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Creating a leading offshore energy and marine consultancy

*Combining AqualisBraemar and London Offshore Consultants
November 2020*



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The strategic vision

1

Grow through continued expansion in the rapidly growing offshore renewables industry



2

Leverage leading position within shipping and oil & gas to improve profitability



3

Consistently return capital to shareholders



Ambition: 50% renewables and sustainability-oriented services in business mix by 2025

AqualisBraemar to acquire LOC Group



- ✓ *Achieving the long-term plan to consolidate the offshore energy and marine consulting space*
- ✓ *LOC Group is highly complementary*
- ✓ *Broader service offering and increased scale, a stronger partner for clients*
- ✓ *Estimated USD 3.5m annual cost synergies*
- ✓ *Enables further capital use optimization*
- ✓ *Increased renewables footprint and reaffirmed commitment to energy transition*

Creating a leading independent offshore energy and marine consultancy

Creating a leading complementary business

Combining two highly complementary marine consultancies



	AQUALIS BRAEMAR	LOC ⁽¹⁾	Combined group
LTM Revenue (USDm)	76m	63m	139m
LTM EBITDA (USDm)	5.7m	6.8m	12.5m
3Q20 Backlog (USDm)	~28m	~54m	~83m
Employees⁽²⁾ (#)	465	416	881



Note:

5 LTM as of 3Q20 (Sep-20). EBITDA adjusted for exceptional items. LOC EBITDA adjusted for provisional IFRS 16 effect.

(1) LOC figures presented based on management reports

(2) Employees including subcontractors on a 100% utilization basis



Transaction overview

- Enterprise value of approx. USD 19 million
 - USD 20.2 million cash consideration
 - 2 million conditional warrants for AB shares (to sellers)
 - 1 million if share price above NOK 7.5 in 18 months
 - 1 million if share price above NOK 10 in 36 months
 - USD 2 million net cash position in LOC (30 Sep 2020)
 - USD 15 million cash
 - USD 13 million interest bearing debt (prior to refinancing)
 - Expansion of employee share option program¹

- USD 15 million fully subscribed equity issue²
 - Issue price: NOK 6.10
 - Board and management applications:
 - Chairman Glen Rødland³: USD 4 million
 - AB and LOC management: USD 1.9 million
 - Subsequent offering announced

- USD 15 million new bank facility with Nordea

- Completion expected on or about 21 December
 - Subject to approval at EGM on or about 14 December
 - Voting commitments for more than 67% secured

Sources & uses (USDm)

Existing AB cash	5	Cash consideration	20
New bank debt	15	Refinance LOC debt	12
New equity	15	Costs & contingencies	3
Total sources	35	Total uses	35

Indicative timeline

Event	Expected timing
AqualisBraemar EGM	14 Dec
Equity issue payment date	14 Dec
Equity issue share delivery	17 Dec
Completion of acquisition	21 Dec
Prospectus published	January
Subsequent offering	January

(1) In connection with the transaction, AB will expand the employee share option program by issuing up to 11 million share options to LOC employees and current AB employees. The share options will have exercise price equal to the equity issue price, and will vest after 3 years subject to continued employment. A portion of net gains from the share options must be reinvested for up to 3 years.

(2) Equity issue and subscriptions are for the NOK equivalent of the listed USD amount

(3) Gross Management AS

AqualisBraemar – geared for further growth

Overview

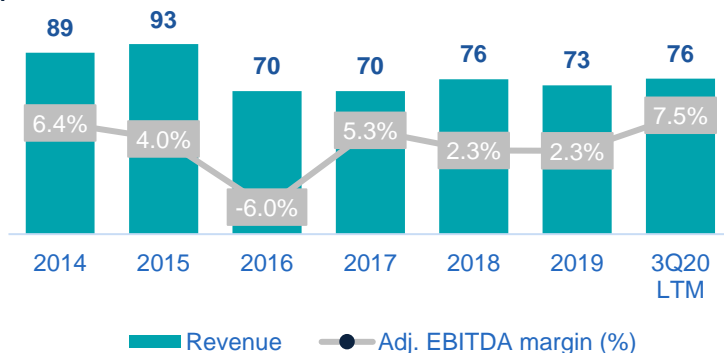
- AqualisBraemar offers independent consultancy services to the offshore energy, shipping and insurance industries, operating under three brands:
 - AqualisBraemar:** a leading adjusting, marine and offshore consultancy to the energy, shipping and insurance industries
 - AqualisBraemar Yacht Services:** a specialized marine consultancy to the superyacht market
 - OWC:** an independent consultancy to the offshore renewables sector
- Clients include insurance companies, financial institutions, owners of offshore installations and vessels, utilities, and EPC contractors
- Global office network consisting of 46 offices in 31 countries
- 465 employees (incl. subcontractors)
- Listed on Oslo Stock Exchange since 2014

