels:
- Drilling units: Semi-submersibles, jack-ups, drillships and tender barges
- Production units: Ship-shaped, semi-submersibles and jack-ups
- Accommodation units: Semi-submersibles, jack-ups and tender barges
- Offshore service vessels: Anchor handlers, supply vessels, cable layers, crane vessels, liftboats, tugs, etc.
- Other vessels: Shuttle tankers, oil tankers, floating storage units, wind turbine installation vessels, barges, cargo vessels

Marine

AqualisBraemar is a specialised marine and engineering consultancy, focusing on the shipping and insurance markets worldwide. Our multidisciplinary engineering and marine teams are recognised in the industry for their competence and experience. We work closely with all stakeholders in the marine industry including shipowners, underwriters, brokers, P&I clubs, financiers, lawyers, average adjusters, charterers and relevant authorities & industry bodies. We deliver worldwide emergency casualty, accident or incident response and international marine survey services.

AqualisBraemar specialises in the following marine market services:

- Hull & Machinery surveys
- P&I surveys
- Salvage & wreck removal consultancy
- Loss of hire, War risk, ship repairs & builder liability, marine liability and other marine insurance surveys
- Casualty investigations
- Expert witness provision
- Pre risk surveys including Joint Hull (JH) shipyard, vessel and management office surveys
- Technical due diligence services on behalf of financial interests
- Cargo & damage surveys
- Ports & harbours consultancy
- Dedicated superyacht team

AqualisBraemar provides clients with global support via an extensive office network. We aim to be your reliable long-term partner.

Our team comprises:

- Dedicated case handling by GSS team
- Marine Engineers
- Master Mariners
- Naval Architects
- Salvage Masters & SCRs
- Marine Surveyors
- Risk Managers/Engineers
- Mechanical Engineers
- Civil Engineers
- Control System Engineers
- Subsea Engineers
- Electrical and Electro Technical Engineers

MARINE INSURANCE SURVEYS

AqualisBraemar is well known in marine insurance as the market leader in hull & machinery surveys. With 48 locations in 33 countries we are well placed to respond to marine incidents promptly to better serve our client's needs. Many of the key international marine and P&I underwriters rely on our services with brokers and assured supporting our services and having us included in many slips. We offer support to the wider industry by active involvement in industry bodies such as the LMA, JH committee, JMCC and IUMI.

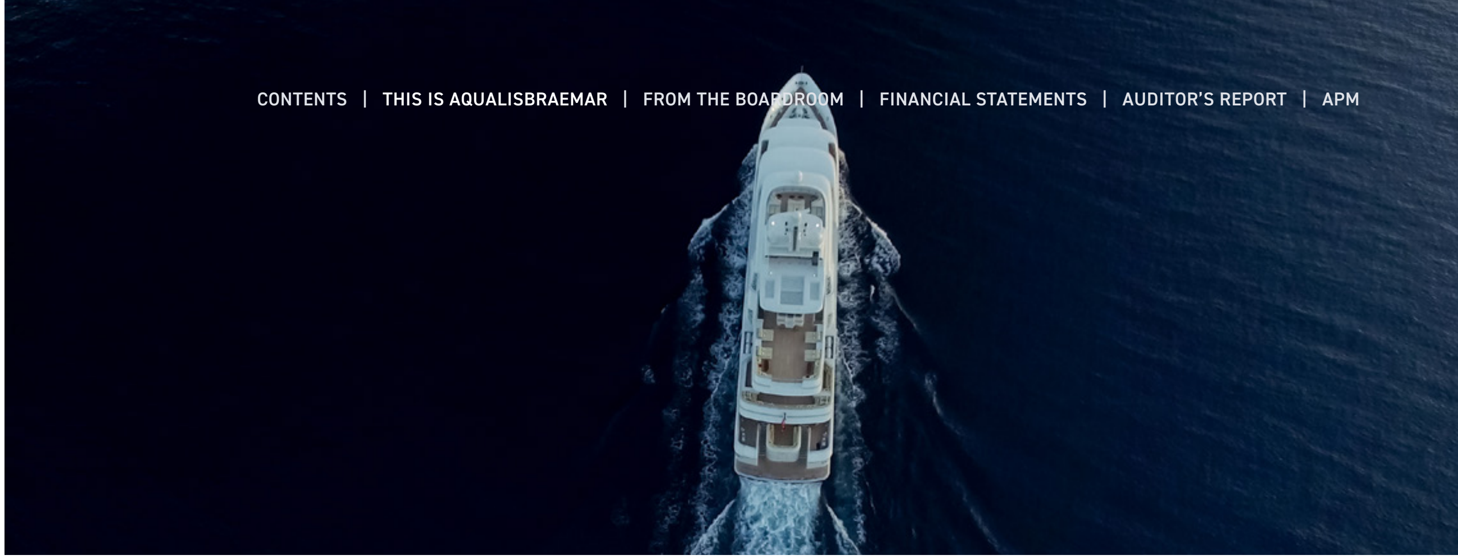
With over 150 years of experience in the field we bring tradition and history combined with innovation and a modern approach to the marine claims and pre risk process.

Marine insurance services offered:

- Hull & machinery surveys
- P&I surveys
- Dedicated superyacht team
- Cargo interests' surveys
- Loss of hire surveys
- Ship repairs liability surveys
- Ship builders liability surveys
- Product liability surveys
- Marine liability surveys
- Damage to fixed and floating objects including collision assessment
- Litigation & Expert witness
- Port risks
- Voyage risks
- Loss prevention services
- Personal injury
- Damage surveys of high value equipment and cargo

Joint Hull Surveys:

Our staff have been involved in the development and refining of the Joint Hull Committee's pre risk program over the years. From the previous vessel and management JH115 wordings to the refinement of this through JH2013 onto the current updated JH2019 version focusing on vessel condition, on board vessel management and shore-based management processes. We also have significant experience in conducting JH143 shipyard audits having conducted over 400 such assessments around the world with a dedicated offering covering new superyacht builds.



MARINE CONSULTANCY

We offer a wide range of marine consultancy to the wider marine and marine insurance markets. Our mariners have many years of experience associated with a variety of vessel types with many bringing further commercial experience as salvage masters, superintendents, shipyard managers, classification surveyors etc.

We offer:

- Provision of Marine Advisors
- Dedicated superyacht team
- Dedicated ports and harbour consultancy capabilities
- Salvage and wreck removal services
- SCR provision
- Dry transportation consultancy and operations
- Vessel inspections
- Rules & regulations compliance
- Inclining experiments
- Pilotage operations
- Suitability surveys and audits
- Pre-charter audits/surveys
- Pre-purchase surveys
- Mooring plans

TECHNICAL DUE DILIGENCE

With our assistance, owners and financial institutions can obtain an objective expert view on the actual project performance or asset value, as an important input to the decision-making process related to loans, consolidation or acquisitions.

AqualisBraemar is well placed to perform solid, independent technical due diligence services with its combination of engineers and master mariners. The engineers will have been involved from the first concepts to sail away, including yard contract negotiations, the operational phase, yard stays for repairs, upgrades, modifications and special periodic surveys. The mariners will have been in charge of vessels, rig moves, and major marine operations including vessel inspection/survey. Our teams can also support the sale and purchase, refinancing or restructuring of fleets and shipping companies

Technical due diligence services offered:

- Assessment of vessel requirement vs. capabilities
- Design review, professional peer review
- Assessment of owner, project management team and project plans/schedule
- CAPEX/OPEX budget evaluation
- Identify delay risks and other project risks
- Pre- and post- contract reviews
- Yard evaluation and inspection
- Verification of project progress/payment milestone audits
- Suitability survey, condition survey, assessment of vessel function
- Lifetime assessments
- Assessment of equipment preservation and re-activation

The above services are performed for the following vessels:

- Passenger vessels
- Fishing vessels
- Drilling units: Semi-submersibles, jack-ups, drillships and tender barges
- Production units: Ship-shaped, semi-submersibles and jack-ups
- Accommodation units: Semi-submersibles, jack-ups and tender barges
- Offshore service vessels: Anchor handlers, supply vessels, cable layers, crane vessels, liftboats, tugs, etc.
- Other vessels: Shuttle tankers, oil tankers, floating storage units, wind turbine installation vessels, barges, cargo vessels

AQUALISBRAEMAR YACHT SERVICES

Superyachts are a dynamic sector of the marine industry with their own unique challenges. AqualisBraemar combines first-class multidisciplinary expertise, a truly worldwide presence, early response capability and proven reliability to deliver a distinctive bespoke service with exceptional technical content.

Superyacht services offered:

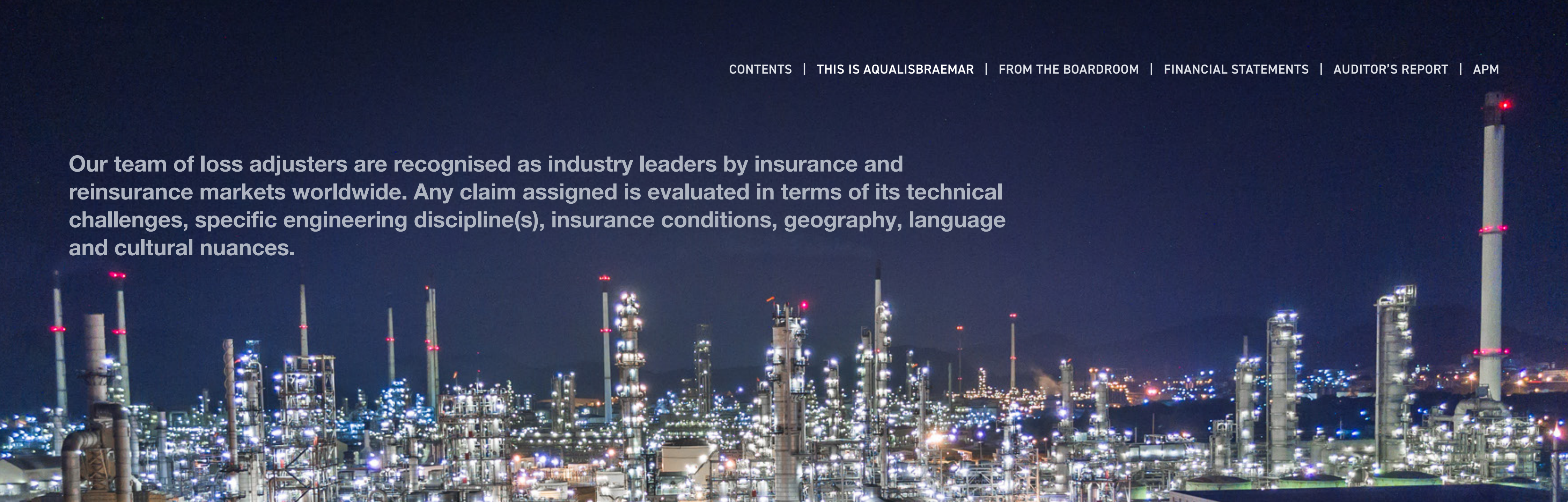
- Damage surveys and casualty investigations
- New construction, conversion, refit and repair and project
- Management
- Sale and purchase services
- Superyacht safety and loss prevention
- Superyacht-specific JH143 shipyard audits

PORTS & HARBOURS

Our Ports & Harbour team specialise in providing Port Capacity and Operational Simulation studies. Utilising our dual purpose software package BRAEVURA ©, we are able to accurately model existing and future traffic flows using AIS data to predict port capacity, berth utilisations and to assess the effects on marine traffic of proposed modifications such as the introduction of new berths, vessel types or navigation rules.

Adjusting

AQUALIS BRAEMAR



Our team of loss adjusters are recognised as industry leaders by insurance and reinsurance markets worldwide. Any claim assigned is evaluated in terms of its technical challenges, specific engineering discipline(s), insurance conditions, geography, language and cultural nuances.

Classes of insurance handled include:

- Energy
- Marine
- Mining & heavy industry
- Pollution liability
- Power & utilities
- Renewables

Our in-house technical disciplines include:

- Civil engineers
- Drilling engineers
- DP engineers
- Electrical engineers
- Geotechnical engineers
- Marine engineers
- Master mariners
- Mechanical engineers
- Naval architects
- Process engineers
- Quantity surveyors
- Structural engineers
- Subsea engineers
- Wind engineers

PHILOSOPHY

We provide the most professional loss adjusting and other expert service, supplying integrated capabilities of the highest calibre, to meet the diverse demands of specialist insurance markets and their clients worldwide. AqualisBraemar is becoming the benchmark for professional service levels in their sector by continuing to invest in its people and infrastructure through a combination of selective recruitment, formal training, systems development, mentoring and peer support, as well as providing the local talent on the doorstep of our clients, to service their immediate and long-term requirements. We believe our services are most effective when all parties trust and rely upon professional independence.

OUR SERVICES

AqualisBraemar provide Energy, Marine and Property Insurers, Brokers and Assureds with the highest quality professional Loss Adjusting and Surveying services, enabling Insurers to reach amicable and equitable settlement of claims made by their Assureds.

This service includes:

- Immediate response, including site visits by relevant technical personnel
- Timely clear, concise communication and regular formal reporting
- Accurate reserve information revised as appropriate throughout the engagement
- Full investigation of circumstances and cause
- Advice on the suitability and cost of remedial measures
- Review of contracts with relevance to insurable interest, indemnification and subrogation
- Complete policy review, identifying terms and conditions relevant to the claim
- Review of recovery potential
- Adjustment, taking full account of policy wording, law and relevant practice
- Impartiality

EXPERT WITNESS & CONSULTANCY

Additionally, using the skillsets available within our organisation, AqualisBraemar's team also have significant experience in the provision of Expert Witness services to clients, assisting them in the resolution of disputes.

AqualisBraemar also offers consultancy services to insurers, legal firms, finance houses and banks, oil majors, vessel owners and managers, regulatory bodies and other organisations that require experienced, knowledgeable and reliable expertise, delivered with integrity.

Members of the Board

Glen Rødland | Chairman

Glen Rødland is an independent investor and board member in listed and private companies. Mr Rødland has 14 years of experience from Private Equity and Private Office as a senior partner at HitecVision and as a partner and co-investor of Direct Active Investments in Ferncliff TIH AS. He has worked for 15 years with portfolio management and investment banking for DNB (Vital) and Swedbank (formerly First Securities and Elcon Securities). In addition, Mr Rødland has also worked as a market and investment analyst at JEBSENS and as a management consultant in PWC. He is currently the Chairperson in Seadrill Ltd, Prosafe SE, Axactor AB and AqualisBraemar. Mr Rødland has MBA and Post Graduate studies in Finance from NHH and UCLA. Mr Rødland is a Norwegian citizen and resides in Bærum, Norway.

Reuben Segal | Board member

Reuben Segal is the Chief Operating Officer of AqualisBraemar and has over 20 years' experience in the offshore and shipping sectors covering both engineering design and ship surveying. Mr Segal is a naval architect and has extensive recent global business development experience with focus on design and construction of offshore oil and gas assets, including MODU and MOPU units from FEED through to yard delivery. He holds a master's degree in engineering from the University of Newcastle. Mr Segal is a British citizen and resides in Dubai, UAE.

Yvonne L. Sandvold | Board member

Yvonne L. Sandvold is the Chairman of the Board and Chief Operating Officer of Frognerbygg AS and Chief Executive Officer of YLS Næringseiendom. She has extensive experience from the Norwegian real estate industry. Ms Sandvold currently serves on the board of several private and public companies. She is a Licenced Psychologist/ Cand.psychol. from the University of Oslo. Ms Sandvold is a Norwegian citizen and resides in Oslo, Norway.

Synne Syrrist | Board member

Synne Syrrist is an independent business consultant and has extensive experience as a non-executive director of both private and public companies. Ms Syrrist was previously a partner and financial analyst at First Securities. She currently serves on the board of several public companies, including Awilco LNG ASA, Awilco Drilling Ltd and Eidesvik Offshore ASA. She holds an MSc from the Norwegian University of Science and Technology and is qualified as an authorised financial analyst at the Norwegian School of Economics and Business Administration. Ms Syrrist is a Norwegian citizen and resides in Oslo, Norway.

Ronald Series | Board member

Ronald Series is the executive chairman of DX (Group) plc and Braemar Shipping Services plc. Mr Series was previously the senior independent director of Clipper Logistics plc and held senior management positions at Lonmin plc, the platinum group metals producer, Viridian Group Limited, the energy company, and Dubai World, the global investment company.

Executive Management

David Wells | Chief Executive Officer and Director, UK

David Wells, a Master Mariner, was a founding member of Aqualis. Mr Wells has more than 30 years' experience in the offshore consultancy sector with particular focus on offshore operations, MWS and marine consultancy. He is a specialist on jack up rig move operations, location approvals and all aspects of rig moving. Mr Wells was previously a specialist consultant to the offshore market, and has held senior Global and Regional MD roles for a major leading global oil & gas consultancy. His focus during the latter was on Middle East and Africa and Indian sub-continental regions where he managed seven offices and a multi-cultural staff of some 200 employees. Mr Wells resides in London, UK.

Kim Boman | Chief Financial Officer

Kim Boman has over 20 years professional experience from corporate finance, accounting/auditing, strategy consulting and investor relations. Particular industrial experience within the offshore, shipping and renewable energy industry. Mr Boman holds a master's degree in Business and Economics from the Norwegian School of Management and a MSc in Finance from the London Business School. Mr Boman is based in Oslo, Norway.

Reuben Segal | Chief Operating Officer

Reuben Segal has over 20 years' experience in the offshore and shipping sectors, covering both engineering design and ship surveying. He is a naval architect and has extensive recent global business development experience with focus on design and construction of offshore oil & gas assets, including MODU and MOPU units from FEED through to yard delivery. Mr Segal holds a master's degree in Engineering from the University of Newcastle. Mr Segal resides in Dubai, UAE.

Svein O. Staalen | General Counsel

Svein O. Staalen has over 20 years professional experience from law firms and in-house legal positions, with particular experience from maritime and energy industries. He holds a Master's of Law degree from the University of Oslo and a Diploma in English Commercial Law from the College of Law, London. Mr Staalen is a Norwegian citizen and resides in Bærum, Norway.

