AqualisBraemar LOC Group

Q4 report 2021

FOURTH QUARTER AND PRELIMINARY RESULTS 2021

HIGHLIGHTS Q4 2021

- Revenues of USD 37.8 million (Q4 20: USD 19.6 million)
- Operating profit of USD 1.9 million (Q4 20: USD -0.4 million)
- Adjusted EBIT of USD 2.5 million (Q4 20: USD 1.0 million)
- Cash balance of USD 19.8 million (Q3 21: USD 23.2 million)
- Interest bearing bank debt of USD 11.7 million (Q3 21: 12.5 million)
- Cost synergy target of USD 4.0 million from LOC acquisition maintained
- Semi-annual dividend of NOK 0.3 per share proposed

HIGHLIGHTS FULL YEAR 2021

- Revenue of USD 150.7 million (2020: USD 77.0 million)
- Operating profit of USD 7.4 million (2020: USD 2.9 million)
- Adjusted EBIT of USD 9.6 million (2020: USD 4.8 million)
- Strong revenue growth in renewables bringing renewables share of revenues to 27%
- Total dividend of NOK 0.5 per share paid during 2021
- Completed integration of LOC Group
  - Part of a long-term plan to consolidate the offshore energy and marine consulting space, the acquisition of LOC in December 2020 roughly doubled the size of the group
- Completed multiple strategic add-on acquisitions
  - Q1: East Point Geo, a geoscience consultancy delivering services primarily to renewables
  - Q4: OSD-IMT, a ship design consultancy with more than 150 designs launched to date
  - Q4: The remaining 29% stake in Innosea, ABL's engineering, design and R&D consulting firm specialising in marine renewables

Reuben Segal, CEO of AqualisBraemar LOC ASA ("AqualisBraemar LOC", "ABL" or the "Company") commented:
"2021 has been an eventful year for the Company. The acquisition of LOC Group, completed just before the start of the year, meant we doubled in size for the second time in less than two years. I am impressed and proud of the way our employees from both groups have welcomed their new colleagues, and how seamlessly the two organisations have gelled together. The integration of two equally strong organisations across 39 countries will always be a challenging task, and it was certainly not made easier by the travel restrictions in place for most of the year. I want to direct a heartfelt thanks to our employees for their dedication and efforts in dealing with the integration and other challenges caused by the pandemic. As omicron-related restrictions are now lifting in many of our operating areas, we look forward to seeing our colleagues more in person in the year to come, while taking advantage the improved efficiencies and learning points from the last two unprecedented years.

In addition to the LOC transaction, we carried out three other acquisitions during the year: East Point Geo, a geoscience consultancy delivering services primarily to renewables, OSD-IMT, a ship design consultancy with more than 150 designs launched to date, and finally the remaining shareholding in Innosea, our renewables engineering, design and R&D consultancy. These additions have strengthened ABL's capabilities in key strategic areas, supporting further growth within renewables and engineering specifically.

In 2020 we set a group wide target of 50% renewables and sustainability-oriented services in our business mix by 2025. This was an ambitious target, but with 53% revenue growth in renewables during 2021, we are well on our way there: Renewables now make up 27% of our total group revenues. We also opened three new renewables hubs during the year, in Ireland, France and Brazil, and started three new renewables business areas with key senior hires within onshore wind, battery storage and hydrogen. While these growth investments and higher than normal bid submission activity lowered margins in our renewables business during the fourth quarter, we are already seeing the benefit and expect them to support continued high growth in 2022.

Within oil & gas and maritime, we are now seeing green shoots after another year of curtailed activity amid pandemic restrictions and limited investment budgets. While rig activity and brownfield activities have been stronger since the summer, we are now seeing signs of more greenfield investments, and we expect this to drive significant order intake in 2022. Given the capex investments and sanctioning activity now signalled by oil companies, and the reduced capacity in the market after years of low investments, we expect rates in this market to increase in the coming years.

Finally, we are happy to announce that the Board has proposed another dividend increase to NOK 0.3 per share, as part of our semi-annual dividend schedule. Our shareholders have repeatedly supported us in connection with the major acquisitions over the last few years, and we remain focused on repaying that trust by returning capital to shareholders."

KEY FIGURES

USD thousands (except shares, backlog, employees)	Q4 2021	Q4 2020	FY 2021	FY 2020
FINANCIALS				
Total revenue	37,797	19,565	150,748	77,015
EBITDA[1]	2,914	(56)	11,165	4,423
Adjusted EBITDA[1]	3,414	1,311	13,078	6,320
Operating profit (loss) (EBIT)[1]	1,916	(416)	7,375	2,946
Adjusted EBIT[1]	2,505	951	9,645	4,843
Profit (loss) after taxes[1]	1,145	(2,691)	3,218	1,513
Adjusted profit (loss) after taxes[1]	1,680	(451)	5,435	3,280
Basic earnings per share (USD)	0.01	(0.04)	0.03	0.02
Adjusted basic earnings per share (USD)	0.02	(0.01)	0.06	0.05
Weighted average number of outstanding shares (thousands)	96,923	74,025	95,075	71,323
Cash and cash equivalents at the end of the period	19,815	30,642	19,815	30,642
OPERATIONS				
Order backlog at the end of the period (USD million)[1]	63.2	76.0	63.2	76.0
Average full-time equivalent employees during the period [2][4]	960	462	925	452
Average billing ratio during the period[3][4]	73%	72%	75%	72%

(1) Refer Alternative Performance Measures

(2) Include subcontractors on 100% utilisation basis

(3) Billing ratio for technical employees including subcontractors on 100% utilisation basis. Excludes management, business development, administrative support employees and temporary redundancies. Figure calculated as billable hours over available hours. Available hours excludes paid absence and unpaid absence.