Main business streams and revenue split²

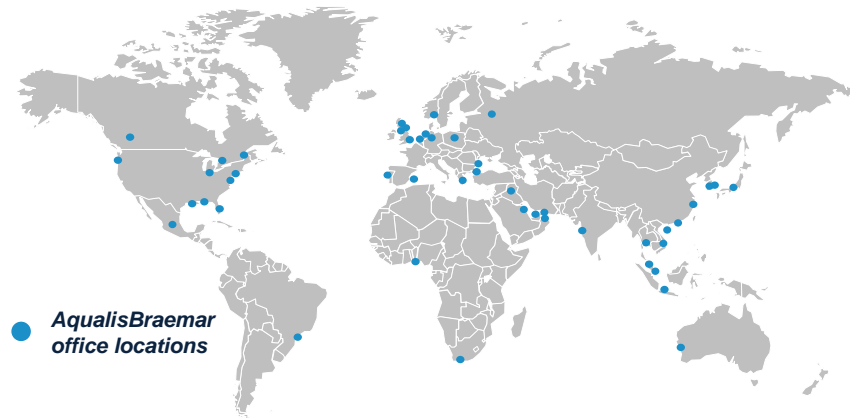


Key financials¹

USDm



Geographical set-up






LOC – ready for a new voyage

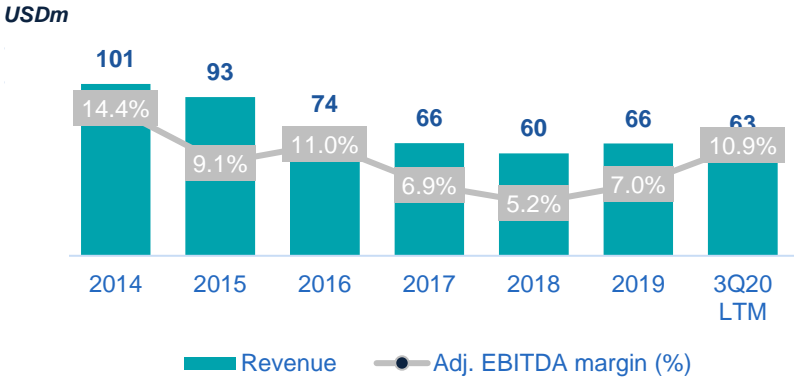
Overview

- LOC provides consultancy and engineering services to the offshore renewables, oil & gas and shipping sectors through four brands:
 - **London Offshore Consultants**
 - **Longitude:** Independent engineering and design consulting to the shipping, oil & gas and renewables sectors
 - **Innosea:** Independent engineering firm specialising in offshore wind, wave and tidal energy
 - **John LeBourhis (JLA):** Rig approval services
- Clients include insurance companies, maritime vessel and asset owners, utilities, EPC contractors, financial institutions and government agencies
- Global office network consisting of 39 offices in 25 countries
- 416 employees (incl. subcontractors)

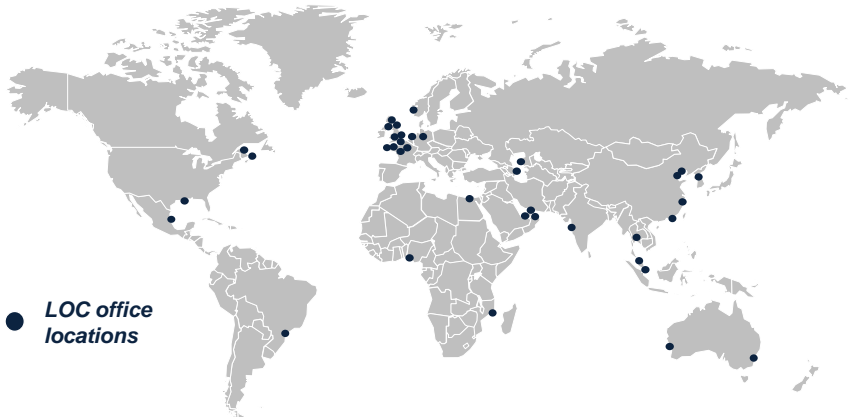
Main business streams and revenue split²

Renewables	Offshore	Shipping
		
<i>Leading within Marine Warranty Surveys to the offshore wind industry</i>	<i>Large project based marine warranty surveys to the O&G sector</i>	<i>Marine Casualty services to Protection & Indemnity insurers and asset owners</i>
19%	60%	21%