Senior Management

Dr Bader Diab | Director of Engineering and Regional Managing Director, Americas

Dr. Bader Diab is a structural and global performance engineer. He has over 30 years' offshore engineering global experience covering both shallow and deep-water sectors with extensive structural design experience of MODUs, mooring systems, motions, installation engineering and familiarity with shipyards. Dr Bader Diab holds a PhD and is based in Houston, USA.

Will Cleverly | Managing Director, OWC

Will Cleverly is a renewable energy professional with over ten years' experience designing, constructing and installing offshore wind farms across the world. He holds a Civil Engineering degree from the University of Cambridge, chartership with the ICE, and an Executive MBA. Following successful establishment of OWC in Asia, Mr Cleverly is now based out of OWC's headquarters in London, and oversees the global operations of all OWC entities and teams: in the UK, Germany, Taiwan, US, Australia and Korea.

Phil Lenox | Regional Managing Director, Asia Pacific

Phil Lenox is a structural engineer and has over 40 years of onshore/offshore experience with both contractors and consultancies including conceptual design, detailed structural analysis and design through to construction and installation. He specialises in transportation and installation projects including use of HLVs, topside floatovers and has extensive MWS experience. Mr Lenox is based in Singapore.

Mark Lomas | Regional Managing Director, Europe & Africa

Mark Lomas is a master mariner with specialist competence in marine casualties, including high profile salvage and wreck removal operations. He has close to 20 years of experience in marine consultancy with focus on maritime casualty investigations, cargo claims, H&M instructions, total losses and pollution incidents. Mr Lomas also held senior roles in a leading consultancy in both the Middle East as well as UK and has extensive knowledge of the Middle East and Sub Continent markets. Mr Lomas is based in London, UK.

Ben Lazenby | Regional Managing Director, Middle East & India

Ben Lazenby is a master mariner with more than 25 years' experience in the maritime offshore industry. His specialist areas of competence are marine operations, rig moving and marine warranty. He has conducted more than 300 rig moves as Tow Master or Marine Warranty Surveyor. Mr Lazenby is based out of AqualisBraemar's regional headquarters in Dubai, UAE and oversees the operations of the company's other offices in the region: Abu Dhabi, UAE; Manama, Bahrain; Doha, Qatar; Dammam, Kingdom of Saudi Arabia and Mumbai, India.

Mark McGurran | Group Managing Director, Marine

With over 25 years in the maritime industry, Mr McGurran has spent over 15 of those working in marine consulting, including business leadership roles in marine casualty investigation and marine warranty services for other international consultancy firms. Mr McGurran holds a Chief Engineer's unlimited motor chief engineer certificate of competency and has 12 years of sea going experience on container, passenger, high speed and offshore vessels in all ranks to Chief Engineer including technical management experience. He has particular expertise in marine casualty investigations including groundings, machinery damage, collisions, total losses, fires and offshore asset damage and has given expert evidence in many of these matters in the High Court and in arbitration.

Senior Management

Rodger Dickson | Group Managing Director, Offshore

Rodger Dickson has over 30 years' experience in the marine and offshore sectors with particular focus on offshore operations, project Marine Warranty Services and marine consultancy. Mr Dickson is a specialist on jack-up operations, location approvals and all aspects of rig moving. He has a proven track record of technical and management experience. Mr Dickson is based in Dubai, UAE.

Amish Sanghavi | Finance Director (Offshore)

Amish Sanghavi is a qualified finance professional with close to 20 years of experience in the area of financial control, statutory audit and reporting, financial planning and budgeting, management and business performance reporting and transaction processing. Mr Sanghavi is a fellow member of the Institute of Chartered Accountants of India and has passed all three levels of the CFA program. Mr Sanghavi is based in Dubai, UAE.

Geoff Jones | Group Managing Director, Adjusting

Geoff Jones has close to 40 years' experience handling all aspects of Energy claims in the London Insurance Market, having previously worked at Lloyd's Claims Office, Equitas and Zurich Global Energy before joining Catlin in 2006 as Energy Claims Manager. During that period he also led the LMA Lloyd's Energy Claims Group and served as the claims representative on the Joint Rig Committee. Mr Jones joined Braemar as Group Managing Director of Adjusting in April 2014. He is now the Group MD of Adjusting at AqualisBraemar. Mr Jones is also a member of the organising committee for the Lillehammer Energy Claims Conference.

David Brand | Finance Director (Insurance)

David Brand is a qualified Chartered Accountant and Economics Graduate. He has a career history spanning 25 years in the marine and consulting industry, working for both owners and service providers. His experience covers technical services, procurement, consultancy and insurance. David has expertise in business transformation and process improvement, strategic development and has led business acquisitions, restructures and divestments. Mr Brand is based in London, UK.

Stuart Mill | Group Commercial Director

Stuart Mill is a fellow of The Royal Institution of Naval Architects with over 40 years' experience in ship-repair, shipbuilding, FPSO conversion and marine related energy sectors. He has core expertise within project control, cost engineering, contracts and commercial management in large offshore construction projects. Mr Mill has experience from technical, commercial and managerial positions at major shipyards worldwide, working on all types of floating structures and vessels. Mr Mill is based in London, UK.

Santosh George | Group QHSE Director

Santosh George is a specialist QHSE consultant and auditor with extensive risk analysis experience covering shipyards and offshore assets together with implementation of Group Management systems and ISO accreditations. Mr George is based in Abu Dhabi, UAE.

Senior Management

John MacAskill | Group Marketing Director

John MacAskill has over 20 years' experience in business development and marketing in the engineering and consultancy sector, the last 12 years in renewables. Mr MacAskill has developed a leading profile within offshore wind. He started and established two business units in renewables and until recently led the business development and marketing of OWC. Mr MacAskill is based in London, UK.

Lisa Tytler | Group Operations and HR Director

Lisa Tytler has worked in the Insurance Industry for 20 years and holds a Higher Diploma in Secretarial and Administrative Procedures, a Diploma in Business Administration, and is CIPD qualified. Having worked as a personal assistant for companies including Marsh, Wellington and Catlin Underwriting until 2008, Ms Tytler then joined Braemar in 2009 as the Office Manager.

Haakon Brandrud | Director of Strategy and Corporate Development

Haakon Brandrud has more than 12 years of Investment Banking experience from leading financial institutions and has worked on a wide range of M&A, equity and debt capital markets transactions. Before joining AqualisBraemar, Mr Brandrud was Director and Head of Energy Services at SB1 Markets. Mr Brandrud holds an MSc in Finance from NHH Norwegian School of Economics and Ivey Business School, University of Western Ontario. Mr Brandrud resides in Oslo, Norway

Sustainability Report

As consultants to the world's energy, marine and insurance sectors, our stated mission is to provide an unrivalled level of service to our clients across the globe and to be the consultancy that delivers innovative, fit for purpose and value-added services.

Our values underpin all our activities across all jurisdictions where we operate. It sets out our global approach to a sustainable purpose and forms the basis of our decisions by focusing on business ethics and compliance, people and culture, and community involvement.

- We never compromise on quality and integrity
- Transparent and open in our business ethics
- We care about the safety of our people, the environment and client assets
- We are committed to teamwork and innovation
- We make a difference by offering proactive and pragmatic solutions

We recognise that for our business to be successful in the age of climate crisis and energy transition, we must redefine AqualisBraemar in an genuine way to put sustainability at the centre of all strategy and operations.

AQUALISBRAEMAR2030

In Q1 2020 our Management Team initiated a comprehensive process to establish best practice Environmental, Social and Governance ("ESG") reporting and to instil sustainability into the culture and forward strategy of the Group. We have called this project **AqualisBraemar2030**, recognising that though the journey may be long, we must build the foundations this decade.

Our guiding purpose in this initiative is:

Energy and the oceans are at the centre of our business; the sustainability of both is vital for the future of our company and the world in which we operate and live

Our new purpose not only makes sustainability a responsibility for us in the way we do business, but also recognises that our business impacts the wider world and that we need to take responsibility for that too.

We have developed five principles that will guide this process:

1. Implement ESG reporting anchored in the principles of the United Nations Global Compact & other recognised guidelines & standards

In September 2015, all 193 Member States of the United Nations adopted a road map to end extreme poverty, fight inequality and injustice, and protect our planet. At the heart of "Agenda 2030" are the 17 Sustainable Development Goals ("SDGs") which clearly define the world we want — applying to all nations and leaving no one behind.

The UN recognised that business must play a very important role in the process. AqualisBraemar is now a signatory of UN Global Compact and will embed and contribute to the relevant SDGs to its business and markets. AqualisBraemar is a consultant to the energy, marine and insurance sector and we play a role in providing solutions that can contribute to solving these challenges while supporting the world's energy and marine needs.

"AqualisBraemar ASA supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. It is our intent to implement those principles. We are committed to making the UN Global Compact, its principles and relevant SDGs part of our strategy, culture and day-to-day operations." – David Wells, CEO.

AqualisBraemar works to de-risk operations, assets and investments in the energy and marine sectors. By identifying and mitigating risks to people and the environment, we help support sustainable development of the industry.

The SDGs are becoming increasingly important for investors, as they reflect the world's most pressing environmental, social and economic issues and, as such, act as a definitive list of the material ESG perspectives that should be taken into account as part of an investor's fiduciary duty.

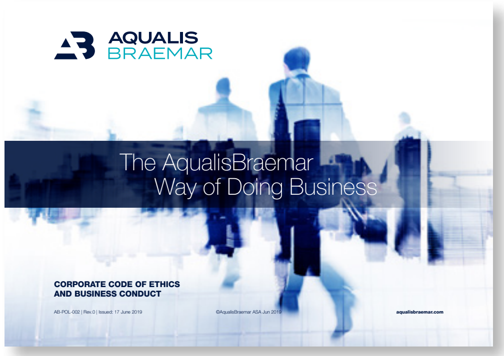
Our reporting will be based on the areas of sustainability dictated by the operations and purpose of the company guided by the SDGs. We will be outlining metrics, data and relevant Code/Standard, for each sustainability area for future annual reporting.

We will develop customised disclosures to provide additional key information on AqualisBraemar's sustainability performance. We plan that our future reporting will be based on Oslo Børs Guidelines to issuers for ESG reporting. We will also be looking at other relevant reporting guidelines to ensure the materiality and relevance of the reporting to investors.

2. Build on our existing strong governance standards ensuring diversity, inclusion & ethical business centred on human rights & equality

As a listed company on the Oslo Børs, AqualisBraemar has a strong ethics and corporate governance structure.

"AqualisBraemar advocates high standards of honesty, integrity and ethical behaviour in our daily business and we expect all representatives of our company to conduct their daily business in a safe, fair, honest, respectful and ethical manner." – David Wells, CEO



AqualisBraemar has a robust corporate code of ethics and business conduct guideline that is embedded into our business systems. They set out the basic rules and standards of behaviour expected on matters that are important to our company and to conduct our business in an ethical and compliant manner in accordance with our values.

Also, as a listed company and in line with the Norwegian Code of Practice for Corporate Governance (NCPCG), the Board of Directors of AqualisBraemar has prepared a Corporate Governance policy document. We aspire to follow the NCPCG as closely as possible. Through its Board of Directors and Management, the Company conducts a review and evaluation of its principles for corporate governance on an annual basis.

However, we also recognise that the UNGC goes beyond what we currently have in place and AqualisBraemar will use the UNGC's Ten Principles to expand what we both adhere to and strive to achieve, ensuring our operations and business is centred around diversity, inclusion and ethical business centred on human rights and equality.

3. Explore opportunities to allow the company & our people engage in efforts to promote greater environmental responsibility in line with the 1992 Rio Earth Summit

AqualisBraemar does not operate assets, but we de-risk the operations of those who do while also enabling the construction of renewable energy capacity globally. We aim to minimise our impact on the environment and seek to contribute positively towards the global sustainability of the planet we all share. As a global consultant, we recognise that our activities and those of our markets can impact the environment and place a premium on being compliant with relevant environmental regulations and protecting the environment in our operations.

AqualisBraemar already undertakes various charitable activities across the globe on a team by team basis, but as part of our commitment to help advance the SDGs, we will be exploring either regional causes or the opportunity to unite our business behind a single cause that will demonstrate our strength together and our measurable impact in the world and communities we operate and live, aligning our efforts to the global agenda on sustainable development.

AqualisBraemar recognises the importance of the 1992 Rio Earth Summit as an agreement on the Climate Change Convention which in turn led to the Kyoto Protocol and the Paris Agreement which dealt with greenhouse-gas-emissions mitigation, adaptation, and finance and was signed in 2016. Our choice of cause(s) will be guided by the direction and objectives of these landmark agreements to substantially reduce the risks and impacts of climate change.

At AqualisBraemar we believe our role in investing in our world and communities goes beyond the donation of money, so an important element of the criteria used to choose a cause and partner will be the ability to provide our staff opportunities to deliver to the objectives of the cause. This will have the added benefit of contributing to the development of our staff and positively contribute to talent recruitment and retention.

4. Work towards a company-wide net zero carbon target to stay ahead of our markets & contribute to a net zero world

Our carbon footprint and how we manage that within our business is vital to realising our own as well as contributing to global carbon reduction targets. In 2016, more than 190 countries signed the Paris Agreement. Aiming to limit the rise in global temperatures to well below 2°C, the agreement will come into effect in 2021 at COP26 in Glasgow. We recognise the role AqualisBraemar plays in helping the global economy reduce its carbon footprint and realise the importance of providing targeted focus to achieving our global goal.

Given the carbon intensity of much of the world in which we operate, our targets will in part be influenced by developments in travel, transport and other technologies. However, we do commit to reducing our carbon footprint and recognise we must first set a reduction target. In order to achieve a group wide approach, we require a carbon strategy and need to create a baseline year in which to set our target reduction against:

- Create a carbon reporting process for the Group
- Provide a single platform for periodic data collection
- Create enough time for the business to adapt, solution to be formed in our business environment and implement the required changes

Our objective to ensure our business is in line or better than the targets being set in our sectors. Our initial ambition is to reach a net zero carbon target between 2035 and 2040.

5. Continue to grow, innovate & develop new services to both accelerate & de-risk the energy transition & create business value

AqualisBraemar is focused, like most businesses, on realising value providing a sustainable return to our investors, shareholders and employees. To deliver on these goals, it is important that we can deliver a sustainable level of profit, and address multiple stakeholder needs to ensure our long-term sustainability.

AqualisBraemar recognises that sustainability is central to our business model, but that it is a value proposition that drives day to day decision making and is vital for the future of our company and the world in which we operate and live.

We are an asset light independent professional service consultancy which allows us to respond quickly to changes in market conditions. Our main focus is on de-risking and driving the energy and industrial transition in energy and the world's oceans.

From de-risking rig operations for world's offshore oil and gas majors to de-risking the growth of offshore wind across the globe, AqualisBraemar works deeply within the energy transition.

We see this transition, one that will drive the reduction of carbon intensity of oil and gas operations, the development of new marine vessels and fuels, to taking offshore wind deeper and further from shore, as an opportunity for our current services, but also in allowing us to innovate new services and offerings to add value and a more sustainable return to our investors, shareholders and employees.

"AqualisBraemar2030 will make us fit for a new era, an era of acknowledgement of the climate crisis that is upon us and the resulting accelerating energy transition. It will leave our company more sustainable, make it more attractive to the talent we need and realise more value for our investors, shareholders and employees" – David Wells, CEO

Corporate Governance

Corporate Governance regulates the relationship between the Group's management, its Board of Directors and the shareholders of the Company. AqualisBraemar believes that good corporate governance is an important component of sustainable business conduct and long-term value creation.

1. IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE

In accordance with the Norwegian Code of Practice for Corporate Governance (NCPCG), the Board of Directors of AqualisBraemar ASA has prepared a Corporate Governance policy document. AqualisBraemar aspires to follow the NCPCG as closely as possible. Through its board and management, the Company conducts a review and evaluation of its principles for corporate governance on an annual basis.

The Company's compliance with the Code is detailed in this report and section numbers refer to the Code's articles. AqualisBraemar's Corporate Governance guidelines are published in full at the Company's website. Adherence to the code is based on the "comply or explain" principle, which means that a company must comply with the recommendations of the code or explain why it has chosen an alternative approach to specific recommendations.

AqualisBraemar is complying with the NCPCG with the exception of the following:

- Reuben Segal, the Chief Operating Officer in AqualisBraemar ASA and also a member of the Board of Directors. The background for this is that Mr. Segal is a significant shareholder in the Company, and also represents the interest of other employees who hold shares in the Company.

2. BUSINESS

AqualisBraemar is a Norwegian public company which offers adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries.

The Group's strategy is to offer its specialist marine and engineering consultancy services through a growing network of global offices.

The scope of AqualisBraemar's business is defined in its Articles of Association, published on the Company's website. The Company's objectives and strategies are presented in the Directors' report.

3. EQUITY AND DIVIDENDS

Equity

The Company's consolidated equity at 31 December 2019 was USD 47.4 million, representing an equity ratio of 74.5%. The Board aims to maintain an equity ratio that remains satisfactory in light of the Company's goals, strategy and risk profile.

Shares and share capital

At the end of 2019 AqualisBraemar had 70 416 435 ordinary shares outstanding with a par value of NOK 0.10 per share (see note 26 to the Financial Statements). The Company has one share class, and each share carries one vote. At 31 December 2019, the Company had 1450 shareholders, and foreign registered shareholders held 46.6% of the shares of the Company.

Increases in share capital

The Board will only propose increases in the share capital when this is beneficial over the long term for the shareholders of the Company.

AqualisBraemar has approval to purchase its own shares, limited to 10% of the total shares outstanding. If AqualisBraemar disposes or cancels own shares, this amount shall be increased by an amount equal to the face value of the shares disposed of or cancelled. This authorisation is valid until the Annual General Meeting, but shall in any event expire at the latest on 11 September 2020.

Dividend policy

It is the Company's objective to generate returns to the shareholders in the form of dividends and share appreciation, which is at least on the same level as other investment possibilities with comparable risk. This should be achieved, first and foremost, through strong and profitable growth within the Company's business areas. Future dividends will depend on the Group's financial strength, cash flow, investment needs and growth opportunities. The dividend shall over time correspond to approximately 50-70 percent of consolidated profit after tax excluding exceptional items and non-cash items, paid semi-annually.

AqualisBraemar's ambition is to pay a cash dividend that is following its long-term underlying cash flow. When deciding the dividend amount, the Board of Directors will consider the Group's financial strength, cash flow, investment needs, growth opportunities and a level of financial flexibility that is appropriate for the AqualisBraemar's business model. In addition to paying a cash dividend, AqualisBraemar may buy back its own shares as part of its plan to distribute capital to shareholders.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company has only one class of shares and there are no voting restrictions. Any potential purchase of own shares shall be carried out via a stock exchange at market prices.

Where the Board resolves to carry out an increase in share capital on the basis of an authority given to the Board, and waive the pre-emption rights of existing shareholders, the justification will be publicly disclosed in connection with the increase in share capital.

Transactions with related parties shall be at arm's length and at fair value which, in the absence of any other pertinent factors, shall be at market value. All material transactions with related parties shall be valued by an independent third party, unless assessed and resolved upon by the General Meeting. Transactions with related parties are described in note 20 to the Financial Statements.

5. FREELY NEGOTIABLE SHARES

There are no limitations on trading of shares and voting rights in the Company and each share gives the right to one vote at the Company's General Meeting.

6. GENERAL MEETING

Annual General Meeting

The General Meeting is the Company's supreme body and elects the members of the Board.

The call for the General Meeting

The Company observes the minimum notice period set out in the Norwegian Public Limited Companies Act, i.e. providing 21 days' notice. The call for the General Meeting is issued in writing via mail, or electronically through VPS, to all shareholders with registered addresses. Transmitted with the summons are documents, which have sufficient detail for the shareholders to take a position on all the cases to be considered. However, documents relating to matters which shall be considered at a general meeting need not be sent to the shareholders if the documents have been made available to the shareholders on the Company's website. The summons also addresses the shareholder's right to propose resolutions to the matters to be resolved upon at the General Meeting, and gives information regarding the required steps necessary to exercise the shareholder's rights. The summons and the said documents are made available on the Company's website at least 21 days prior to the relevant General Meeting.

Voting at the General Meeting

Any shareholder is entitled to vote at the General Meeting, and to cast a vote, a shareholder must attend or give a proxy to someone who is attending. The proxy form will be distributed with the summons to the General Meeting. A proxy will only be accepted if submitted by mail, fax, or e-mail (provided the proxy is a scanned document with signature), or registered directly through VPS. It is not possible to vote via the Internet or in any other way. For shareholders who cannot attend the General Meeting, the Board will nominate the Chairman and/or the CEO to vote on behalf of shareholders as their proxy. To the extent possible, the Company uses a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

The attendance at the General Meeting

The Board and the management of the Company seek to facilitate the largest possible attendance at the General Meeting. The Chairman of the Board and the Company's Auditor will always attend the General Meeting. Other members of the Board and the Election Committee will also attend whenever practical.

Chairman of the meeting and minutes

The Chairman of the Board, or another person nominated by the Board, will declare the General Meeting open. Considering the Company's organisation and shareholder structure the Company considers it unnecessary to appoint an independent chairman for the General Meeting, and this task will for practical purposes normally be performed by the Chairman of the Board.

7. ELECTION COMMITTEE

The Election Committee is elected by the General Meeting. In addition, the Chairman of the Election Committee is also appointed by the General Meeting. The members of the Election Committee should be selected to ensure there is a broad representation of shareholders' interests.

The Election Committee's task is to propose candidates for election to the Board of Directors and to suggest remuneration for the Board. The recommendations shall be justified. The Election Committee currently consists of two members, who shall be shareholders or representatives of the shareholders, and no more than one member of the Election Committee shall be a member of the Board. Further information on the duties of the Election Committee can be found in the Instructions to the Election Committee, which has been approved by the General Meeting and made available on the Company's website.

AqualisBraemar is not aware of the existence of any agreements or business partnerships between the Company and any third parties in which members of its Election Committee have direct or indirect interests. The Election Committee's composition is designed to maintain its independence from the Company's administration.

The Election Committee currently consists of the following members:

Bjørn Stray, Chairman (up for election in 2020)
Lars Løken (up for election in 2020)

Further information on the membership is available on the Company's website.

8. THE BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The Chairman and the other members of the Board are elected for a period of two years at a time and currently comprises five members. All members of the Board may be re-elected for a period of up to two years at a time.

The Chairman of the Board, Glen Rødland, owns 13.3% of shares in AqualisBraemar, through Gross Management AS which is owned 100% by Mr Rødland. Reuben Segal is both a member of the Company's Board of Directors and a member of the Company's executive management team as Chief Operating Officer.

In electing members to the Board, it is emphasised that the Board has the required competence to independently evaluate the cases presented by the Executive Management as well as the Company's operations. It is considered important that the Board functions well as a body of colleagues.

The female representation among Board members is 40%.

The current composition of the Board, including Board members' shareholding in AqualisBraemar per 31 December 2019 is detailed below.

9. THE WORK OF THE BOARD

The Board's work follows an annual plan and it conducts an annual self-evaluation of its performance and expertise, which is made available to the Election Committee. The annual plan is devised after each Annual General Meeting, and includes the number of meetings to be held and specific tasks to be handled at the meetings. Typical tasks that are handled by the Board during the year include an annual strategic review, review and approval of the following year's budget, evaluation of management and competence required, and continuous financial and risk reviews based on budget or prognosis. The Board has held 9 meetings and calls during the period between 1 January 2019 and 31 December 2019.

Audit Committee

In accordance with the Company's Articles of Association, the Company has elected to have the full Board constitute the Audit Committee. The Board is of the opinion that this will be in the best interest of the Company in an initial stage as it will allow the Company to utilise the competence of all the board members in the committee work. Reuben Segal, a member of the executive management team, will disqualify himself from participating in the Audit Committee.

Remuneration Committee

The Remuneration Committee, appointed by the Board, makes proposals to the Board on the employment terms and conditions and total remuneration of the CEO, and other members of the Executive Management, as well as the details of the employee share scheme. These proposals are also relevant for other management entitled to variable salary payments. Currently, the Company's full Board constitutes the Remuneration Committee.

Name	Position in the Board	Member since (year)	Up for election (year)	Committee membership	Shareholding in AqualisBraemar*
Glen Rødland	Chairman	2014	2020	Audit Remuneration	9,367,996 [1]
Yvonne L. Sandvold	Member	2013	2020	Audit Remuneration	-
Reuben Segal	Member	2014	2020	Audit Remuneration	1,502,923 [2]
Ronald Series	Member	2019	2021	Audit Remuneration	-
Synne Syrrist	Member	2013	2021	Audit Remuneration	-

*** At 31st of December 2019**

1. The shares are held through Gross Management AS, an entity owned 100% by Mr. Rødland
2. The shares are held through AmAn Marine Limited, an entity controlled by Mr. Segal under nominee account LGT Bank AG.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board and the Executive Management shall at all times see to it that the Company has adequate systems and internal control routines to handle any risks relevant to the Company and its business, including that the Company's ethical guidelines, corporate values and guidelines for corporate social responsibility are maintained and safeguarded.

The Board carries out an annual detailed review of the Company's most important areas of exposure to risk and its internal control systems. The risk areas, changes in risk levels and how the risk is being managed, are on the agenda at each regular Board meeting.

AqualisBraemar offers adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries. These services are provided in compliance with relevant international and local laws and regulations governing this industry. The Company has adopted a Corporate Code of Conduct and a QHSE system governing daily business practices.

11. REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the business. The remuneration needs to be sufficient to attract both Norwegian and foreign Board members with the right expertise and competence. The compensation shall be a fixed annual amount and shall be determined by the Annual General Meeting based on a proposal from the Election Committee.

For more information on remuneration of the Board see note 20 to the Financial Statements.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board decides the salary and other compensation of the CEO, pursuant to relevant laws and regulations, having references to the main principles for the compensation policy of the Company as well as market norms and performance of the individual.

For more information on remuneration of the CEO and other members of Executive Management, see note 20 to the Financial Statements and the statement regarding the determination of salary and other remuneration for Executive Management in note 21.

13. INFORMATION AND COMMUNICATION

AqualisBraemar is strongly committed to maintaining an open dialogue with its shareholders, potential investors, analysts, investment banks and the financial markets in general. Our goal is for the share price to reflect the underlying value of the Company by providing all price-relevant information to the market on a timely basis.

The Board of Directors and the Executive Management of the Company assign considerable importance to giving the shareholders and the financial market in general timely, relevant and current information about the Company and its activities, while maintaining sound commercial judgement in respect of any information, which, if revealed to competitors, could adversely influence the value of the Company.

The CEO and CFO are responsible for the Company's investor relations activities and all communication with the capital markets, and all information is provided in accordance with the laws and regulations imposed by the Norwegian Securities Trading Act and the Oslo Stock Exchange

Regular information is published in the form of Annual Reports and interim reports and presentations. AqualisBraemar distributes all information relevant to the share price to the Oslo Stock Exchange in accordance with applicable regulations. Such information is distributed without delay and simultaneously to the capital market, the media and on the Company website.

The Company publishes all information concerning the General Meetings, quarterly reports and presentations and other presentations on the Company website, as soon as they are made publicly available.

The Executive Management holds regular meetings with shareholders and other investors, and presents at domestic and international investor conferences.

14. TAKE-OVERS

The Board shall not without specific reasons attempt to hinder or exacerbate any attempt to submit a takeover bid for the Company's activities or shares, hereunder make use of any proxy for the issue of new shares in the Company. In situations of takeover or restructuring, it is the Board's particular responsibility to ascertain that all shareholders' values and interests are protected. If a take-over offer is made, the Board will issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board will arrange a valuation from an independent expert that shall be made public no later than the disclosure of the Board's recommendation.

15. AUDITOR

PricewaterhouseCoopers AS was appointed as the Company's Auditor on 15 May 2018. The Auditor each year presents a plan for the implementation of the audit work, and following the annual statutory audit presents a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The Auditor participates in the Board meeting that approves the annual financial statements, and otherwise when required. The Auditor meets with the Board, without the Company's Executive Management being present, at least once a year.

Remuneration to the Auditor is disclosed in note 6 to the Financial Statements.

The full Corporate Governance Policy is published on AqualisBraemar's website: **www.aqualisbraemar.com**

Board of Directors' Report

BACKGROUND

Aqualis Offshore Holding ASA was listed on Oslo Stock Exchange on 13 August 2014. The company subsequently changed its name to Aqualis ASA (ticker "AQUA"). Aqualis ASA completed the acquisition of three business lines (collectively "Braemar Technical Services" or "BTS") from Braemar Shipping Services PLC on 21 June 2019 and subsequently changed the name of the Group to AqualisBraemar ASA.

AqualisBraemar ASA and its subsidiaries are together "AqualisBraemar", "AqualisBraemar Group", "Company" or the "Group".

KEY FIGURES AND EVENTS IN 2019

- Revenues of USD 54.8 million in 2019 vs USD 36.2 million in 2018
- Operating loss (EBIT) of USD 0.3 million in 2019 vs gain of USD 2.7 million in 2018
- Adjusted EBIT[1] of USD 1.3 million in 2019 vs USD 2.4 million in 2018
- Profit after taxes of USD 9.0 million in 2019 vs gain of USD 2.4 million in 2018
- Adjusted loss after taxes[1] of USD 0.4 million in 2019 vs adjusted profit after taxes of USD 2.1 million in 2018
- Net cash outflow from operating activities of USD 2.7 million in 2019 vs inflow of USD 0.3 million in 2018
- Fulfilled long term strategic goal to expand into insurance services through transformative acquisition of Braemar Technical Services (BTS), creating AqualisBraemar
- Continued strong growth in renewables – organic revenue growth of 46% year-on-year
- Strong operational performance with billing ratio of 74% in 2019 and solid HSE performance
- Solid financial position with cash balance of USD 10.9 million at 31 December 2019
- 422 full-time equivalent employees[2] at 31 December 2019

1. Alternative Performance Measures
2. Including subcontractors

STRATEGY AND OBJECTIVES

AqualisBraemar focuses on the provision of high-end consultancy to the global energy, shipping and insurance industries. The services can be categorised in four business streams:

- **Renewables** – Independent engineering and consultancy services to offshore wind industry
- **Offshore** – Engineering and consultancy services to the offshore oil and gas industry
- **Marine** – Worldwide emergency incident response and surveys to marine insurance industry and asset owners
- **Adjusting** – Loss adjusting and dispute resolution to the onshore and offshore energy insurance markets

The Group's strategy is to offer its specialist marine and engineering consultancy services through a network of global offices. The Group has established a presence in most major marine and offshore energy centres. This global presence allows the business to provide local expertise and swift response times to client demands. Although some of the offices have special focus on certain areas of operations, all service offerings are provided to the oil and gas market across all regions and to certain regions for renewables.

2019 was a transformative year for AqualisBraemar with the acquisition of Braemar Technical Services, roughly doubling the size of the Group in terms of employees and revenues. The transaction fulfilled our long term strategic goal to expand into insurance services, and improved our offering to our clients, who now benefit from a broader suite of services and increased geographical footprint. The transaction was also an important step forward to consolidate our industry.

To ensure flexibility to adapt more quickly to market changes, AqualisBraemar uses a significant number of subcontractors, particularly in the Offshore and Renewables business streams. The overall subcontractor share has been reduced following the integration of Braemar Technical Services, and the Group aims to increase the subcontractor share going forward.

AqualisBraemar will continue to be active in the consolidation and restructuring of our industry. The combination of Aqualis and BTS is a significant step. Our industry is still fragmented and highly competitive. AqualisBraemar is focused on value creation for all our stakeholders; customers, employees and shareholder, and not on increasing the size of the company as such. All M&A and other investments need to be value accretive.

ORGANISATION

The integration of Braemar Technical Services has involved significant organisational changes during 2019. The business is operated primarily through a regional structure, giving shorter reporting lines, improved local presence towards clients, and improved utilisation through flexible use of technical staff across business streams. The business streams have separate global managing directors ensuring consistency of delivery and access to global competency. Offshore Wind Consultants ("OWC") is managed and reported as a separate segment, as projects are more global in nature due to the market being almost exclusive to Europe historically. Our five reporting segments are: Europe, Middle East, Asia Pacific, Americas and OWC.

During 2019, the Group opened offices for OWC in Boston, Edinburgh and Perth to service the growing international offshore wind market. Following the combination with Braemar Technical Services, the Group co-located and consolidated all offices in shared locations, including London, Dubai, Abu Dhabi, Singapore, Shanghai and Houston.

FINANCIAL REVIEW

Financial statements

The consolidated financial statements of AqualisBraemar are prepared in accordance with International Financial Reporting

Standards as adapted by the European Union. A financial review of the Group for 2019 is provided below.

Consolidated profit and loss

Total operating revenues increased by 54% to USD 54.8 million compared to USD 36.2 million in 2018. The increase is mainly attributable to the acquisition of BTS.

Total payroll and other operating expenses increased by 62% to USD 54.4 million compared to USD 33.7 million in 2018. The increase is in line with the increase in revenue.

EBIT amounted to a loss of USD 0.3 million compared to a gain of USD 2.7 million in 2018. Adjusted EBIT was USD 1.3 million in 2019 vs gain of USD 2.4 million in 2018.

The purchase price allocation from the acquisition of BTS resulted in a gain from bargain purchase of USD 11.0 million which is included in the statement of profit and loss in 2019.

Revenue in all segments increased substantially in 2019, due to the consolidation of BTS. Historical pro-forma combined segment figures have not been prepared for 2018.

Profit after taxes USD 9.0 million in 2019 compared to a loss of USD 2.4 million in 2018. Adjusted loss after taxes was USD 0.4 million in 2019 vs gain of USD 2.1 million in 2018.

Consolidated cash flow, liquidity and financial position

Net cash outflow from operating activities was USD 2.7 million in 2019. Net cash flow in investing activities was USD 2.9 million in 2019. Net cash inflow from financing activities was USD 5.3 million in 2019. A rights issue and private placement with combined net proceed of USD 5.8 was completed in July 2019. At 31 December 2019, cash balance amounted to USD 10.9 million compared with USD 5.5 million at 31 December 2018

At 31 December 2019, total assets amounted to USD 63.6 million compared with USD 30.6 million as of 31 December 2018. The shareholders' equity was USD 47.4 million at 31 December 2019, corresponding to an equity ratio of 75%. The shareholders' equity was USD 25.6 million at 31 December 2018, corresponding to an equity ratio of 83%. AqualisBraemar had no interest-bearing debt as of 31 December 2019.

GOING CONCERN

Based on AqualisBraemar's cash position at 31 December 2019, and the estimated net cash flow for 2019, AqualisBraemar has the necessary funds to meet its obligations for the next 12 months. The ongoing COVID-19 pandemic increase the market risk as disclosed in section "Markets and outlook" below. The Board of Directors assess the Company's financial position and liquidity to be adequate, and that the pandemic does not lead to significant uncertainty on the entity's ability to continue as a going concern

In accordance with the Norwegian accounting act § 3-3a, the Board of Directors confirm that the Financial Statements have been prepared under the assumption of going concern and that this assumption is valid.

AQUALISBRAEMAR ASA

AqualisBraemar ASA prepares its financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. AqualisBraemar ASA is an ultimate holding company for the Group's operations.

AqualisBraemar ASA reported loss after taxes in 2019 of NOK 0.8 million compared with profit after taxes of NOK 7.8 million in 2018. Total assets as of 31 December 2019 were NOK 372.1 million compared with NOK 250.9 million in 2018. The company's cash balance at 31 December 2019 was NOK 24.2 million vs NOK 15.5 million at 31 December 2018. Net cash flow from operating activities was NOK 2.6 million in 2019. Net cash outflow used in investing activities was NOK 42.8 million in 2019 and primarily related to loan given to group companies and investment in subsidiary. Net cash inflow from financing activities was NOK 48.9 million and mainly related to proceeds from share issues.

AqualisBraemar ASA is exposed to credit risk related to loans to subsidiaries. The loans to subsidiaries do not have a specific due date.

The total shareholder's equity at 31 December 2019 was NOK 340.4 million with a corresponding equity ratio of 91.5%.

The Board proposes that the loss after tax of NOK 780 thousand, and the distribution of a dividend for 2019 equal to NOK 0.20 per share, amounting to NOK 14.083 thousand, are covered by transfer from other paid-up capital.

AqualisBraemar ASA had its headquarter in Oslo, Norway with two permanent employees at the end of 2019.