Key financials¹



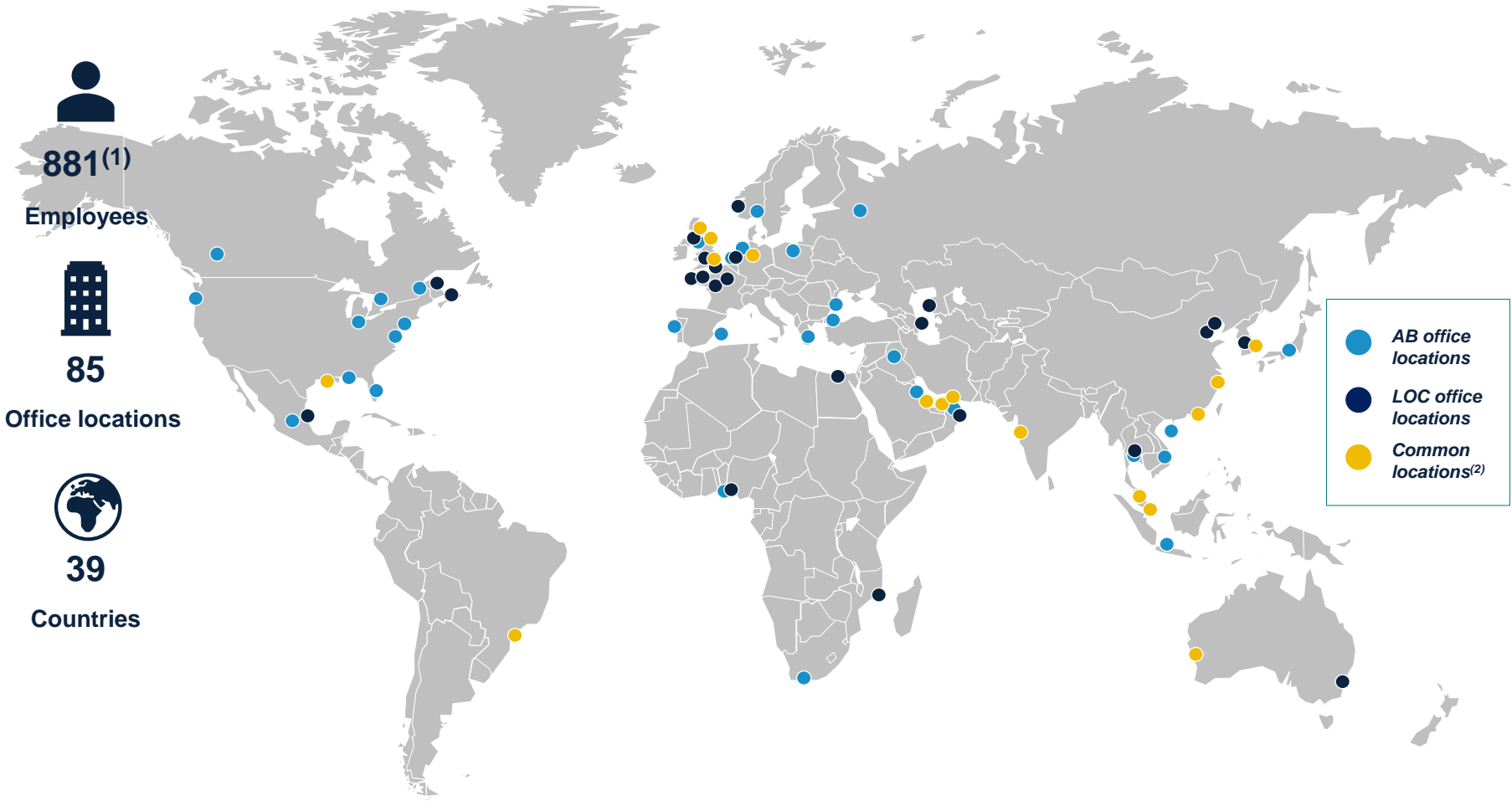
Geographical set-up



(1) LOC financials based on company filings 2014-18 and management reports for 2019 and 2020, adjusted for exceptional items and provisional IFRS 16 effect (2H19-2020)
 (2) Based on 3Q20 LTM revenue
 Source: Companies House UK, LOC

Strengthened global presence by combining with LOC

Global footprint provides clients with local expertise and swift response

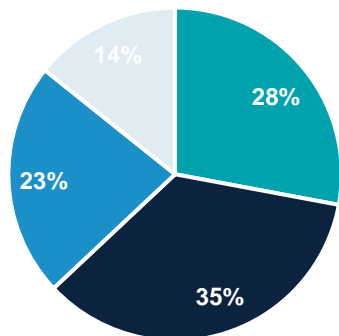


(1) Includes subcontractors on 100% basis
(2) Common locations indicate cities in which both AB and LOC currently have office locations
Source: LOC, AB

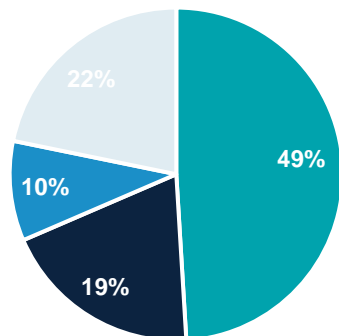
LOC geographical strongholds are highly complementary

YTD Revenue by region

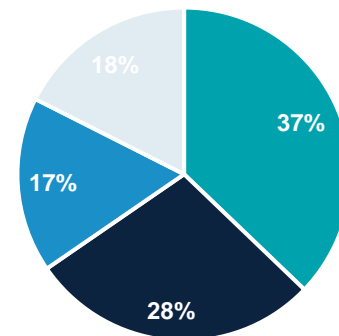
YTD Revenue by business stream



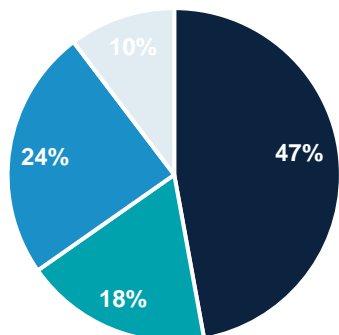
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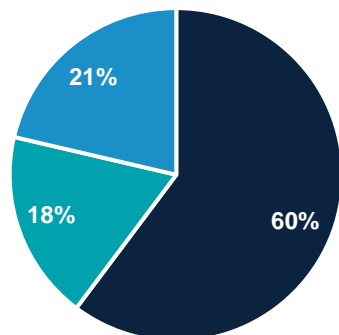
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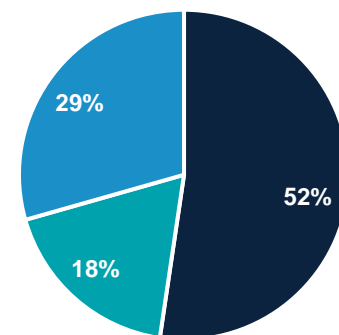
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■ Oil&Gas ■ Renewables ■ Marine ■ Adjusting



■ Oil&Gas ■ Renewables ■ Shipping



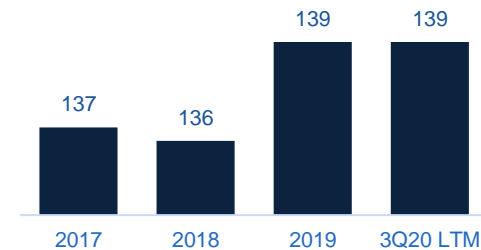
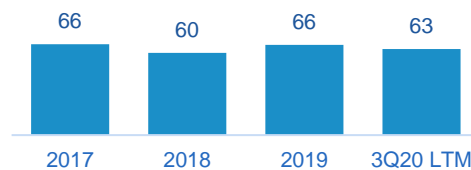
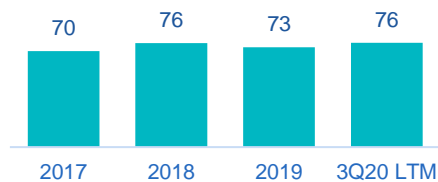
■ Oil&Gas ■ Renewables ■ Marine/Shipping/Adjusting

Robust pro forma financial profile

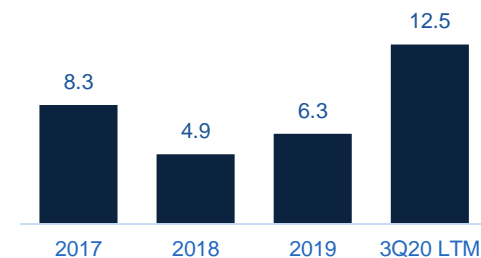
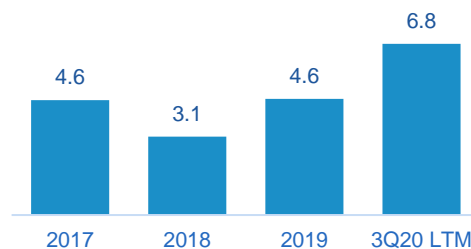
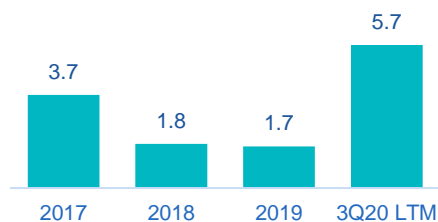