RISK FACTORS

Risk exposure and Risk management

AqualisBraemar's regular business activities routinely encounter and address various types of risks some of which may cause our future results to be different than we presently anticipate. A disciplined approach to risk is important and the Group proactively manages such risks.

AqualisBraemar's Board is committed to effective risk management in pursuit of the Group's strategic objectives with the aim of growing shareholder value. Further, the Board realises that proactive risk management is both an essential element of good corporate governance and an enabler in realising opportunities.

The Executive Management is responsible for the governance of risk with support from members of the management team. They review and monitor the effectiveness of the risk management processes within the Group in accordance with corporate risk governance requirements.

Risk registers are tabled at Company and Board meetings under the categories of economic, financial, political, operational, strategic, legal and human resources risks. Action plans are monitored and discussed to reduce the risks to acceptable levels.

Operational risk

Operational Risk typically involves the risk of loss resulting from inadequate internal processes, people and systems or from external events, including political and legal risks. The Executive Management regularly analyses its operations and potential risk factors with a focus on the most significant risks facing the Group and takes appropriate measures to reduce risk exposure.

AqualisBraemar places a strong emphasis on Quality, Health & Safety Assurance and has management systems implemented, in line with the requirements for its business operations.

Credit and interest rate risk

With no interest-bearing debt at 31 December 2019, the Group is not exposed to any interest rate risk. Credit risk is primarily related to trade receivables and contract assets. The credit risk include geographic, industry and customer concentration and risks related to collection. AqualisBraemar is tightly managing its receivables as the energy, marine and insurance sectors are facing challenging market conditions. Market and customer specific developments affect credit risk.

Liquidity risk

The Group's policy is to maintain satisfactory liquidity at the corporate level. The Group has a solid cash position and no interesting-bearing debt at year-end. The Group's cash and cash equivalents of USD 10.9 million at 31 December 2019. Based on the year-end cash balance, available liquidity resources and the current structure and terms of the Group's liabilities, it is the Board's opinion that the Group has adequate funding and liquidity to support its operations and investment program.

Foreign currency risk

AqualisBraemar operates internationally and is exposed to currency risk primarily to fluctuations in USD, NOK, SGD, GBP and AED, arising from commercial transactions and assets and liabilities in currencies other than the entity's functional currency, AqualisBraemar's net investments in foreign subsidiaries and its foreign currency denominated cash deposits. During the year 2019, the Group had a net foreign exchange loss of USD 0.2 million.

Further details on financial risk can be found in note 22 to the consolidated financial statements.

CORPORATE GOVERNANCE

The statement of corporate governance is included as a separate document in the annual report. Corporate governance is important to ensure that our business is operated in a way that protects the long-term interest of all stakeholders. The Board of Directors has approved and implemented corporate governance principles endorsing and complying with the Norwegian Accounting Act (§ 3-3b) and the Norwegian Code of Practice for Corporate Governance (Code of Practice) issued by the Norwegian Corporate Governance Board. AqualisBraemar's compliance with the Code of Practice is described in detail in the report on Corporate Governance which is included in the Annual Report on page 27.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Under sections 3-3a and 3-3c of the Norwegian Accounting Act, AqualisBraemar is required to report on its corporate responsibility. AqualisBraemar recognise that Health, Safety and Environmental (HSE) matters are an integral part of its business performance and exemplary performance in the areas of HSE is essential to fulfil our vision and meet the expectations of our stakeholders.

AqualisBraemar is committed to prevention of all types of accidents, protecting people, the environment and customer property and conducting its business legitimately, ethically and in a socially responsible manner. The people employed in the Group are its most important resource for success, and the Group strives to create a healthy and safe working environment for all employees and contractors.

The Group continues to improve upon the practices, policies, procedures and discover areas of improvement. Processes are in place to ensure compliance with HSE regulatory requirements, identify hazards and manage risks, report and investigate incidents, communicate lessons learned and to impart necessary training and awareness.

The Group's management systems are certified to ISO9001 and BS OHSAS 18001 standards. During Q4 2019, AqualisBraemar had 1 lost time incident (LTI) during a vessel inspection in Vietnam. A full review of the incident has been conducted and key lessons have been distributed to all staff.

Absence due to sick leave (none of which was due to occupational illness) was 0.8% in 2019 vs 0.7% the previous year.

Given the nature of AqualisBraemar's business, its activities have a limited direct detrimental effect on the environment. The Group does not have any production or storage facilities. It is the Board's view that the AqualisBraemar business does not materially contaminate the external environment. Aiming to contribute to environmental protection AqualisBraemar works with clients to improve environmental performance in the regions and countries it operates in as per applicable environmental regulations.

Our employees

At 31 December 2019, AqualisBraemar had a total workforce of 422 employees including contractors on a 100% utilisation equivalent basis. This is an increase of 135% compared to 2018 and mainly due to the acquisition of BTS. At 31 December 2019, AqualisBraemar's own staff consisted of 35 nationalities.

Emphasising on diversity and inclusion (as outlined in HR and operational policies), the Group recognises the great benefits in having a workforce with a diverse range of backgrounds, solely employed on skillset and ability. This helps AqualisBraemar to create an inclusive corporate culture where its people feel valued, respected and fairly treated, therefore enhancing its reputation as an employer of choice.

AqualisBraemar has a clear policy stating that the Group is committed to providing equal opportunities to all employees in all aspects of employment without discrimination and irrespective of gender, race, marital status, terms and conditions of service, age, disability, pregnancy, gender reassignment, sexual orientation, faith or religion.

A large majority of AqualisBraemar's workforce is either offshore staff, mariners or on-site staff – who have been recruited from professional communities that historically have had a significantly higher proportion of men than women. This is still the case in both the oil and gas and renewables industries. The gender split of AqualisBraemar's global permanent workforce (excluding contractors) by the end of 2019 is 31% women and 69% men. 40% of the directors on the Board of Directors are women.

Conscious of preventing discrimination the Group abides by the ethics of equal pay for equal work applied in wage determination, while only relevant qualifications, education, results and other professional criteria form the grounds in connection with recruiting, selection, training, compensation and promotion.

Working time arrangements are influenced by position and not by gender. AqualisBraemar continues to monitor the Equal Opportunity policy's effectiveness in order to demonstrate its commitment to promoting equality and diversity. Awareness of equal opportunities in AqualisBraemar is also raised regularly, making sure that employees are recruited in such a way that avoids discrimination.

Business conduct

The Group is committed to conducting its business in a manner that adheres to the highest industry standards and strictly in accordance with applicable laws and regulations in the regions and countries where AqualisBraemar operates.

AqualisBraemar is committed to a work environment where all employees feel safe and are valued for the diversity they bring to the business. The Group follows domestic and internationally accepted labour standards where it operates. It respects and supports Human Rights and will not be complicit or engage in activities that solicit or encourage human rights abuse. AqualisBraemar is committed to making a positive impact in the communities and environments where it operates. Its locations support programmes and initiatives specific to their locations.

The Group advocates high standards of honesty, integrity and ethical behaviour in its daily business and expects all representatives of AqualisBraemar to conduct their daily business in a safe, fair, honest, respectful and ethical manner.

A formal Code of Conduct has been established. The Code of Conduct sets the Group's commitments, and all employees are required to uphold and comply with the code. The Code of Conduct prohibits giving anything of value, directly or indirectly to officials of foreign governments or political candidates or to any other person, in order to obtain or retain business. It is strictly prohibited to make illegal payment to government officials, or any other person of any country.

AqualisBraemar has a corporate compliance officer, employees are provided training on compliance and are instructed to report suspected violations of the Group's code.

MARKETS AND OUTLOOK

Outlook is subject to changes in market conditions and operational performance.

AqualisBraemar's financial performance will be driven by an enhanced service offering across our regions and main business streams – renewables, offshore, marine and adjusting. The acquisition of BTS gives stronger access to the shipping and insurance markets and an enhanced global footprint. Short term focus will be on bringing the two companies together, driving synergies, expanding opportunities and taking advantage of increased cost efficiencies.

While development in early 2020 was positive across our markets, the outbreak of COVID-19 has caused unprecedented uncertainty regarding the outlook for 2020. The COVID-19 situation has led to both positives and negatives for AqualisBraemar. Positively, through our extensive global footprint of staff and subcontractors currently covering almost 160 locations, we have supported new clients at locations our competitors have been unable to access. Negatively, the increasing global travel restrictions present challenges to us and our clients, increasing complexity in project execution. The COVID-19 situation has not had a significant group-wide impact on AqualisBraemar's activity level in Q1 2020. However, at this stage it is hard to quantify the lasting impact of COVID-19 for AqualisBraemar. We continue to monitor the situation closely and remain agile in response to any business disruptions that may arise. Continued travel restrictions and a slowing world economy will inevitably affect short term business development and operations in various ways, but we believe AqualisBraemar will have a strong underlying momentum when returning to a normalised business environment, providing a solid platform for long-term growth.

The market for offshore wind consultancy has grown rapidly in recent years, and we expect the long-term growth trend to continue through the 2020s. Based on industry analyst estimates of the current project pipeline, annual volume of projects commencing work offshore in 2025 is expected to be more than four times larger than 2019[3]. Increased demands on capital managers to increase their share of sustainable investments will bring more capital to the sector, which may result in a growth path even in advance of this.

Being a purely European market until recently, offshore wind is now growing rapidly in Asia and the Americas. This globalisation brings new developers to the market, with limited experience in offshore wind development, which is expected to lead to increased demand for consultancy and engineering services. Our renewables business stream, marketed as OWC, is well positioned to take advantage of the growing market, and is actively expanding to capture growth opportunities in emerging offshore wind markets. Continued high growth is expected, albeit at a lower rate than in 2019 due to high utilisation of current staff.

The activity level in the oil & gas industry has improved from the trough, and we have seen increased demand through 2019 and in early 2020. Investments and activity were expected to improve through 2020, however the sharp drop in oil price following the OPEC price war compounded by the demand shock of COVID-19 will negatively impact activity. Until the oil market returns to balance, activity is expected to remain muted.

Activity levels in the marine casualty and energy adjusting markets have been stable through 2019 and are expected to be remain so in the medium term. Short term development remains largely event driven and difficult to forecast. While a global cyclical downturn following COVID-19 will lead to a reduction in global trade and shipping volumes, the frequency of incidents is not expected to drop significantly. As such the cyclicality in our marine and adjusting business streams is considered relatively low.

AqualisBraemar's current strategy remains unchanged being focused on widening and strengthening its global client portfolio and enhancing client loyalty to take increased market share. The company aims to increase the subcontractor share to have flexibility to adapt more quickly to market changes. The Group currently carries a large working capital balance and improving capital efficiency remains a key focus area. We aim to improve profitability through phase in of synergies and scale advantages as we reach critical mass in more markets.

3. Source: 4C Offshore, global projects by year of offshore commencement, excluding China.

Oslo, 27 April 2020

Glen Rødland Chairman of the Board	**Yvonne L. Sandvold** Board member
Reuben Segal Board member	**Ronald Series** Board member
Synne Syrrist Board member	**David Wells** CEO

Responsibility Statement

We confirm that, to the best of our knowledge, the 2019 consolidated financial statements have been prepared in accordance with IFRS as adopted by EU, gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-5.

Oslo, 27 April 2020

Glen Rødland
Chairman of the Board

Yvonne L. Sandvold
Board member

Reuben Segal
Board member

Ronald Series
Board member

Synne Syrrist
Board member

David Wells
CEO

Consolidated financial statements and notes

Consolidated statement of income

Amounts in USD thousands	Notes	2019	2018
Revenue	4	54,792	36,185
Total revenue		**54,792**	**36,185**
Staff costs	5	(28,536)	(15,682)
Other operating expenses	6	(25,900)	(17,981)
Depreciation, amortisation and impairment	11,12	(690)	(129)
Share of net profit (loss) from associates		-	291
Operating profit (loss) (EBIT)		**(332)**	**2,684**
Gain on bargain purchase	7	11,026	-
Finance income	8	79	167
Finance expenses	8	(625)	-
Net foreign exchange gain (loss)		(248)	27
Profit (loss) before income tax		**9,900**	**2,878**
Income tax expenses	9	(863)	(456)
Profit (loss) after tax		**9,037**	**2,422**

Consolidated statement of other comprehensive income

Amounts in USD thousands	Notes	2019	2018
Profit (loss) after tax		**9,037**	**2,422**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences		137	(511)
Income tax effect	9	(46)	(138)
Other comprehensive income for the period, net of tax		**91**	**(648)**
Total comprehensive income for the period		**9,128**	**1,773**
Total comprehensive income for the period is attributable to:			
Equity holders of the parent company		9,128	1,773
Non-controlling interests		-	-
		9,128	**1,773**
Earnings per share (USD): basic and diluted	**10**	**0.16**	**0.06**

Consolidated balance sheet

Amounts in USD thousands	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	11	559	141
Right-of-use assets	12	2,376	-
Intangible assets	13	12,974	12,864
Deferred tax assets	9	447	7
Total non-current assets		**16,356**	**13,012**
Current assets			
Trade and other receivables	14	24,252	9,870
Contract assets	4	12,019	2,297
Cash and cash equivalents	15	10,930	5,454
Total current assets		**47,201**	**17,621**
Total assets		**63,557**	**30,633**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	1,018	690
Treasury shares	16	(41)	-
Share premium	16	55,051	42,670
Share-based compensation reserve	16	580	567
Retained earnings		3,900	(5,137)
Foreign currency translation reserve		(13,144)	(13,235)
Total equity		**47,364**	**25,555**
Non-current liabilities			
Deferred tax liabilities	9	409	314
Lease liabilities	12	1,214	-
Provisions	17	2,809	713
Total non-current liabilities		**4,432**	**1,027**
Current liabilities			
Trade and other payables	18	9,487	3,454
Contract liabilities	4	719	438
Lease liabilities	12	1,184	-
Income tax payable	9	371	159
Total current liabilities		**11,761**	**4,051**
Total liabilities		**16,193**	**5,078**
Total equity and liabilities		**63,557**	**30,633**

Oslo, 27 April 2020

Glen Rødland
Chairman of the Board

Yvonne L. Sandvold
Board member

Reuben Segal
Board member

Ronald Series
Board member

Synne Syrrist
Board member

David Wells
CEO

Consolidated statement of changes in equity

Amounts in USD thousands	Notes	Share capital	Treasury shares	Share premium	Share-based compensation reserve	Retained earnings	Foreign currency translation reserve	Total equity
At 1 January 2018		**690**	**-**	**47,344**	**563**	**(7,559)**	**(12,587)**	**28,451**
Other comprehensive income		-	-	-	-	2,422	(648)	1,773
Dividends paid	16	-	-	(4,674)	-	-	-	(4,674)
Share-based payment	16	-	-	-	4	-	-	4
At 31 December 2018		**690**	**-**	**42,670**	**567**	**(5,137)**	**(13,235)**	**25,555**
At 1 January 2019		**690**	**-**	**42,670**	**567**	**(5,137)**	**(13,235)**	**25,555**
Other comprehensive income		-	-	-	-	9,037	91	9,128
Cash-settled capital increase (net of transaction costs)	16	153	-	5,659	-	-	-	5,812
Issue of shares on acquisition	16	175	-	6,722	-	-	-	6,897
Acquisition of treasury shares	16	-	(41)	-	-	-	-	(41)
Share-based payment	16	-	-	-	13	-	-	13
At 31 December 2019		**1,018**	**(41)**	**55,051**	**580**	**3,900**	**(13,144)**	**47,364**

Consolidated statement of cash flows

Amounts in USD thousands	Notes	2019	2019
Cash flow from operating activities			
Profit (loss) before taxes		9,900	2,878
Non-cash adjustment to reconcile profit before tax to cash flow:			
Non-cash employee benefits expense – share-based payments	16	13	4
Depreciation, amortisation and impairment	11,12	690	129
Gain on bargain purchase	7	(11,026)	-
Provision for deferred consideration	7	575	-
Share of net profit (loss) from associates		-	(291)
Changes in working capital:			
Changes in trade and other receivables		1,119	(1,248)
Changes in trade and other payables		(2,531)	(634)
Interest received		(46)	(47)
Income taxes paid		(847)	(294)
Net exchange differences		(512)	(185)
Cash flow from (used in) operating activities		**(2,665)**	**312**
Cash flow from investing activities			
Payments for property, plant and equipment		(182)	(124)
Interest received		46	47
Net cash acquired on acquisition of subsidiary	7	3,000	-
Proceeds from sale of investment in associates		-	291
Cash flow from (used in) investing activities		**2,864**	**214**
Cash flow from financing activities			
Proceeds from issuance of shares on acquisition	16	5,812	-
Principal elements of lease payments		(501)	-
Payments for shares bought back	16	(41)	-
Dividends paid to company's shareholders		-	(4,674)
Cash flow from (used in) financing activities		**5,270**	**(4,674)**
Net change in cash and cash equivalents		**5,469**	**(4,148)**
Cash and cash equivalents at the beginning of the year		5,454	9,709
Effect of movements in exchange rates		7	(107)
Cash and cash equivalents at the end of the year		**10,930**	**5,454**

Notes to the consolidated financial statements

Note 1. Corporate information

AqualisBraemar ASA ("the Company") is a limited liability company incorporated on 13 June 2014 and domiciled in Norway with its registered office at Olav Vs gate 6, 0161 Oslo, Norway. The Company is listed on Oslo Stock Exchange.

The principal activity of the Company and its subsidiaries (collectively the "AqualisBraemar Group" or the "Group") is to offer adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries globally. The Group employs specialist engineers, naval architects, master mariners, loss adjusters and technical consultants in 48 offices located across 5 continents in 33 countries.

For all periods up to and including the year ended 31 December 2019, the consolidated financial statements of the Group are a continuation of the Group values transferred from Weifa ASA in the spin-off of the marine and offshore business wherein all the shares in subsidiaries were transferred to Aqualis ASA on 24 July 2014. The ownership of the subsidiaries and the related excess values from the acquisitions are consequently continued in the consolidated financial statements of the Group.

Note 2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of AqualisBraemar ASA and its subsidiaries.