Combined group

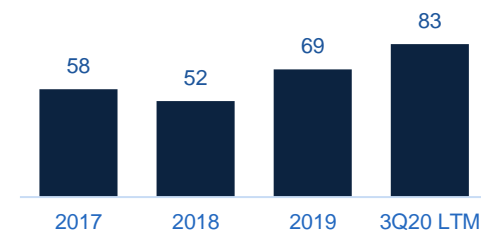
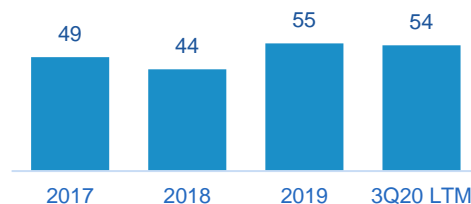
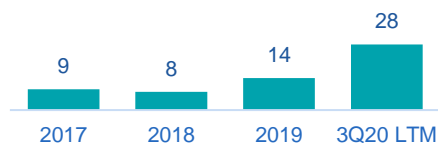
Revenue
(USDm)



EBITDA
(USDm)



Order backlog
(USDm)

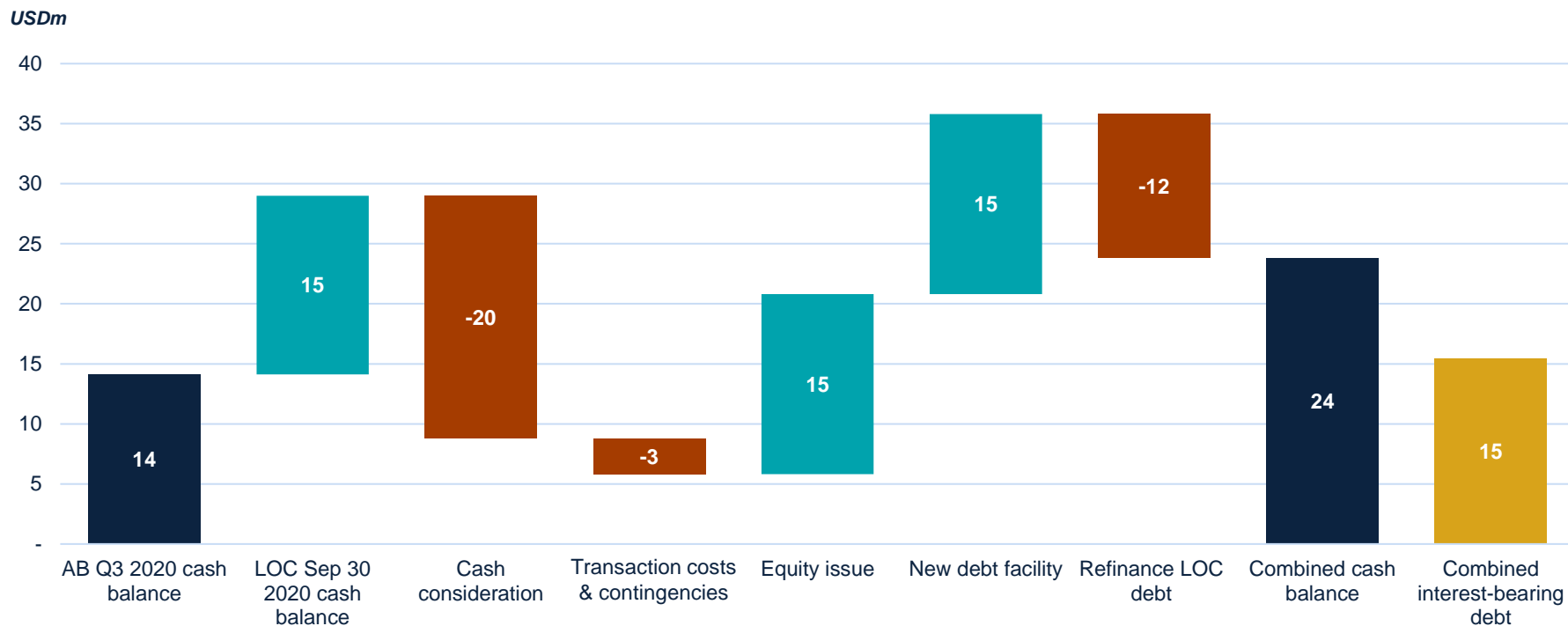


Note:

AB figures pro forma including BTS, EBITDA adjusted for exceptional items

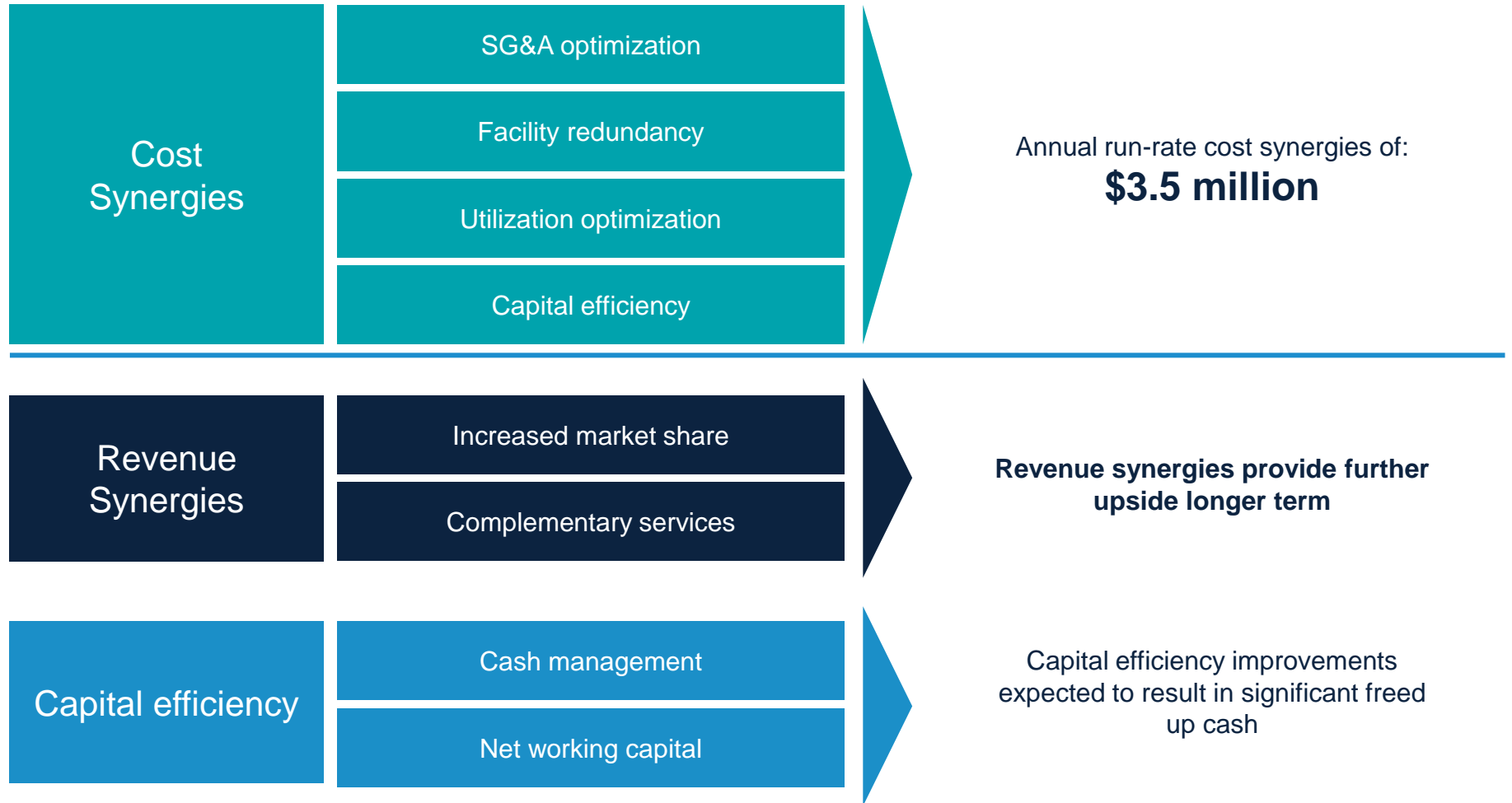
LOC financials based on company filings 2014-18 and management reports for 2019 and 2020, EBITDA adjusted for exceptional items and provisional IFRS 16 effect

Simplified pro-forma combined cash and debt position



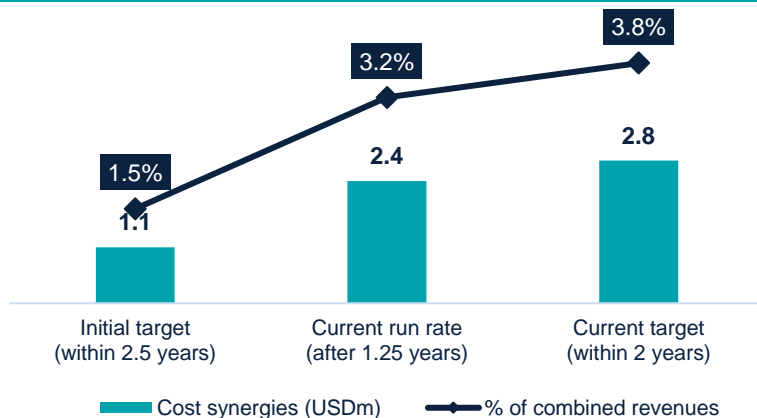
- Cash consideration of USD 20.2m
- Transaction financed through 15m equity issue and USD 5m from existing cash on balance sheet
- LOC debt of USD 12m to be refinanced through new debt facility of USD 15m
- USD 0.5m facility from LOC to remain in combined balance – total interest-bearing debt of USD 15.5m post transaction¹

Significant value creation potential from integration of LOC

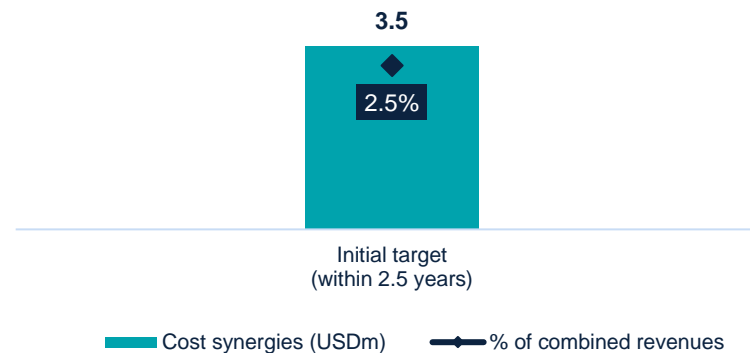


Value creation: synergies & integration

Aqualis + BTS - Synergy performance



AB + LOC - Estimated cost synergies



Aqualis + BTS – Comments

- When Aqualis acquired BTS in Jun-19, the initial annual run rate cost synergy target was **USD 1.1m**, representing **1.5%** of the combined revenues, to be implemented within 2.5 years of combination
- As of 3Q20, AqualisBraemar has realised **USD 2.4m** run rate cost synergies
- The current target full run rate is **USD 2.8m**, representing **3.8%** of the combined revenues, by 2Q21

AB + LOC – Comments

- AqualisBraemar targets **USD 3.5m** annual run rate pre-tax cost synergies, to be implemented within 2.5 years of combination
- Synergy target represents **2.5%** of the combined revenues
- Estimated integration costs of USD 1.0m to be incurred within 6-18 months post completion

The combination will benefit all stakeholders



Customers

- ✓ New capabilities and broader suit of services offered
- ✓ Increased scale and wider global footprint helps the company to efficiently meet customers' evolving needs
- ✓ Limited overlap and compelling customer benefits with comprehensive product offering and wide service network

Employees

- ✓ Better career prospects at a larger, global and more diversified company committed to energy transition
- ✓ Increased professional development and international career opportunities
- ✓ Access to larger pipeline of work and challenging projects with greater opportunity for innovation across market sectors

Shareholders

- ✓ Realization of synergies to create shareholder value
- ✓ Clearly identified cost and operational synergies and significant opportunities to increase revenue growth
- ✓ Stronger renewables footprint to help boost vision of 50% renewables revenue by 2025

AqualisBraemar to acquire LOC Group



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Appendix

Shares and outstanding options

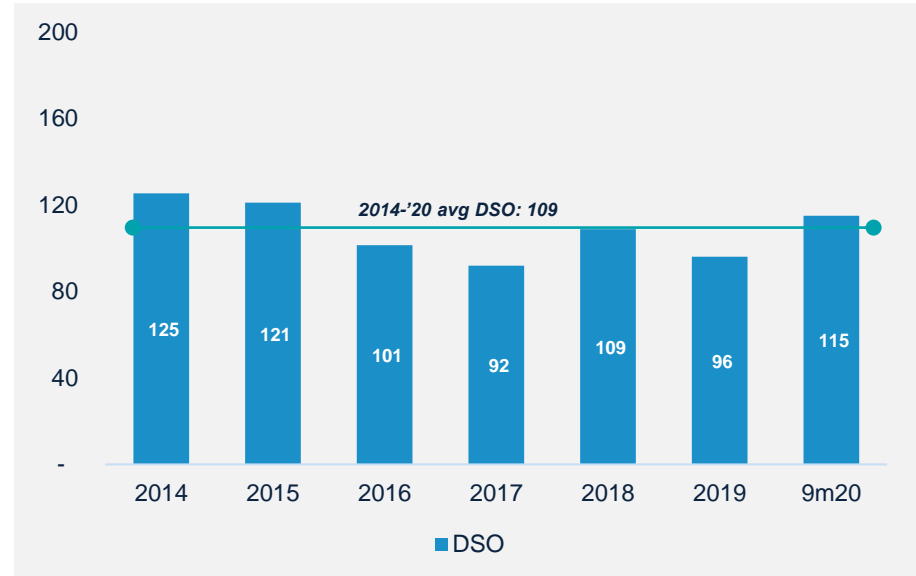
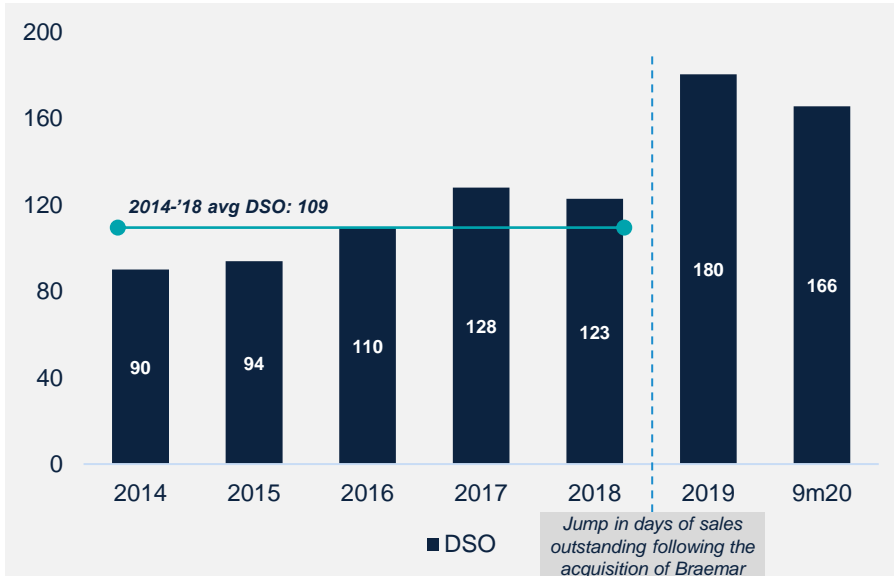
(million shares)	Issued count	Effective count (1)	Exercise price (NOK)	Vesting date	Key vesting/exercise conditions
Outstanding shares	70.4	70.4			
Private placement - New shares	22.1	22.1			
Outstanding shares post issue	92.5	92.5			
Braemar warrants	6.5	1.0	0.10	Apr-21	Group EBITDA performance
Total shares & existing warrants	99.1	93.5			
Warrants to LOC sellers - A	1.0	0.0	0.10	Jun-22	Share price > NOK 7.50 in Q2 2022
Warrants to LOC sellers - B	1.0	0.0	0.10	Dec-23	Share price > NOK 10.0 in Q4 2023
Total shares & warrants	101.1	93.5			
Employee options - A	0.1	0.1	4.82	May-21	
Employee options - B	8.5	8.3	3.57	Jun-22	Continued employment, ++
Employee options - C	11.0	11.0	6.10	Dec-23	Continued employment, ++
Total employee options	19.6	19.4			

(1) Estimated vesting/exercise based on current share price. In the case of Braemar warrants, based on projected Group EBITDA.

New bank facilities with Nordea – Key terms

	Term Loan	Revolving Credit Facility
Amount	USD 10 million	USD 5 million
Tenor	3 years	3+1+1 years
Amortisation	3 years	n/a
Interest margin (drawn)	320 bps	320 bps
Covenants	LTM EBITDA ¹ > USD 7 million NIBD < 0	

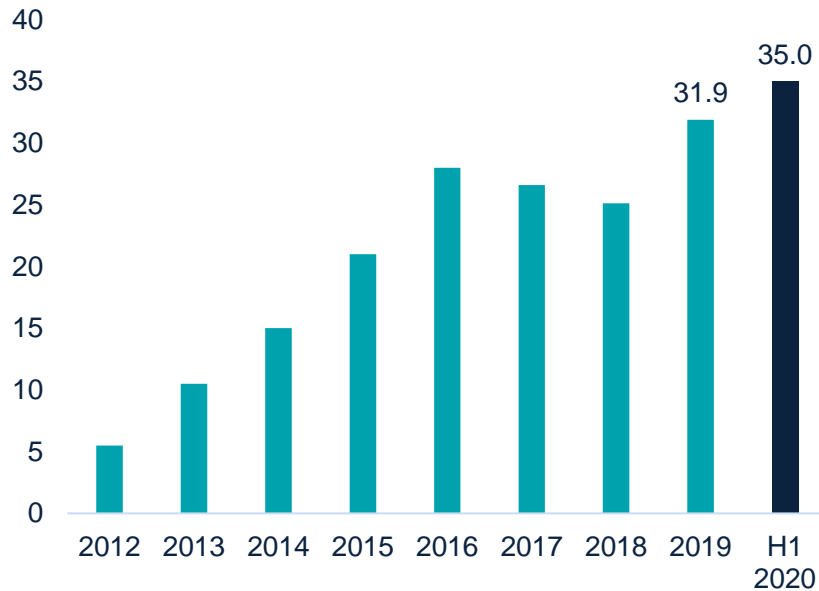
Freeing up WC through improved order-to-cash processes