2.1 BASIS OF PREPARATION

(i) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and the additional requirements of the Norwegian Accounting Act as of 31 December 2019. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements are presented in US Dollars (USD). All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

(iii) New and amended standards adopted by the Group

The following standards and amendments have been adopted by the Group for the first time for the financial year beginning on 1 January 2019:

IFRS 16 Leases was adopted from 1 January 2019 without restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2.9 and the implementation effects are disclosed in note 12.

The Annual Improvements to IFRS Standards 2015-2017 Cycle with effective date 1 January 2019, of which relevant for the Group in periods presented:

IFRS 3 Business Combinations – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

IFRS 11 Joint Arrangements – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

IFRS 12 Disclosure of Interests in Other Entities – clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Interpretation 23 Uncertainty over Income Tax Treatments - explains how to recognise, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

Other standards and interpretations not yet adopted

The following standards and interpretations have been issued but are not mandatory for annual reporting periods ending on 31 December 2019. Standards and interpretations not affecting the Group have not been disclosed.

Definition of a Business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

(iv) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of AqualisBraemar ASA.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Board of Directors, considered to be the Group's Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit and a broad range of key performance indicators in addition to segment profitability.

2.4 FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollars (USD). The functional currency of the parent company is Norwegian Krone (NOK). The parent company financial statements are presented in NOK.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the consolidated statement of income on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the reporting date.

2.5 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability is subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period ends as soon as the Group receives the necessary information about the facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

2.6 REVENUE RECOGNITION

(i) Rendering of services

The Group offers adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries under variable and fixed-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Revenue from such services are recognised as a performance obligation satisfied over time when services are performed and delivered and measured based on the consideration specified in a contract with customers. Payment for services is not due from the customers until the services are complete and therefore contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date. If the payments exceed the services rendered, a contract liability is recognised.

Revenue from contracts priced on a variable basis is recognised at the contractual rates as labour hours and direct expenses are incurred.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total estimated labour hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Contract assets and contract liabilities are included within "other current assets" and "other current liabilities" respectively in the consolidated statement of financial position.

(ii) Interest income

Interest income is recognised using the effective interest rate method.

2.7 INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated income statement in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

Fixtures and office equipment:	2- 5 years
Vehicles:	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognised.

2.9 LEASES

As explained in note 2.1(iii) above, the Group has changed its accounting policy for leases where the Group is the lessee.

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 5 years, but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.10 INTANGIBLE ASSETS

(i) Goodwill

Goodwill is measured as described in note 2.5. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes (note 13).

2.11 IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 FINANCIAL ASSETS

The Group classifies its financial assets at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

2.13 TRADE RECEIVABLES

Trade receivables are amounts receivable from customers for billing in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment losses. The Group measures the loss allowance for trade receivables based on the expected credit loss model using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement within other operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the consolidated income statement.

2.14 CASH AND CASH EQUIVALENTS

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.15 BALANCE SHEET CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.16 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

2.18 EMPLOYEE BENEFITS

(i) Pension obligations

The Group currently has defined contribution plans only. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Other employees' benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. These liabilities are presented as a current liability and included in trade and other payables.

In some countries, the Group also has liabilities for end of service benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The provision relating to end of service benefits is disclosed as a non-current liability.

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the employee option plan. Information relating to these schemes is set out in note 16.

(v) Employee options

The fair value of options granted under the employee option plan is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.19 EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments (treasury shares), for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.20 DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.21 EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

2.22 EVENTS AFTER THE BALANCE SHEET DATE

New information on the Group's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the Group's position at the balance sheet date, but which will affect the Group's position in the future, are stated if significant.

2.23 PRIOR-YEAR INFORMATION

The presentation of certain prior year information has been reclassified to conform to the current year presentation.

Note 3. Significant accounting estimates and judgements

In applying the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented below separately), that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Control over subsidiaries

Note 25 describes that certain subsidiaries in UAE, Qatar and Malaysia are subsidiary of the Group even though the Group has only 49% ownership interest. The remaining ownership interests are held by local sponsors in accordance with statutory regulations of those countries.

The directors of the Company assessed whether or not the Group has control over those subsidiaries based on whether the Group has the practical ability to direct the relevant activities of subsidiaries unilaterally. In making their judgement, the directors considered the Group's absolute size of holding in those subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders.

Through trust agreements with the respective local sponsors, the Group controls 100% of the financial and ownership rights of those entities. The Group has ownership over all the assets of both entities, with all dividends, proceeds of sale etc. belonging solely to the Group.

After assessment, the directors concluded that the Group has full power of the investee, is fully exposed to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns, those entities have been fully consolidated in the consolidated financial statements of the Group, and the 51% owned by the local sponsors have not been treated as a non-controlling interest.

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(ii) Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use for calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 13 to the consolidated financial statements.

(iv) Employee compensation plans

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 16 to the consolidated financial statements.

(v) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments; the probability that they will enter bankruptcy or other financial reorganisation, and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or general changes in the economic conditions that correlate with defaults.

The Group measures the loss allowance on amounts due from customer at an amount equal to lifetime expected credit losses (ECL). When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Further details of the key assumptions applied in the impairment assessment are given in Note 22 to the consolidated financial statements.

Note 4. Revenue from contracts with customers

The Group derives revenue from contracts with customers for the consultancy services over time provided to the energy, shipping and insurance industries and includes reimbursement of expenses and related services. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (note 24). It excludes dividends, interest income and intra-group transactions.

Amounts in USD thousands	2019	2018
Consultancy services	53,095	34,333
Reimbursement of expenses	1,697	1,694
Other	180	158
Total	**54,972**	**36,185**

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers.

Amounts in USD thousands	31 December 2019	31 December 2018
Contract assets		
Contract assets related to contracts with customers	12,189	2,297
Loss allowance	(171)	-
Total	**12,019**	**2,297**
Contract liabilities		
Contract liabilities related to contracts with customers	**719**	**438**

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Trade receivables and contract assets have increased as a result of an acquisition of the subsidiary (note 7). The Group also recognised a loss allowance for contract assets in accordance with IFRS 9, refer note 22 for further information. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time. The amount of USD 0.4 million and included in contract liabilities at 31 December 2018 has been recognised as revenue in 2019 (2018: USD 0.6 million).

The vast majority of the Group's consulting service contracts are billed based on the time incurred. As permitted under IFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed, for which the practical expedient applies.

Whilst the Group incurs costs that are necessary to facilitate a sale, those costs would have been incurred even if the customer decided not to execute the contract and therefore have not been capitalised.

Note 5. Staff costs

Amounts in USD thousands	2019	2018
Salaries and wages	24,257	13,183
Payroll and social security costs	1,765	706
Employee's end of service and pension benefits	426	130
Share-based payments	13	4
Other personnel costs	2,075	1,659
Total	**28,536**	**15,682**
Average number of employees	**230**	**114**

The Group currently has defined contribution plans only. The Group's obligations are limited to annual contributions. AqualisBraemar meets the Norwegian requirements for mandatory occupational pension ("obligatorisk tjenestepensjon").

Note 6. Other operating expenses

Amounts in USD thousands	2019	2018
Subcontractors cost	14,803	12,375
Office lease and maintenance expenses	1,240	992
Insurance cost	698	426
Cost of recharged expenses	1,677	1,680
Transaction costs related to acquisition	1,129	-
General and administrative expenses	6,353	2,508
Total	**25,900**	**17,981**
Remuneration to auditors [1]		
Audit	215	75
Other assurance services	40	-
Other services	139	-
Total	**394**	**75**

1. All fees are exclusive of VAT

Note 7. Business combination

On 21 June 2019, the Company acquired 100% of the shares in Braemar Technical Services Holdings Limited ("BTS") (subsequently renamed to "AqualisBraemar Technical Services Holdings Limited"), a specialised consultancy group consists of 3 business streams (Offshore, Marine and Adjusting) out of Braemar Shipping Services PLC's "(Braemar") technical division. The acquisition is expected to increase the Group's market share and reduce costs through economies of scale.

Details of the purchase consideration, the net assets acquired and bargain gain on business acquisition are as follows:

The following table summarises fair value of purchase consideration:

Amounts in USD thousands	
Shares issued	6,895
Contingent consideration warrants	955
Warranty claims received	(661)
Total purchase consideration	**7,189**

The acquisition was completed by issuing 14,865,621 shares (the "Consideration" shares) and 5,973,556 performance based warrants. The performance based warrants are divided into two equal sized tranches of 2,986,778. The warrants gives Braemar the right to potentially subscribe for up to 5,973,556 new shares in AqualisBraemar if certain financial targets related to EBITDA and gross profit are met during a two-year period commencing 1 April 2019 until 31 March 2021. The warrants will be exercisable in a two year period after the date of vesting, which will follow the determination of the EBITDA and gross profit for the two year period with exercise price of NOK 0.10 per warrant, being the nominal value per Aqualis ordinary share.

The financial target for tranche 1 (2,986,778 performance based warrants) is based on the combined company's average annual EBITDA over two years, adjusted for certain one-off items, with an average EBITDA performance floor of USD 4.5 million and a ceiling of USD 7.5 million for proportional minimum / maximum vesting.

The financial target for tranche 2 (2,986,778 performance based warrants) is based on an average annual, aggregate, gross profit for the 2 business streams (Marine and Adjusting) over two years, adjusting for certain one-off items, with a performance floor of USD 12.6 million and a ceiling of USD 14.3 million for proportional minimum / maximum vesting.

The fair value of the consideration shares (USD 6.9 million), was based on the share price of the Company on 21 June 2019 of NOK 3.97 per share, which was the closing share price on the completion day of the acquisition. The total fair value of the warrants of USD 0.96 million was estimated using the Black and Scholes formula at the date of the acquisition. The fair value estimate was based on that 37.5% of the performance based warrants would be fully utilised.

As at 31 December 2019, the total fair value of the performance based warrants had increased by USD 0.58 million to USD 1.5 million (note 17). The increase in fair value is mainly due to increase in estimate of the performance based warrants would be fully utilised to 59.1%. The calculation of the estimate number of performance based warrant assumed exercised is based on the actual and estimated financial performance in the period from 1 April 2019 until 31 March 2021. The estimated financial performance for the year 2020 is based on the company budget while for the period from 1 January 2021 to 31 March 2021 is based on a projected forecast. The projected financial performance is based on the expected development in the total overall market. The increase in the liability is recognised in finance expenses in the consolidated income statement.

Subsequent to the acquisition, the Company has received various claims including indemnities against Braemar in respect of breaches of certain provisions of the sale and purchase agreement for amount totalling to USD 0.7 million. This has resulted in a decrease in the purchase consideration transferred.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The assets and liabilities recognised as a result of the acquisition are as follows:

Amounts in USD thousands	Fair value
Property, plant and equipment	376
Right-of-use assets	2,346
Deferred tax assets	554
Trade and other receivables	15,421
Contract assets	9,241
Cash and cash equivalents	3,000
Trade and other payables	(1,785)
Other current liabilities	(9,412)
Provisions	(1,528)
Net identifiable assets acquired	**18,215**
Non-controlling interest	-
Goodwill	-
Net assets acquired	**18,215**

There were no separately identifiable intangible assets or fair value adjustments recognised on the acquisition. The book value of acquired assets and liabilities has been considered the fair value.

The fair value of receivables acquired (which principally comprise of trade receivables and contract assets) was USD 21.1 million. The total gross contractual amount due was USD 24.8 million, with a loss allowance of USD 3.8 million.

Gain on bargain purchase

Amounts in USD thousands	
Fair value of identifiable net assets acquired	18,215
Less: purchase consideration	(7,189)
Gain on bargain purchase	**11,026**

As the purchase consideration was lower than the fair value of the acquired net assets, the purchase price allocation resulted in gain from bargain purchase of USD 11.1 million recognised in the consolidated income statement. The acquisition of a consulting business primarily involved the acquisition of human capital with special skills and expected synergies to be achieved from integrating with the Group's existing business. A bargain purchase gain of USD 11 million is recognised in the consolidated income statement.

The purchase consideration was lower than the fair value of the acquired net assets as measured by accounting standards, of the acquired net assets. BTS had been loss making prior to the acquisition and was tying up substantial working capital which constituted large parts of its equity capital. BTS was not able to achieve a sufficient return on its' equity capital. The purchase consideration was lower than the fair value of the acquired net assets, as measured by accounting standards, mainly due to low return on equity capital achieved by BTS.

Net cash inflow on acquisition of subsidiaries

Amounts in USD thousands	
Cash paid	-
Cash acquired	3,000
Net inflow of cash – investing activities	**3,000**

Impact of acquisitions on the results of the Group

The Group incurred acquisition-related costs of USD 1.1 million on legal fees and due diligence that were not directly attributable to the issue of shares. These costs have been included in other operating expenses in the consolidated income statement.

Due to the integration of businesses, it is not feasible to calculate how much the acquired business contributed in revenues and operating profit to the Group for the period from 1 July to 31 December 2019.

If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and net profit after tax for the year ended 31 December 2019 would have been USD 73.4 million and USD 5.9 million respectively.

Note 8. Financial items

Amounts in USD thousands	2019	2018
Finance income		
Interest income	46	47
Other finance income	33	120
Total	**79**	**167**
Finance expenses		
Change in fair value of warrants (note 7)	575	-
Interest on obligations under finance leases	49	-
Other finance expenses	1	-
Total	**625**	**-**
Net foreign exchange gain (loss)		
Net foreign exchange gain (loss)	(248)	27
Total	**(248)**	**27**

Net foreign exchange gain includes unrealised foreign currency gain related to bank accounts in the company and its subsidiaries, which have bank accounts in different currencies than their functional currencies.

Long term loans to subsidiaries have been assessed to be a part of the net investments in the subsidiaries. In compliance with IAS 21, the unrealised currency effects related to these loans have been recognised in foreign currency translation reserve in the consolidated statement of other comprehensive income.

Note 9. Taxes

Amounts in USD thousands	2019	2018
Income tax expenses recognised in profit or loss		
Current year income tax expenses	326	108
Withholding taxes	499	271
Changes in deferred tax	38	77
Total	**863**	**456**
Income tax effect recognised in other comprehensive income	(46)	(138)
Total	**(46)**	**(138)**
Deferred tax assets		
Short-term timing differences	447	7
Total deferred tax assets	**447**	**7**
Movement in the deferred tax assets		
At 1 January	7	69
Movement to income statement	(128)	(48)
Increase as a result of a business combination	554	-
Exchange differences	14	(14)
At 31 December	**447**	**7**
Deferred tax liabilities		
Long-term timing differences	409	314
Total deferred tax liabilities	**409**	**314**
Movement in the deferred tax liabilities		
At 1 January	314	156
Movement to income statement	(90)	29
Increase as a result of a business combination	188	-
Movement to reserve	-	138
Exchange differences	(3)	(9)
At 31 December	**409**	**314**

Amounts in USD thousands	2019	2018
Reconciliation of the effective tax rate:		
Profit before income tax	**9,900**	**2,878**
Income tax using the Group's domestic tax rate of 22% (2018 - 23%)	**2,178**	**662**
Effect of non-deductible expenses or non-taxable income	(1,946)	1
Effect of tax rates in other countries	(214)	(520)
Deferred tax assets not recognised	552	357
Withholding taxes	499	271
Utilisation or recognition of previously unrecognised tax losses	(261)	(260)
Income tax related to prior years	55	(40)
Effect of changes in tax rate	-	(15)
Income tax expense recognised in profit or loss	**863**	**456**

The Group has recognised deferred tax assets in respect of carry forward losses of its various subsidiaries as at 31 December 2019 and 2018. Management's projections of future taxable income and tax optimisation strategies support the assumption that it is probable that sufficient taxable income will be available to utilise these deferred tax assets.

Deferred tax assets on the tax losses relating to certain subsidiaries have not been recognised by the Group, due to uncertainty of its recoverability. The use of these tax losses is subject to the certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred taxes on unrealised foreign exchange gain or loss relating to long terms loans considered as net investment in subsidiaries are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve. Other than these, the change in deferred tax assets and liabilities is primarily recorded in the consolidated income statement.

Deferred tax asset and deferred tax liabilities are presented separately due to different tax regimes.

Goodwill is not deductible for tax purposes. No tax charge is expected on the gain on bargain purchase..

Note 10. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the year, based on the following data:

Amounts in USD thousands	2019	2018
Profit (loss) after tax	9,037	2,422
Earnings per share (USD): basic and diluted	0.16	0.06
Weighted average number of shares (thousands)	56,052	42,293

The following instruments that could potentially dilute basic earnings per share in the future, have not been included in the calculation of diluted earnings per share. The employee share options have not been included as the weighted average exercise price per share was higher than the market price per share, see note 16 for further information. The performance based warrants have not been included as the performance criteria have not been met as of 31 December 2019, see note 7 for further information.

Number of instruments (in thousands)	2019	2018
Employee share options (note 16)	8,755	250
Performance based warrants (note 7)	5,974	-
Total number of options and warrants	**14,729**	**250**

Note 11. Property, plant and equipment

Amounts in USD thousands	Fixtures and office equipment	Vehicle	Total
Cost			
At 1 January 2018	1,558	-	1,558
Additions	62	63	124
Disposals	(16)	-	(16)
Exchange differences	(38)	(5)	(43)
At 31 December 2018	**1,566**	**58**	**1,624**
Additions	182	-	182
Acquisition of subsidiary	376	0	376
Exchange differences	(197)	(2)	(199)
At 31 December 2019	**1,927**	**56**	**1,983**
Accumulated depreciation			
At 1 January 2018	1,398	-	1,398
Charge for the year	120	9	129
Disposals	(14)	-	(14)
Exchange differences	(31)	(0)	(31)
At 31 December 2018	**1,474**	**9**	**1,483**
Charge for the year	148	12	160
Exchange differences	(217)	(2)	(218)
At 31 December 2019	**1,405**	**19**	**1,424**
Net book value at 31 December 2019	**522**	**38**	**559**
Net book value at 31 December 2018	**92**	**49**	**141**

Note 12. Leases

The balance sheet shows the following amounts relating to leases:

Amounts in USD thousands	31 December 2019	31 December 2018
Right-of-use assets		
Buildings	2,345	-
Office equipment	31	-
	2,376	**-**
Lease liabilities		
Current	1,184	-
Non-current	1,214	-
	2,398	**-**

Additions to the right-of-use assets during the 2019 financial year were USD 2.8 million.

The consolidated income statement shows the following amounts relating to leases:

Amounts in USD thousands	2019	2018
Depreciation charge of right-of-use assets		
Buildings	526	-
Office equipment	4	-
	530	**-**
Interest expense (included in finance expenses)	**49**	**-**
Expense relating to short-term leases (included in other operating expenses)	**837**	**-**

As indicated in note 2.1(iii) above, the Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2.9.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.8%.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right -of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities and right-of-use assets

Amounts in USD thousands	2019
Operating lease commitments disclosed as at 31 December 2018	561
Discounted using incremental borrowing rate of at the date of initial application	503
Less: short-term leases not recognised as a liability	(391)
Less: low-value leases not recognised as a liability	(14)
Lease liability recognised as at 1 January 2019	**99**
Of which are:	
Current lease liabilities	50
Non-current lease liabilities	49
	99

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

The change in accounting policy increased the right-of-use assets and lease liabilities by USD 0.1 million in the consolidated balance sheet on 1 January 2019. The net impact on retained earnings on 1 January 2019 was nil. The movement in the right-of-use assets in respect of leases during the year was as follows:

Amounts in USD thousands	Buildings	Office equipment	Total
At 1 January 2019	99	-	99
Additions	2,772	35	2,807
Amortisation	(526)	(4)	(530)
At 31 December 2019	**2,345**	**31**	**2,376**

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable short-term and low value operating leases are as follows:

Amounts in USD thousands	31 December 2019	31 December 2018
Lease commitments		
Next 1 year	206	479
1 to 5 years	8	82
Future minimum lease payments	**214**	**561**

Note 13. Intangible assets

Amounts in USD thousands	Goodwill
Cost	
At 1 January 2018	19,206
Write-off	-
Effect of movements in exchange rates	(573)
At 31 December 2018	**18,633**
Effect of movements in exchange rates	48
At 31 December 2019	**18,681**
Amortisation and impairment	
At 1 January 2018	6,144
Write-off	-
Effect of movements in exchange rates	(374)
At 31 December 2018	**5,769**
Effect of movements in exchange rates	(62)
At 31 December 2019	**5,707**
Net book value at 31 December 2019	**12,974**
Net book value at 31 December 2018	**12,864**

All goodwill is allocated to cash-generating units. These cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill denominated in foreign currencies is revalued at the balance sheet date. The allocation of goodwill to cash-generating units is as follows:

Amounts in USD thousands	31 December 2019	31 December 2018
Aqualis Offshore Pte. Ltd	5,795	5,723
Aqualis Braemar Marine Services LLC	5,729	5,729
Offshore Wind Consultants Limited	1,276	1,235
Aqualis Offshore Serviços Ltda	108	111
AqualisBraemar Inc.	66	66
	12,974	**12,864**

Goodwill is tested for impairment for each cash-generating units (CGUs) at least annually, or when there are indications of impairment. All recoverable amounts were measured based on value-in-use. The value in use is the net present value of the estimated cash flow before tax for each CGU, using a discount rate reflecting the timing of the cash flows and the expected risk. The following assumptions were utilised:

Cash flow projections and assumptions

A 4 year forecast of discounted cash flows plus a terminal value (Gordon's growth model) was used to determine net present value of each CGU. Discounted cash flows were calculated before tax.

Cash flows have been used over a period of four years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business. After four years a terminal value is calculated using a long-term growth rate of 1.5% (2018: 1.5%).

Cash flow estimates covering the period 2020-2023 are based primarily on the company budget for 2020 and projected forecast for the following years. The forecast assumes that the overall market conditions will improve in 2020 and expected to be normalised from 2021. Based on the uncertainty in the offshore oil & gas market, it is challenging to build a forecast.

The projected cash flows are based on the expected development in the total overall market, the CGUs performance and that AqualisBraemar group over time will reach a margin level in line with what other businesses within the industry historically has achieved. These are reasonable assumptions based on the development of the business so far, and the management's expectations for the long term development of the market and the company.

The estimated terminal long-term growth is mainly dependent on overall market growth for demand for our services and the CGU's ability to recruit the right personnel and its ability to create revenue growth through then proper utilisation of human resources.

Discount rate

The discount rate used is pre-tax and reflects the specific risks to the relevant cash generating unit. The discount rate for each CGU is derived as the weighted average cost of capital (WACC) for a similar business in the same business environment. The input data is gathered from representative sources and this is used for management's best estimate of WACCs. The same assumptions were used for all CGUs with the exception of country specific risk which were differentiated based on country. All parameters were set to reflect the long term period of the assets and time horizon of the forecast period of the cash flows.

Key inputs in determining the WACC

- Risk free rate: USD 10yr government yield
- Beta: Based on selected peer group consisting of companies with statistical data for the last 5 years (0.99)
- Capital structure: Equity ratio of 85%

The net cash flows were discounted using a pre-tax discount rate of 7.8% to 11.3% (2018: 9.6% to 12.5%) as follows:

Cash-generating units (CGUs)	2019	2018
Aqualis Offshore Pte. Ltd	7.8%	9.6%
Aqualis Braemar Marine Services LLC	8.4%	10.0%
Offshore Wind Consultants Limited	8.4%	10.0%
Aqualis Offshore Serviços Ltda	11.3%	12.5%
AqualisBraemar Inc.	7.8%	9.6%

Impairment test results and conclusion

Overall the test performed indicated the value in use exceeds the carrying amounts for all CGUs. As a result of the above, no impairment has been recorded during the year (2018: Nil) and the carrying amount of intangible assets at 31 December 2019 was USD 13.0 million (31 December 2018: USD 12.9 million).

Sensitivity to impairment

Sensitivity calculations are done for all CGUs that are tested for impairment. To test the sensitivity of the results of the impairment review, the calculations have been re-performed using the following assumptions:

- An increase of pre-tax discount rate of 2.0%
- A reduction in the EBITDA margin of 3.0% for the terminal year
- A reduction of terminal growth rate to 0.5%

The results showed that a combined changed in all the three assumptions in the sensitivity analysis would result in an write down of a total of USD 2.8 million related to Aqualis Offshore Pte. Ltd, Singapore.

Note 14. Trade and other receivables

Amounts in USD thousands	31 December 2019	31 December 2018
Trade receivables	20,659	8,731
Loss allowance	(860)	(442)
	19,799	**8,289**
Prepayments	1,671	605
Deposits	398	353
Other receivables	2,384	622
Total	**24,252**	**9,869**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 to 90 days and are therefore all classified as current, terms associated with the settlement vary across the Group. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 22.

Deposits includes USD 0.2 million (2018: USD 0.2 million) which are under lien marked as margin money deposits.

Note 15. Cash and cash equivalents

Amounts in USD thousands	31 December 2019	31 December 2018
Cash at bank and in hand	10,930	5,454
Total	**10,930**	**5,454**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents largely comprise bank balances denominated in US Dollars, Norwegian Krone, British Pound, and other currencies for the purpose of settling current liabilities.

The Group has restricted cash at banks of USD 0.6 million at 31 December 2019 (2018: USD 0.04 million) held in the bank accounts of certain entities where there is requirement to hold a certain amount of cash to cover future obligations and are therefore not available for general use by the other entities within the Group.

Note 16. Equity

Amounts in USD thousands	Number of shares (thousands)	Share capital	Share premium	Total
At 1 January 2018	42,293	690	47,344	48,034
Dividends paid	-	-	(4,674)	(4,674)
At 31 December 2018	**42,293**	**690**	**42,670**	**43,360**
Cash-settled capital increase (net of transaction costs)	13,258	153	5,659	5,812
Issue of shares on acquisition (note 7)	14,866	175	6,722	6,897
At 31 December 2019	**70,416**	**1,018**	**55,051**	**56,069**

Each ordinary shares have a par value of NOK 0.10 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

The company does not have a limited amount of authorised capital.

In June 2019, 14,865,621 ordinary shares were issued as a result of the business acquisition (note 7).

In June/July 2019 the company invited its shareholders to subscribe to a rights issue of 8,882,575 ordinary shares at an issue price of NOK 3.96 per share on the basis of 0.21 share for every 1 fully or partly paid ordinary shares held. The issue was fully subscribed. Also in July 2019, the Company privately placed 4,375,000 ordinary shares to Braemar Shipping Services PLC's "(Braemar") at a price of NOK 3.96 per share as a result of the business acquisition (see note 7). The Company incurred USD 0.4 million (2018: Nil) towards transaction costs that were directly attributable to the issuance of shares.

Treasury shares

Treasury shares represents the cost of the 100,000 shares of the Company purchased in December 2019 in the open market that are held by the Company for the purpose of meeting its obligations in respect of an employee's share purchase program. The weighted average purchase price for the 100,000 shares was NOK 3.69 per share.

Share-based compensation reserve

The share-based compensation reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set out below.

Employee share option plan

Under the Long-Term Incentive Plan ("LTIP"), the Company has granted a total of 8,505,000 share options to selected employees, where each option will give the holder the right to acquire one share in AqualisBraemar ASA. The options are granted without consideration. The grant of options is based on the authorization granted by the annual general meeting on 11 June 2019 to issue new shares in connection with the Company's employee incentive program.

The exercise price for the options is NOK 3.96, equal to the issue price in the rights issue and private placement completed on 9 July 2019. The options will vest and become exercisable on 11 June 2022, three years after the authorization granted by the annual general meeting. All unexercised options will expire nine months after vesting. Exercise periods will be set by the Company.

The options are non-tradable and conditional upon the option holder being employed by the Company and not having resigned prior to exercise.

Subject to certain conditions, the option holders are obligated to reinvest 25 percent of the pre-tax net gain on the options in AqualisBraemar shares, and to hold these shares for up to three years following exercise. One third of these shares will be released from this obligation for every year following exercise.

The Board of Directors may choose to settle the options by way of cash settlement in lieu of issuing new shares. Exercise terms may be reasonably adjusted by the Board of Directors in the event of dividend payments, share splits or certain other events relating to the equity share capital of the Company.

Set out below are summaries of options granted under the plan:

	2019		2018	
Amounts in USD thousands	Number of share options	Weighted average exercise price NOK	Number of share options	Weighted average exercise price NOK
At 1 January	250	5.63	250	5.63
Granted during the year	8,630	4.00	-	-
Expired during the year	(125)	5.63	-	-
At 31 December	**8,755**	**4.02**	**250**	**5.63**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price NOK	31 December 2019	31 December 2018
04/07/2017	29/05/2019	4.50	-	125
04/07/2017	29/05/2021	6.75	125	125
01/07/2019	29/05/2021	6.70	125	-
20/12/2019	11/03/2023	3.96	8,505	-
			8,755	**250**

Weighted average remaining contractual life of options outstanding at end of period	2.47	2.83

These fair values for share options granted during the year were calculated using The Black-Scholes-Merton option pricing model. The inputs into the model were as follows:

Amounts in NOK	2019	2018
Weighted average share price	3.69	3.65
Weighted average exercise price	4.02	5.63
Expected volatility	45%	30%
Expected life	2.47	2.83
Risk free rate	1.3%	2.5%
Expected dividend yield	0%	0%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The Group recognised total expenses of USD 13 thousands and USD 4 thousands arising from share-based payment in 2019 and 2018 respectively.

Note 17. Provisions

Amounts in USD thousands	31 December 2019	31 December 2018
Provision for deferred consideration (note 7)	1,520	-
Provision for employees' end of service benefits	1,289	713
Total	**2,809**	**713**

Provision for employees' end of service benefits

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2019 and 2018, using the projected unit credit method, in respect of employees' end of service benefits payable under the Labour Laws of the countries in which the Group operates. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. The obligation for end of service benefits is not funded.

Note 18. Trade and other payables

Amounts in USD thousands	31 December 2019	31 December 2018
Trade payables	3,372	1,352
Accrued employee benefits	940	933
Taxation and social security contributions	418	414
Other accrued expenses and payables	4,757	755
Total	**9,487**	**3,454**

Trade payables have an average term of three to six months. These amounts are non-interest bearing.

Note 19. Fair values of financial assets and financial liabilities

		Carrying amount		Fair value	
Amounts in USD thousands	Measurement category	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Financial assets					
Trade and other receivables	Amortised cost	24,252	9,870	24,252	9,870
Contract assets	Amortised cost	12,019	2,297	12,019	2,297
Cash and cash equivalents	Amortised cost	10,930	5,454	10,930	5,454
Total		**47,201**	**17,621**	**47,201**	**17,621**
Financial liabilities					
Trade and other payables	Amortised cost	9,487	3,454	9,487	3,454
Contract liabilities	Amortised cost	719	438	719	438
Total		**10,206**	**3,892**	**10,206**	**3,892**

The financial assets principally consist of cash and cash equivalents and trade and other receivables arising directly from operations. The financial liabilities principally consist of a trade and other payables arising directly from operations.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and bank deposits, trade and other current receivables and trade and other current payables approximate their carrying amounts due to the short-terms maturities of these instruments.

Note 20. Related party

Related party relationships are those involving control, joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions within the Group have been based on arm's length principle. There has been no significant transactions with related parties in 2019.

Compensation to Board of Directors

Amounts in USD thousands	2019	2018
Glen Rødland, Chairman	23	25
Yvonne Litsheim Sandvold	15	16
Synne Syrrist	15	16
Total	**53**	**57**

Compensation to Executive Management

2019 Amounts in USD thousands	Salary	Bonus	Pension	Other	Total
David Wells, CEO	273	10	53	62	398
Kim Boman, CFO	170	8	20	2	200
Reuben Segal, COO	233	-	-	126	359
Total	**676**	**18**	**73**	**190**	**957**

2018 Amounts in USD thousands	Salary	Bonus	Pension	Other	Total
David Wells, CEO	231	10	45	65	351
Kim Boman, CFO	183	6	6	2	197
Reuben Segal, COO	231	11	-	125	367
Total	**645**	**27**	**51**	**192**	**915**

According to the Norwegian Public Limited Companies Act (the "Act) section 6-16a, the Board of Directors have prepared a statement on the establishment of wages and other remuneration for the Managing Director and other senior employees (note 21).

At 31 December 2019 there are no loan or prepayments to Board of Directors, Executive Management or any other related parties.

There are no additional options issued, except for the options mentioned in note 16.

Shares and options owned by members of the Board of Directors and Executive Management at 31 December 2019:

Name	Number of options	Number of shares
Board of Directors		
Glen Rødland, Chairman	-	9,367,996 [1]
Yvonne Litsheim Sandvold	-	-
Reuben Segal	135,000	1,502,923 [2]
Synne Syrrist	-	-
Executive Management		
David Wells, CEO	-	951,998 [3]
Kim Boman, CFO	135,000	605,000
Reuben Segal, COO	as above	as above
Total	**270,000**	**12,427,917**

1. The shares are held through Gross Management AS company owned 100% by Mr. Rødland
2. The shares are held through AmAn Marine Limited (under nominee account LGT Bank AG)
3. The shares are held through Alsto Consultancy Ltd and Banque Pictet & Cie SA

Note 21. Statement regarding the determination of salary and other remuneration to executive management

According to the Norwegian Public Limited Companies Act (the "Act") section 6-16a, the Board of Directors shall prepare a statement regarding the establishment of wages and other remuneration for the Chief Executive Officer and members of senior management.

In this statement, executive management means CEO, CFO and other executives who are employed at the same level in the organisation.

A statement pursuant to section 6-16a of the Act shall contain guidelines for the establishment of salaries and other remuneration, and should also indicate the main principles of the Company's wage policy for senior employees.

Section 6-16a third paragraph of the Act also requires the Board to give an account of the actual salary policy for senior management as applied in the preceding financial year.

The Company's salary policy for executive management – main principles

Due to the international scope of its business, AqualisBraemar ASA has to compete on the international market when it comes to salaries for executive management.

In order to reach the ambition of becoming one of the leading participants within its line of business, AqualisBraemar ASA is dependent on offering salaries making the Company able to recruit and keep skilled managers. In order to ensure the best possible leadership the Company must offer a satisfactory salary, which is internationally competitive.

Salaries and other remuneration

It is the Company's policy that management salaries primarily shall take the form of a fixed monthly salary, reflecting the level of the position and experience of the person concerned.

Principally, pension plan shall be the same for management as what is generally agreed for other employees. The Company has a bonus plan in place for its employees.

The Company has implemented a long-term incentive plan (the "LTIP") aimed to align the interests of the participating employees with those of the Company's shareholders. Under the LTIP, the Company has granted a total of 8,505,000 share options to selected employees, where each option will give the holder the right to acquire one share in AqualisBraemar ASA. The options are granted without consideration. The maximum number of share options under the scheme shall be limited to in total to 15% of the outstanding shares in AqualisBraemar. The grant of options is based on the authorization granted by the annual general meeting on 11 June 2019 to issue new shares in connection with the Company's employee incentive program, which is proposed to be renewed at this year's annual general meeting.

The Board may each calendar year implement a share purchase plan for all employees, under which employees can buy shares in the Company at a discount to the prevailing market price, either through the issue of new shares, or the purchase of treasury shares held by the Company. The aggregate number of shares over which the Board may grant in a calendar year, shall not exceed five per cent (5%) of the issued shares of the Company prior to the issue of any new shares. Shares purchased under the share purchase plan will be subject to a lock-up period.

Specific conditions and limits as regards to the bonus- and share purchase plan are regulated by the overall allocation parameters approved by the Board.

Termination payment agreements will be seen in connection with confidentiality clauses and non-compete clauses in the employment contract of each employee, in such a way that they basically compensate for limitations in the employee's opportunities to seek new employment. When agreements extend beyond such limitations, other income shall normally be deducted from payments made under termination payment agreements.

Deviations from the above described principles may be done under special circumstances, i.e. in relation to employment in international competition.

Note 22. Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk. These risks are evaluated by management on an ongoing basis to assess and manage critical exposures. The Group's liquidity and market risks are managed as part of the Group's treasury activities. Treasury operations are conducted within a framework of established policies and procedures.

Market risk – foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency), the Group's net investments in foreign subsidiaries, and the Group's foreign currency denominated cash deposits. The operating revenue, and thus the trade receivables, of the Group is primarily denominated in USD, while operating expenses are generally denominated in the functional currency of the Group's entities.