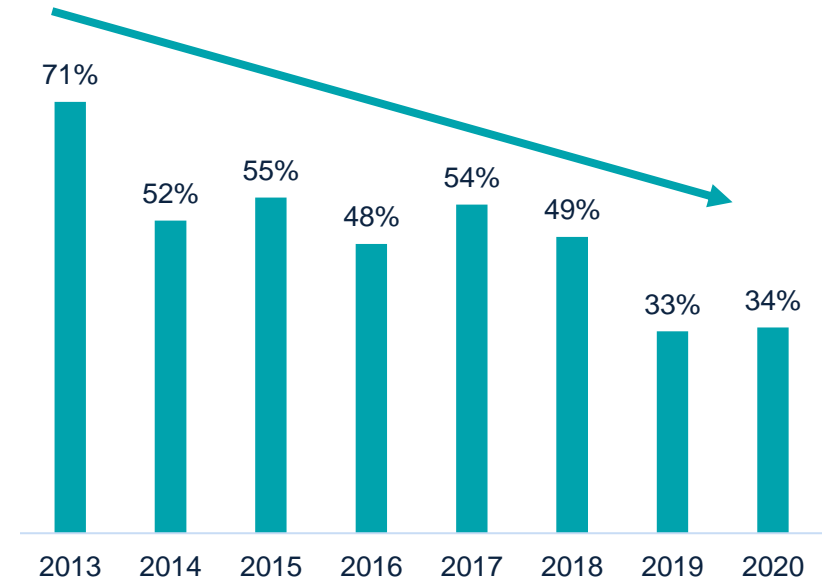
LOC has successfully implemented procedures and structures to improve its capital efficiency – applying best practice in the combined entity is expected to speed up process of freeing up cash from AB balance sheet

Offshore wind with record investment decisions in 2020

Offshore wind FIDs (USDbn)



Market share, Top 3 developers²



- Project final investment decisions in H1 2020 totaling **USD 35 billion**, up **319%** year-on-year and well **above 2019's record full-year figure** (USD 31.9 billion)
- New geographies and new developers drive demand for project management and consulting

AqualisBraemar business streams

Renewables



Independent engineering and consultancy services to offshore wind industry

- Project management
- Engineering
- Consulting and advisory
- Experience from >80 projects representing total capacity of 58 GW

OWC
AN AQUALISBRAEMAR COMPANY

Offshore



Engineering and consultancy services to the offshore oil and gas industry

- Marine warranty surveys
- Rig moving (Tow master)
- Transport and installation
- Construction supervision
- Inspections & approvals
- Engineering
- Decommissioning, ++

Marine



Worldwide emergency incident response and surveys to marine insurance industry and asset owners

- Hull & machinery surveys
- Casualty investigations
- Condition surveys
- Risk assessments
- Technical due diligence
- Cargo and damage surveys, ++

Adjusting



Loss adjusting and dispute resolution to the onshore and offshore energy insurance markets

- Loss adjusting
- Expert witness
- Dispute resolution
- Servicing upstream and downstream oil and gas, power & utilities, renewables, mining, marine infrastructure, ++

LOC business streams

Loss prevention	Loss management	Consulting & Engineering
<ul style="list-style-type: none"> ▪ LOC provides independent third-party review and approval of the planning, design and execution of offshore and onshore projects ▪ This involves surveying, inspecting and auditing of marine vessels, rigs and offshore fabrication, construction and installation ▪ The work is predictable and can be planned months in advance ▪ Global competition comes from major testing, inspection and certification firms including DNV GL and Bureau Veritas ▪ LOC's advantage is its outstanding global credentials / footprint –would expect to win at least half the work it pitches for (2019 win rate of ~60%¹) ▪ These projects vary in size but are mandatory in nature –required by insurers, asset owners and third parties, creating a stable core to LOC's business 	<ul style="list-style-type: none"> ▪ When marine assets or cargo are damaged at sea, LOC's emergency response for insurers includes technical advisory and management of the casualty ▪ In the event of dispute or litigation, LOC offers professional witness and expert testimony ▪ LOC is renowned in this field having worked on many of the landmark cases including the Costa Concordia and the grounding of the containership RENA in New Zealand ▪ While never guaranteed, a regular flow of reactive work can be safely assumed each year and projects last from a week to several years ▪ LOC's advantage is in having some of the best-known and most experienced practitioners; largest number of Special Casualty Representatives 	<ul style="list-style-type: none"> ▪ LOC uses its expertise in Loss Prevention to support EPC contractors in getting approval on planning, design and execution of projects ▪ Over time, LOC has acquired expertise in adjacent areas including: <ul style="list-style-type: none"> – supporting the conversion of tankers and drilling rigs into mobile platforms for extracting oil; – feasibility studies as well as engineering and design of offshore wind farms; and – detailed design engineering of specialised ships for defence and governments ▪ LOC is also active in the end-to-end management of Renewables engineering projects as Owner's
<p>c. 65% of FY2019A revenue</p>	<p>c. 15% of FY2019A revenue</p>	<p>c. 20% of FY2019A revenue</p>

Experienced management team to lead combined company



David Wells

Chief Executive Officer

- More than 35 years of experience in the offshore consultancy sector
- Particular focus on offshore operations, MWS and marine consultancy
- Specialist on all aspects of rig move operations
- Experience from Noble Denton

Dean Zuzic

Chief Financial Officer

- More than 30 years of finance and management experience
- Has held CFO roles at Oslo-listed seismic players TGS ASA and Spectrum ASA as well as other Nordic retail and industrial companies
- Started career with McKinsey & Company and has also worked as an equity analyst