The bank accounts in currencies other than the functional currencies will expose the Group to foreign currency risk. The major part of foreign bank accounts is in AqualisBraemar ASA. Changes in the USD exchange rate will have following effect on the profit and loss of the Group:

Changes in currency exchange rates Amount in USD thousands	+5% changes in rates	-5% changes in rates
31 December 2019		
US Dollars (USD)	84	(84)
31 December 2018		
US Dollars (USD)	150	(150)

Interest rate risk

The Group's cash and cash equivalents are exposed to interest rate risk. Cash at banks earns interest at floating rates based on daily bank deposit rates. For cash deposits interest rate changes will only have an immaterial impact on the Group's financial statements. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in notes 12 and 15.

Liquidity risk

Liquidity risk is the potential loss arising from the Group's inability to meet its contractual obligations when due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group monitors its risk to a shortage of funds using cash flow forecasts. The Group is in a build-up phase and currently the strategy is to fund the growth of the business through existing cash reserves and from shareholder's equity. The Group had cash and cash equivalents of USD 10.9 million at 31 December 2019 (2018: USD 5.5 million). Based on the current cash position, the Group assesses the liquidity risk to be low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Amounts in USD thousands	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 to 5 years
31 December 2019				
Trade and other payables	9,487	9,487	9,487	-
Lease liabilities	2,398	2,558	1,280	1,278
31 December 2018				
Trade and other payables	3,454	3,454	3,454	-

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks. Credit risk is managed on a Group basis.

Credit risk with respect to trade receivables and contract assets is limited by the large base and geographic diversity of the customer base. Customer credit risk is managed by each subsidiary in the Group, subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed on an individual basis, taking into account its financial position, trading history with the Group and existence of previous financial difficulties and outstanding customer receivables are regularly monitored.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due with reference to past default experience of the debtor, an analysis of the debtor's current financial position and general current and forecast economic conditions of the industry in which the debtors operate. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

An impairment analyses is performed at each reporting date using a provision matrix to measure expected credit losses. The expected loss rates are based on the days past due for grouping of various customer segments and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information including the default risk associated with the industry and country in which customers operate affecting the ability of the customers to settle the receivables.

Specific debts are provided for where recovery is deemed uncertain, which will be assessed on a case-by-case basis whenever debts are older than the due date, but always when debts are older than usual for the industry in which each business in the Group operates.

The ageing profile of trade receivables and contract assets balance as at 31 December 2019 is as follows:

Amounts in USD thousands	31 December 2019	31 December 2018
Trade receivables		
Up to 3 months	12,942	6,390
3 to 6 months	3,809	1,238
6 to12 months	2,502	355
Over 12 months	1,406	748
Total	**20,659**	**8,731**
Contract assets	12,189	2,297
Total	**32,848**	**11,028**

As at 31 December 2019 certain trade receivables of USD 0.5 million (2018: USD 0.4 million) which were over 12 months were treated as impaired and have been provided for. On that basis, at 31 December 2019 the lifetime expected loss provision for unimpaired trade receivables and contract assets is as follows:

Amounts in USD thousands	Expected loss rate	Group provision	ECL provision	Total provision
Trade receivables				
Up to 3 months	1.0%	-	133	133
3 to 6 months	2.1%	-	80	80
6 to12 months	3.5%	-	88	88
Over 12 months	5.6%	508	51	559
Total		**508**	**352**	**860**
Contract assets	1.4%	-	171	171
Total		**508**	**523**	**1,031**

Trade receivables and contract assets are written off when there is information indicating that the debtor is in severe financial difficulty and there is no reasonable expectation of recovery. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement in the loss allowance in respect of trade receivables and contract assets during the year was as follows:

	Trade receivables		Contract assets	
Amounts in USD thousands	2019	2018	2019	2018
At 1 January	442	425	-	-
Net remeasurement of loss allowance	418	122	171	-
Write-back for the year	-	(26)	-	-
Amounts written-off	-	(79)	-	-
At 31 December	**860**	**442**	**171**	**-**

The credit risk on deposits with banks is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date is the carrying value cash deposits with bank of USD 10.9 million (2018: USD 5.5 million).

Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure so as to maintain investor and market confidence and to provide returns to shareholders that will support the future development of the business. In order to maintain or adjust the capital structure if required in response to changes in economic conditions, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group considers its capital as consisting of ordinary shares and retained earnings.

The Board monitors underlying business performance to determine the ongoing use of capital, namely executive and staff incentive schemes (and whether to fund this through cash or share incentives), acquisition appraisals ahead of potential business combinations, investment in property, plant and equipment; and the level of dividends.

Note 23. Contingencies

Bank guarantees

As at 31 December 2019, performance and financial bank guarantees amounting to USD 0.5 million (2018: USD 0.2 million) were issued by the Group's bankers in the ordinary course of business.

Note 24. Segment information

The Group's businesses are managed by four geographical regions aside from Offshore Wind Consultants ("OWC"), performance of which is monitored separately. This is the basis for the five reportable segment of the Group. The internal management reports provided by management to the Group's Board of Directors, which is the groups decision maker, is in accordance with this structure. These segments comprise of entities within the geographical regions and OWC and forms the basis for the segment reporting presented below.

The following is summary of revenues and operating profit (loss) (EBIT) for entities in four geographical regions and OWC. Eliminations reflects the eliminations of intra-group revenue to the extent that these arise between the regions and OWC.

Amounts in USD thousands	2019	2018
Revenue		
Middle East	19,954	17,796
Asia Pacific	14,958	7,358
Europe	8,243	3,045
Americas	9,905	4,392
OWC	8,900	6,095
Eliminations	(7,168)	(2,502)
Total	**54,792**	**36,185**
Operating profit (loss) (EBIT)		
Middle East	1,084	2,068
Asia Pacific	253	726
Europe	(404)	(409)
Americas	(135)	362
OWC	948	220
Corporate group	(2,079)	(574)
Share of net profit (loss) from associates	-	291
Total	**(333)**	**2,684**

The following segment assets information provided to the Board of Directors for reportable segment consist primarily of trade receivables, contract assets and cash and cash equivalents for entities in different geographical areas and OWC.

	31 December 2019		31 December 2018	
Amounts in USD thousands	Trade receivables	Contract assets	Trade receivables	Contract assets
Middle East	5,648	2,577	4,824	507
Asia Pacific	6,207	3,435	1,676	205
Europe	3,719	2,325	452	154
Americas	3,868	1,961	872	153
OWC	356	1,721	465	1,278
Total	**19,799**	**12,019**	**8,289**	**2,297**

Cash and cash equivalents	31 December 2019	31 December 2018
Middle East	1,576	747
Asia Pacific	2,819	1,277
Europe	1,184	322
Americas	1,335	446
OWC	784	779
Corporate group	3,233	1,882
Total	**10,930**	**5,454**

Information about other segment assets and liabilities is not reported to or used by the Board of Directors and, accordingly, no measures of other segment assets and liabilities are reported.

Note 25. List of subsidiaries

The Group's principal subsidiaries at 31 December 2019 are set out below. Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. All entities primarily operate in their country of incorporation.

Name of entity	Place of business / country of incorporation	Principal activities	Ownership interest 2019	Ownership interest 2018	Voting power 2019	Voting power 2018
Aqualis Offshore Australia Pty Ltd	Australia	Adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries	100%	0%	100%	0%
Aqualis Offshore Serviços Ltda	Brazil		100%	100%	100%	100%
AqualisBraemar Shanghai Co., Ltd	China		100%	100%	100%	100%
AqualisBraemar Holding Limited [1]	United Kingdom		100%	100%	100%	100%
AqualisBraemar Korea Limited	Republic of Korea		100%	100%	100%	100%
Aqualis Offshore Malaysia Sdn Bhd [2]	Malaysia		49%	49%	100%	100%
AqualisBraemar S. De R.L. De C.V.	Mexico		100%	100%	100%	100%
Aqualis Offshore AS	Norway		100%	100%	100%	100%
Aqualis Braemar Marine Services LLC [2]	Qatar		49%	49%	100%	100%
Aqualis Offshore PTE Ltd	Singapore		100%	100%	100%	100%
Aqualis Braemar Marine Services LLC [2]	United Arab Emirates		49%	49%	100%	100%
Aqualis Offshore UK Ltd	United Kingdom		100%	100%	100%	100%
AqualisBraemar Inc.	United States		100%	100%	100%	100%
Braemar Technical Services (Canada) Limited	Canada		100%	0%	100%	0%
Braemar Technical Services LLC	United Arab Emirates		100%	0%	100%	0%
PT Braemar Adjusting Indonesia	Indonesia		80%	0%	80%	0%
Braemar Technical Services (Adjusting) Pte Limited	Singapore		100%	0%	100%	0%
Braemar Technical Services (Adjusting) Limited	United Kingdom		100%	0%	100%	0%

1. Investments held directly by AqualisBraemar ASA
2. The remaining legal ownership in each case is registered in the name of a local sponsors in accordance with statutory regulations of those countries, who has assigned all the economic benefits attached to their shareholdings to the Group entity. The Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity via management agreements and, accordingly, these entities are consolidated as wholly owned subsidiaries in these consolidated financial statements (Note 3)

Name of entity	Place of business / country of incorporation	Principal activities	Ownership interest 2019	Ownership interest 2018	Voting power 2019	Voting power 2018
Braemar Technical Services Inc.	United States	Adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries	100%	0%	100%	0%
Braemar Salvage Association (Shanghai) Limited	China		100%	0%	100%	0%
Braemar Technical Services LLC	United Arab Emirates		49%	0%	49%	0%
Braemar Technical Services Pte Limited	Singapore		100%	0%	100%	0%
Braemar Technical Services SA (Pty) Limited	South Africa		100%	0%	100%	0%
Braemar Teknik Servis Denizcilik Limited Sirketi	Turkey		100%	0%	100%	0%
AqualisBraemar Technical Services Limited	United Kingdom		100%	0%	100%	0%
Asian Energy Services Pte Limited	Singapore		100%	0%	100%	0%
AqualisBraemar Pty Ltd	Australia		100%	0%	100%	0%
Braemar Technical Services (Offshore) Shanghai Pte Limited	China		100%	0%	100%	0%
Braemar Technical Services (Offshore) India Pvt Limited	India		100%	0%	100%	0%
PT AqualisBraemar Offshore Indonesia	Indonesia		100%	0%	100%	0%
AqualisBraemar Sdn Bhd	Malaysia		100%	0%	100%	0%
Braemar Technical Services (Offshore) PTE Limited	Nevis		100%	0%	100%	0%
AqualisBraemar Pte Ltd	Singapore		100%	0%	100%	0%
AqualisBraemar (Thailand) Limited	Thailand		100%	0%	100%	0%
Braemar Technical Services (Offshore) Vietnam Co Limited	Vietnam		100%	0%	100%	0%
AqualisBraemar Technical Services Holdings Limited [1]	United Kingdom		100%	0%	100%	0%
OWC (Aqualis) GmbH	Germany		100%	100%	100%	100%
Offshore Wind Consultants Taiwan Co. Limited	Taiwan		100%	100%	100%	100%
Offshore Wind Consultants Limited [1]	United Kingdom		100%	100%	100%	100%

Note 26. Shareholder information

The list of top 20 shareholders below is based on the shareholder register as per 31 December 2019. Actual shareholding may deviate due to the use of nominee accounts.

Name of shareholder	No. of shares	% ownership
Braemar Shipping Services Plc	19,240,621	27.3%
Gross Management AS	9,367,996	13.3%
Bjørn Stray	3,000,000	4.3%
Holmen Spesialfond	2,380,334	3.4%
Mp Pensjon Pk	1,801,128	2.6%
Oma Invest AS	1,694,000	2.4%
Lgt Bank AG	1,502,923	2.1%
Saxo Bank A/S	1,466,333	2.1%
Tigerstaden AS	1,246,265	1.8%
Carnegie Investment Bank AB	1,200,435	1.7%
Badreddin Diab	1,001,302	1.4%
Leoville AS	1,000,000	1.4%
Acme Capital AS	1,000,000	1.4%
Dnb Markets Aksjehandel/-Analyse	971,293	1.4%
Philip Alan Lenox	830,583	1.2%
Tigerstaden Invest AS	815,000	1.2%
Magne Gislerød	800,000	1.1%
Ginko As	770,000	1.1%
Alsto Consultancy Ltd	723,727	1.0%
Advanced Control AS	667,511	0.9%
Total	**51,479,451**	**73.1%**

At 31 December 2019, the Company had 1,450 shareholders, and 46.6% of the shares of the Company were held by foreign registered shareholders. The total number of outstanding shares at 31 December 2019 is 70,416,435 each with a par value of NOK 0.10.

Note 27. Events after the reporting period

COVID-19

The outbreak of COVID-19 has caused unprecedented uncertainty regarding the outlook for 2020. The COVID-19 situation has led to both positives and negatives for the Group. Positively, through the Group's extensive global footprint of staff and subcontractors currently covering almost 160 locations, the Company have been able to increasingly support new clients at locations where others have been unable to access. Negatively, the increasing global travel restrictions present challenges and increase the complexity in project execution. At this stage it is hard to quantify the lasting impact of COVID-19 for AqualisBraemar. Continued travel restrictions and a slowing world economy will inevitably affect short term business development and operations in various ways.

New office

The Group opened new office in Moscow, Russia at the end of Q1 2020.

Parent company financial statements and notes

Income statement

Amounts in NOK thousands	Notes	2019	2018
Revenues	2	2,819	2,118
Total revenue		**2,819**	**2,118**
Staff costs	3	(3,399)	(568)
Other operating expenses	4	(2,340)	(4,006)
Depreciation, amortisation and impairment		-	(30)
Impairment of loan to subsidiaries		-	(1,624)
Share of profit (loss) of an associate		-	2,347
Operating profit (loss) (EBIT)		**(2,920)**	**(1,763)**
Finance income	5	5,059	4,313
Finance expenses	5	(5,195)	-
Net foreign exchange gain (loss)	5	2,219	6,599
Profit (loss) before income tax		**(837)**	**9,149**
Income tax income (expense)	6	57	(1,441)
Profit (loss) after tax		**(780)**	**7,708**

Balance Sheet

Amounts in NOK thousands	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Investment in subsidiaries	7	197,818	127,346
Non-current portion of receivables	8	147,215	107,714
Total non-current assets		**345,033**	**235,060**
Current assets			
Trade and other receivables	9	2,848	346
Cash and cash equivalents	10	24,187	15,473
Total current assets		**27,035**	**15,819**
Total assets		**372,068**	**250,879**
EQUITY AND LIABILITIES			
Equity			
Share capital	11, 12	7,042	4,229
Treasury shares	12	(372)	-
Other paid-up capital	12	333,694	243,086
Total equity		**340,363**	**247,315**
Non-current liabilities			
Deferred tax liabilities	6	2,668	2,725
Provisions	13	13,364	-
Total non-current liabilities		**16,032**	**2,725**
Current liabilities			
Trade and other payables	14	1,590	839
Dividend payable	12	14,083	-
Total current liabilities		**15,673**	**839**
Total liabilities		**31,705**	**3,564**
Total equity and liabilities		**372,068**	**250,879**

Oslo, 27 April 2020

Glen Rødland
Chairman of the Board

Yvonne L. Sandvold
Board member

Reuben Segal
Board member

Ronald Series
Board member

Synne Syrrist
Board member

David Wells
CEO

Statement of Cash Flows

Amounts in NOK thousands	Notes	2019	2018
Cash flow from operating activities			
Profit (loss) before income tax		(837)	9,149
Non-cash adjustment to reconcile profit before tax to cash flow:			
Provision for deferred consideration	13	5,191	-
Depreciation, amortisation and impairment		-	30
Impairment of loan to subsidiaries		-	1,624
Share of (profit) loss of an associate		-	(2,347)
Changes in working capital:			
Changes in trade and other receivables		(2,502)	821
Changes in trade and other payables		751	243
Cash flow from (used in) operating activities		**2,603**	**9,520**
Cash flow from investing activities			
Loan payment to related parties (net)		(39,501)	(11,988)
Investment in subsidiary	7	(3,283)	-
Proceeds on disposal of investment in associates		-	2,347
Cash flow from (used in) investing activities		**(42,784)**	**(9,641)**
Cash flow from financing activities			
Proceeds from issuance of shares (net of transaction costs)	12	49,267	-
Payments for shares bought back		(372)	-
Dividends paid		-	(38,064)
Cash flow used in from (used in) financing activities		**48,895**	**(38,064)**
Net change in cash and cash equivalents		**8,714**	**(38,185)**
Cash and cash equivalents at beginning of year		15,473	53,658
Cash and cash equivalents at end of year		**24,187**	**15,473**

Notes to the Financial Statements

Note 1. Accounting principles

AqualisBraemar ASA ("the Company") is a limited liability company incorporated on 13 June 2014 and domiciled in Norway with its registered office at Olav Vs gate 6, 0161 Oslo, Norway. The Company is listed on Oslo Stock Exchange.

The Company is principally an investment holding company. Its other activities include provision of management services to related companies.

The principal activities of the subsidiaries are disclosed in Note 25 to the AqualisBraemar group's consolidated financial statements.

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into Norwegian Krone ("NOK") using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated at applicable rate of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the normal operating cycle. Other balance sheet items are classified as non-current.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognised at nominal value.

Investment in subsidiaries

Investment in subsidiaries is valued at cost of the shares in the subsidiary less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the carrying value of the investment.

Other receivables

Other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the receivables.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less. Deposits held by the bank against guarantees provided to the customers are classified and accounted for in other current assets.

Note 2. Revenues

Amounts in NOK thousands	2019	2018
Corporate group management fees	2,819	2,118
Total	**2,819**	**2,118**

Note 3. Staff costs

Amounts in NOK thousands	2019	2018
Salaries	2,789	497
Pension contribution	213	-
Other personnel costs	397	71
Total	**3,399**	**568**

At 31 December 2019 the Company had two employees (2018: Nil). Salaries includes compensation to the board members. AqualisBraemar ASA meets the Norwegian requirements for mandatory occupational pension ("obligatorisk tjenestepensjon"). Please refer to note 20 and 21 in AqualisBraemar group consolidated financial statements for further information regarding the remuneration to board members and executive management.

Note 4. Other operating expenses

Amounts in NOK thousands	2019	2018
Professional fees	653	2,645
Share of central costs	523	420
Office rental cost	141	133
Other costs	1,023	808
Total other operating expenses	**2,340**	**4,006**

Remuneration to the Auditors[1]

Amounts in NOK thousands	2019	2018
Audit	373	274
Other assurance services	356	-
Other services	1,219	-
Total	**1,949**	**274**

1. All fees are exclusive of VAT.

Note 5. Financial items

Amounts in NOK thousands	2019	2018
Finance income		
Interest income on loans to related parties	4,867	4,001
Interest income from bank deposits	192	312
Total	**5,059**	**4,313**
Finance expenses		
Change in fair value of warrants (note 13)	5,191	-
Other finance expenses	4	-
Total	**5,195**	**-**
Net foreign exchange gain (loss)		
Net foreign exchange gain (loss)	2,219	6,599
Total net foreign exchange gain (loss)	**2,219**	**6,599**

Net foreign exchange gain includes unrealised foreign currency effect related to bank accounts other than NOK and unrealised foreign currency on long term loans to subsidiaries in the Company.

Long term loans to subsidiaries have been assessed to be a part of the net investments in the subsidiaries.

Note 6. Taxes

Amounts in NOK thousands	2019	2018
Income tax expense recognised in profit or loss		
Changes in deferred tax	(57)	1,441
Total income tax expense (income)	**(57)**	**1,441**
Tax base calculation		
Profit before income tax	(837)	9,149
Permanent differences	576	(2,344)
Changes in temporary differences	(1,899)	(4,429)
Total tax base	**(2,160)**	**2,376**
Temporary differences	**31 December 2019**	**31 December 2018**
Short term receivables	(5,095)	(5,189)
Long term receivables in foreign currency	22,653	20,760
Property, plant and equipment	(16)	(23)
Total	**17,542**	**15,548**
Accumulated losses carried forward	(5,415)	(3,164)
Base for deferred tax liability	**12,127**	**12,384**
Deferred tax liabilities	2,668	2,725
Total deferred tax liabilities	**2,668**	**2,725**

Norway corporation tax rate for 2019 was 22% (2018: 23%). For 2020, there is no change in corporation tax rate. Deferred tax liability as of 31 December 2019 has been calculated based on this rate.

Reconciliation of the effective tax rate:

Amounts in NOK thousands	2019	2018
Profit (loss) before income tax	**(837)**	**9,149**
Income tax using the Company's domestic tax rate of 22% (2018 - 23%)	(184)	2,104
Effect of permanent difference	127	(539)
Effect of changes in tax rate	-	(124)
Income tax (income) expense recognised in profit or loss	**(57)**	**1,441**
Effective tax rate	**6.9%**	**15.8%**

Note 7. Investments in subsidiaries

The subsidiaries directly owned by the Company at 31 December 2019 are set out below. Unless otherwise indicated, all shareholdings owned by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. Figures presented below in functional currency thousands.

Name of subsidiaries	Registered office	Functional currency	Share capital	Equity as of 31.12.2019	Net profit for the year	Net carrying value NOK '000
AqualisBraemar Holding Limited	UK	GBP	4,462	(2,992)	(310)	118,678
Offshore Wind Consultants Limited	UK	GBP	0.1	925	172	8,668
AqualisBraemar Technical Services Holdings Limited	UK	GBP	1	10,182	494	70,472
Total						**197,818**

On 21 June 2019, the Company acquired 100% of the shares in Braemar Technical Services Holdings Limited ("BTS") (subsequently renamed to "AqualisBraemar Technical Services Holdings Limited"), a specialised consultancy group consists of 3 business streams (Offshore, Marine and Adjusting) out of Braemar Shipping Services PLC's "(Braemar") technical division. The acquisition is expected to increase the Group's market share and reduce costs through economies of scale. Refer to note 7 in AqualisBraemar group consolidated financial statements for further information regarding the acquisition.

Note 8. Related party

For the purposes of the Company's financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the Group consolidated financial statements, the Company's balances with the related parties included in the balance sheet as at 31 December 2019 and 2018 are as follows:

Amounts in NOK thousands	31 December 2019	31 December 2018
Loans to group companies		
AqualisBraemar Holding Limited	66,639	56,641
Aqualis Braemar Marine Services LLC, UAE	27,984	26,667
AqualisBraemar Technical Services Holdings Limited	27,749	-
Aqualis Offshore UK Limited	9,695	9,229
AqualisBraemar Inc.	8,193	7,800
Aqualis Offshore Servicos Ltda	2,048	2,803
Aqualis Braemar Marine Services LLC, Qatar	1,736	1,618
Aqualis Offshore Korea Youhanheosa	1,522	1,449
AqualisBraemar S. De R.L. De C.V.	891	847
OWC (Aqualis) GmbH	506	481
Aqualis Offshore AS	252	1,800
	147,215	**109,337**
Allowance for losses	-	(1,624)
Total	**147,215**	**107,714**
Non-current portion	147,215	107,714
Current portion	-	-
Total	**147,215**	**107,714**

The loans to Group companies carry an annual interest rate of 2% over 3 months USD LIBOR. Loans to subsidiaries have a long term perspective and does not have a specific repayment date.

Amounts in NOK thousands	31 December 2019	31 December 2018
Due from related parties		
AqualisBraemar Holding Limited	2,814	251
	2,814	**251**
Due to related parties		
AqualisBraemar Holding Limited	144	107
	144	**107**

Amount due from and due to group companies are unsecured, non-interest bearing and are repayable on demand and are included in trade and other receivables (note 9) and trade and other payables respectively (note 14)..

Transactions with related parties are made at terms agreed between the parties. For the year ended 31 December 2019, transactions with related parties included in profit and loss are as follows:

Amounts in NOK thousands	2019	2018
Corporate group management services (note 2)	2,819	2,118
Interest income on loans (note 5)	4,867	4,001
Share of central costs (note 4)	523	420

Note 9. Trade and other receivables

Amounts in NOK thousands	31 December 2019	31 December 2018
Due from related parties (note 8)	2,814	251
Other receivables	34	95
Total	**2,848**	**346**

Other receivables are non-interest bearing and are generally on terms of 30 to 45 days.

Note 10. Cash and cash equivalents

Amounts in NOK thousands	31 December 2019	31 December 2018
Cash and bank balances	24,187	15,473
Total	**24,187**	**15,473**

Amounts in thousands	31 December 2019		31 December 2018	
Distributed in following currencies:	**Currency**	**NOK**	**Currency**	**NOK**
US Dollars	1,671	14,687	1,262	10,975
Norwegian Krone	6,947	6,947	1,927	1,927
Euro	259	2,553	259	2,571
Total		**24,187**		**15,473**

The Company has restricted cash at banks of NOK 213 thousand at 31 December 2019 (2018: Nil). These are subject to regulatory restrictions and are therefore not available for general use by the other entities within the Group.

Note 11. Share capital

Amounts in NOK thousands	Number of shares	Share capital
At 1 January 2018	42,293,239	4,229
At 31 December 2018	**42,293,239**	**4,229**
At 1 January 2019	42,293,239	4,229
Cash-settled capital increase (net of transaction costs)	13,257,575	1,326
Issue of shares on acquisition	14,865,621	1,487
At 31 December 2019	**70,416,435**	**7,042**

Each share has a par value of NOK 0.10 per share.

Share-based payments

The company has established share option plan that entitle employees to purchase share in the company. Under these plan, holders of vested options are entitled to purchase shares at the market price of the shares at grant date. Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Refer note 16 in AqualisBraemar group consolidated financial statements for more information.

Refer to note 26 in AqualisBraemar group consolidated financial statements for further information regarding the company's largest shareholders.

Note 12. Equity

Amounts in NOK thousands	Share capital	Treasury shares	Other paid-up capital	Total equity
At 1 January 2018	4,229	-	273,442	277,671
Dividends	-	-	(38,064)	(38,064)
Profit after taxes	-	-	7,708	7,708
At 31 December 2018	**4,229**	**-**	**243,086**	**247,315**
At 1 January 2019	4,229	-	243,086	247,315
Cash-settled capital increase (net of transaction costs)	1,326	-	47,941	49,267
Issue of shares on acquisition	1,487	-	57,530	59,017
Acquisition of treasury shares	-	(372)	-	(372)
Dividends	-	-	(14,083)	(14,083)
Profit after taxes	-	-	(780)	(780)
At 31 December 2019	**7,042**	**(372)**	**333,694**	**340,363**

The Board of Directors in their meeting on 26 February 2020 proposed distribution of dividend of NOK 0.20 (2018: NOK 0.90) per share.

On 9 July 2018, total dividend of NOK 38,064 thousands was paid to the shareholders. For tax purposes, the distribution was considered repayment of paid in capital.

The Company incurred NOK 3,233 thousands towards transaction costs that were directly attributable to the issuance of shares.

Refer to note 7,16 in AqualisBraemar group consolidated financial statements for further information regarding the issuance of new shares on acquisition and buy back of treasury shares.

Note 13. Provisions

As at 31 December 2019, provisions comprise of fair value of the performance based warrants issued as part of the acquisition. Refer to note 7 in AqualisBraemar group consolidated financial statements for further information regarding the calculations.

Note 14. Trade and other payables

Amounts in NOK thousands	31 December 2019	31 December 2018
Due to related parties (note 8)	144	107
Trade payables	234	367
Accruals and other payables	1,212	365
Total	**1,967**	**839**

Trade payables are non- interest bearing and are normally settled on 30 days term.

Note 15. Events after the reporting period

The outbreak of COVID-19 has caused unprecedented uncertainty regarding the outlook for 2020. The COVID-19 situation has led to both positives and negatives for the company. Refer to note 27 in AqualisBraemar group consolidated financial statements for further information regarding the impact on the Group.

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To the General Meeting of AqualisBraemar ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AqualisBraemar ASA, which comprise:

- The financial statements of the parent company AqualisBraemar ASA (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of AqualisBraemar ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The size of the business and the scope of the services provided by the Group are expanded by the acquisition of Braemar Technical Services Holdings Limited, and we considered this transaction to be key to our audit. Valuation of goodwill contains the same risks and challenges as last year and our focus on this area have continued in 2019.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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Key Audit Matter	How our audit addressed the Key Audit Matter
Business Combinations - acquisition of Braemar Technical Services Holdings Limited	
We refer to note 2 (Accounting policies) and note 7 (Business combination) where management explains the effects of the business combination. In June 2019, the group completed the purchase of three business streams of which was carved out from Braemar Technical Services group. The acquisition was material which was demonstrated by the fact that the group's revenues were approximately doubled as a result of the business combination. The total assets and total liabilities acquired accounted for 48% and 20%, respectively, of the consolidated balance sheet as at 30 June 2019. The business combination led to a recognition of a bargain purchase gain of USD 11.1 million. Due to the size of the transaction and the judgement required by management in determining the purchase price allocation (PPA), this has been a key area of the audit. In particular, we focussed on the assessments made regarding valuation of trade receivables and other current assets that were acquired.	We evaluated and challenged managements' PPA valuation and the process by which this was performed. Management engaged an external valuation firm for assistance with the PPA. We assessed the third party's competence, capacity and objectivity. Our procedures included inquiry of the third party and performing the procedures described below related to the PPA report issued to management of AqualisBraemar ASA. We assessed managements' accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards, in particular IFRS 3 – Business Combinations, were met. In order to assess each of the assumptions in managements' purchase price allocation, we discussed with management and challenged their assessments, especially related to their valuation assessment for the trade receivables and other current assets. In addition, we discussed the bargain purchase gain with management and found their basis for the gain to be in line with the relevant guidance in the IFRS. For certain key assumptions in arriving at the estimated fair value, we specifically used the sources of data and performed among other the procedures outlined below; • Tested the valuation of trade receivables and contract assets by reviewing the aging and management's assumptions for collecting the balances. • Reviewed the recognition and measurement of lease agreements. • Tested the completeness of accruals and other liabilities. • Analysed other evidence collected by performing audit procedures on subsequent periods. We evaluated the appropriateness of the related disclosures in note 2 and 7 to the consolidated financial statements and satisfied ourselves that the disclosure appropriately explained the transactions in accordance with IFRS requirements.

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Assessment of impairment of goodwill

We refer to note 13 (Intangible assets) where management explains their impairment process and relevant assumptions.

The carrying value of goodwill amounted to USD 13.0 million as of 31 December 2019, which is about 20% of the assets in the balance sheet.

Goodwill should be tested for impairment annually, or when there are indicators of impairment. An impairment test was performed during the fourth quarter. The test did not result in an impairment charge being recognized.

The impairment test involved management judgement; mainly related to estimating future cash flows and the discount rate. The future cash flow estimate was sensitive to the applied growth rate and the EBITDA margin. We focused on this issue mainly because of the level of management judgement involved.

We evaluated and challenged management's impairment model. We corroborated the elements in the model to the requirements in IFRS and found no material inconsistencies. Further, we tested whether the model performed mathematical calculations as expected.

We challenged management's use of assumptions in the future cash flow estimate. We found that income estimates were based on a detailed budgeting process. We tested managements' budgeting accuracy by comparing budgeted growth rate and EBITDA margin against actuals for and 2019. When we found deviations, we assessed management's explanations and corroborated with other evidence available to us. In order to challenge each of the assumptions in the forecast, we held discussions with management. The future cash flows were also compared to business forecasts and approved budgets by the Board of Directors. Based on our testing and discussions with management, we found management's budgeting for the purpose of this impairment test, to be reliable.

In order to evaluate the assumptions used to build the discount rate, we used external market data and observable data from comparable companies. We found the assumptions to be reasonable based on our knowledge and available evidence. We evaluated the adequacy of the disclosures made on impairment of goodwill and found that disclosures appropriately explained management's valuation process and the uncertainties inherent in some of management's assumptions.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report - AqualisBraemar ASA

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27 April 2020
PricewaterhouseCoopers AS

Anders Ellefsen
Anders Ellefsen
State Authorized Public Accountant (Norway)

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Alternative Performance Measures (APM)

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures ("APMs") that came into force on 3 July 2016. Alternative performance measures are meant to provide an enhanced insight into the operations, financing and future prospects of the company. The Company has defined and explained the purpose of the following APMs:

Adjusted EBITDA

Adjusted EBITDA which excludes depreciation, amortisation and impairments, share of net profit (loss) from associates, transaction costs related to acquisitions, restructuring and integration costs is a useful measure because it provides useful information regarding the Company's ability to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies. EBITDA may not be comparable to other similarly titled measures from other companies. A reconciliation between reported operating profit/(loss) and EBITDA is shown below.

Amounts in USD thousands	2019	2018
Operating profit (loss) (EBIT)	**(332)**	**2,684**
Depreciation, amortisation and impairment	690	129
Transaction costs related to acquisition	1,129	-
Restructuring and integration costs	528	-
Share of net profit (loss) from associates	-	(291)
Adjusted EBITDA	**2,015**	**2,522**

Adjusted EBIT

Adjusted EBIT which excludes amortisation and impairments, share of net profit (loss) from associates, transaction costs related to acquisitions, restructuring and integration costs is a useful measure because it provides an indication of the profitability of the Company's operating activities for the period without regard to significant events and/ or decisions in the period that are expected to occur less frequently. A reconciliation between reported operating profit/(loss) and EBIT adjusted is shown below.

Amounts in USD thousands	2019	2018
Operating profit (loss) (EBIT)	**(332)**	**2,684**
Transaction costs related to acquisition	1,129	-
Restructuring and integration costs	528	-
Share of net profit (loss) from associates	-	(291)
Adjusted EBIT	**1,325**	**2,393**

Adjusted profit (loss) after taxes

Adjusted profit (loss) after taxes which excludes amortisation and impairments, share of net profit (loss) from associates, transaction costs related to acquisitions, restructuring and integration costs and certain finance income is a useful measure because it provides an indication of the profitability of the Company's operating activities for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently. A reconciliation between adjusted profit (loss) after taxes and profit (loss) after taxes is shown below.

Amounts in USD thousands	2019	2018
Profit (loss) after taxes	**9,037**	**2,422**
Transaction costs related to acquisition	1,129	-
Restructuring and integration costs	528	-
Gain on bargain purchase	(11,026)	-
Share of net profit (loss) from associates	-	(291)
Adjusted profit (loss) after taxes	**(332)**	**2,131**

Order backlog

Order backlog is defined as the aggregate value of future work on signed customer contracts or letters of award. AqualisBraemar's services are shifting towards "call-out contracts" which are driven by day-to-day operational requirements. An estimate for backlog on "call-out contracts" are only included in the order backlog when reliable estimates are available. Management believes that the order backlog is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

Working capital and working capital ratio

Working capital is a measure of the current capital tied up in operations. The amount of working capital will normally be dependent on the revenues earned over the past quarters. Working capital includes trade and other receivables and contact assets, trade and other payables, current tax payable, and contract liabilities. Working capital may not be comparable to other similarly titled measures from other companies. Working capital ratio provides an indication of the working capital tied up relative to the average quarterly revenue over the past two quarters.

Amounts in USD thousands	31 December 2019	31 December 2018
Working capital		
Trade and other receivables	24,252	9,870
Contract assets	12,019	2,297
Trade and other payables	(9,487)	(3,454)
Contract liabilities	(719)	(438)
Income tax payable	(371)	(159)
Total	**25,694**	**8,116**

Return on equity (ROE)

ROE is calculated as the adjusted profit (loss) for the period attributable to equity holders of the parent, divided by average total equity for the period. The adjusted profit (loss) is annualised for interim period reporting. This measure indicates the return generated by the management of the business based on the total equity. The calculation of ROE is shown below.

Amounts in USD thousands	2019	2018
Adjusted profit (loss) after taxes	**(332)**	**2,131**
Total equity	47,364	25,555
Average total equity	36,459	27,003
ROE	**(0.9%)**	**7.9%**

Return on capital employed (ROCE)

ROCE is calculated as the adjusted EBIT for the period, divided by average capital employed for the period. Capital employed is defined as total assets less non-interest bearing current liabilities. The adjusted EBIT is annualised for interim period reporting. This measure indicates the return generated by the management of the business based on the capital employed. The calculation of ROCE is shown below.

Amounts in USD thousands	2019	2018
Adjusted EBIT	**1,325**	**2,393**
Total assets	63,557	30,633
Less: Non-interest bearing current liabilities	(10,577)	(4,051)
Capital employed	52,980	26,583
Average capital employed	**39,781**	**27,903**
ROCE	**3.3%**	**8.6%**

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