Reuben Segal

Chief Operating Officer

- More than 25 years of experience in the offshore and shipping sectors, covering both engineering design and ship surveying
- Naval architect and has extensive global business development experience with focus on design and construction of offshore oil and gas assets
- Experience from Noble Denton

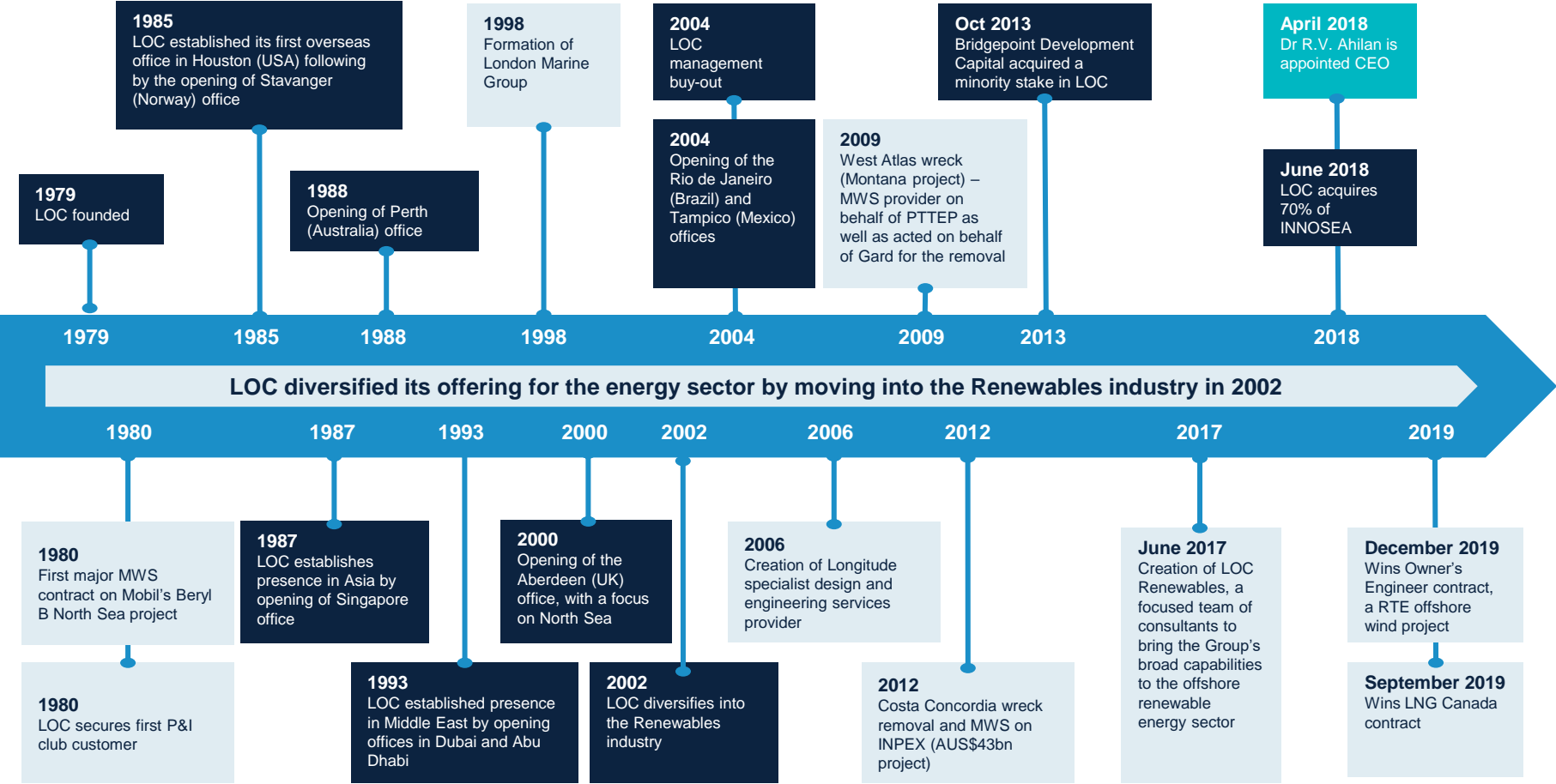
RV Ahilan

Chief Energy Transition Officer

- More than 35 years of experience in the offshore and renewables consultancy sectors
- PhD in Engineering Fluid Mechanics, MBA
- Comes from position as CEO & Head of Renewables at LOC
- Formerly EVP Renewables Advisory Division in DNV GL and President GL Garrad Hassan

Other senior divisional management selected from top talent within both companies

LOC history



Legend:

- Commercial milestones**
- Corporate activities**
- Management activities**

AqualisBraemar – Top 20 shareholders

#	Name of shareholder	No. of shares	% ownership
1	BRAEMAR SHIPPING SERVICES PLC	19 240 621	27.3%
2	GROSS MANAGEMENT AS	10 024 777	14.2%
3	HOLMEN SPESIALFOND	6 840 763	9.7%
4	BJØRN STRAY	3 000 000	4.3%
5	MP PENSJON PK	1 771 128	2.5%
6	LGT BANK AG	1 502 923	2.1%
7	SAXO BANK A/S	1 488 078	2.1%
8	BADREDDIN DIAB	1 001 302	1.4%
9	GINKO AS	1 000 611	1.4%
10	OMA INVEST AS	1 000 063	1.4%
11	ACME CAPITAL AS	1 000 000	1.4%
12	BANQUE PICTET & CIE SA	951 998	1.4%
13	PHILIP ALAN LENOX	830 583	1.2%
14	MAGNE GISLERØD	800 000	1.1%
15	ADVANCED CONTROL AS	667 511	0.9%
16	EUROCLEAR BANK S.A./N.V.	660 836	0.9%
17	KULA INVEST AS	653 971	0.9%
18	ANDREAS THEOFANATOS	619 747	0.9%
19	KIM MAGNUS BOMAN	605 000	0.9%
20	CARNEGIE INVESTMENT BANK AB	559 592	0.8%
Top 20 shareholders		54 219 504	77.0%
Other shareholders		16 196 931	23.0%
Total outstanding shares		70 416 435	100.0%