(4) 2020 figures excluding LOC Group

GROUP FINANCIAL REVIEW

(Figures in brackets represent same period prior year or balance sheet date as of 30th September 2021. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period).

Group results

Note that the acquisition of LOC Group ("LOC") was consolidated in AqualisBraemar LOC's consolidated accounts as of 31st December 2020, affecting comparability with previous periods.

Total operating revenues increased by 93% to USD 37.8 million in Q4 2021 (19.6 million in Q4 2020). This increase in revenues and the corresponding increases in costs below were primarily driven by the acquisition of LOC, as well as high growth in the renewables sector.

The total operating revenues were USD 150.7 million in 2021 (USD 77.0 million in 2020).

Staff costs increased by 84% to USD 20.2 million in Q4 2021 (USD 10.9 million in Q4 2020). Other operating expenses increased by 69% to USD 14.7 million in Q4 2021 (USD 8.7 million in Q4 2020).

Depreciation, amortisation and impairments increased by 177% to USD 1.0 million in Q4 2021 (USD 0.4 million in Q4 2020). In addition to depreciations on right-of-use assets increasing to USD 0.5 million in Q4 2021 (USD 0.2 million) due to the consolidation of LOC's offices, the company now reports amortisation of intangible assets arising from the acquisition of LOC amounting to USD 0.1 million in Q4 2021 (USD 0.0 million).

Total operating expenses were USD 143.4 million in 2021 (USD 74.1 million in 2020).

Operating profit (EBIT) amounted to USD 1.9 million in Q4 2021 (USD -0.4 million in Q4 2020). Adjusted EBIT amounted to USD 2.5 million in Q4 2021 (USD 1.0 million in Q4 2020). The adjustments primarily relate to integration costs, amortisation of intangible assets, share based compensation and other extraordinary or non-cash items.

EBIT amounted to USD 7.4 million in 2021 (USD 2.9 million in 2020). Adjusted EBIT amounted to USD 9.6 million in 2021 (USD 4.8 million in 2020).

The billing ratio for technical staff (including subcontractors) was 73% in Q4 2021, compared to 72% in Q4 2020.

Finance expenses of USD 0.2 million in Q4 2021 and USD 0.8 million in 2021 (USD 0.2 million in Q4 2020, USD 0.3 million in 2020) mainly represents interest on debt facilities entered into in connection with the LOC acquisition.

Net currency gain of USD 0.6 million in Q4 2021 (loss of USD 1.1 million in Q4 2020) and loss of USD 0.6 million in 2021 (loss of USD 0.6 million in 2020) mainly represents unrealised loss on revaluation of bank accounts.

Profit after taxes amounted to USD 1.1 million in Q4 2021 (loss of USD 2.7 million in Q4 2020). Profit after taxes amounted to USD 3.2 million in 2021 (USD 1.5 million in 2020).

Financial position and liquidity

Cash and cash equivalents amounted to USD 19.8 million at 31 December 2021, down from USD 23.2 million at 30 September 2021. While cash flow from operations was positive at USD 1.6 million in the quarter, the reduction in cash was primarily caused by dividends paid to shareholders (USD 2.7 million), repayment of bank debt (USD 1.1 million), and investments in connection with the acquisitions of OSD-IMT and the remaining 29% shareholding of Innosea (USD 0.7 million).

Interest bearing bank debt at 31 December 2021 was USD 11.7 million, down from USD 12.5 million at 30 September 2021.

Lease liabilities were USD 3.8 million at 31 December 2021, up from USD 3.1 million at 30 September 2021. The lease liabilities are related to IFRS 16 recognition of long-term lease contracts for the company's offices worldwide.

The Board of Directors proposes a dividend to be paid during H1 2022 equal to 0.3 NOK per share, and for dividends to remain on a semi-annual schedule.

Order backlog

The order backlog at the end of Q4 2021 increased to USD 63.2 million compared with USD 60.4 million at the end of Q3 2021. The increase is primarily driven by contract awards within OWC.

There is no backlog included for the legacy AqualisBraemar Marine or Adjusting business streams, as these businesses are primarily driven by incidents rather than long term contracts.

Services are primarily driven by "call-out contracts" which are driven by day-to-day operational requirements. An estimate for backlog on "call-out contracts" is only included in the order backlog when reliable estimates are available.

Organisational development

AqualisBraemar LOC had 960 employees (full time equivalents, "FTEs"), including subcontractors at 100% utilisation basis, on average during Q4 2021. The equivalent number was 922 for Q3 2021. The increase was driven by increased seasonal activity across APAC and Middle East driving subcontractor hours, as well as high recruitment in our renewables sector.

Health, safety, environment and quality

AqualisBraemar LOC's HSEQ management system provides the framework to manage all aspects of our business. The management system is designed to ensure compliance with regulatory requirements, identify and manage risks and to drive continuous improvement in HSEQ performance.

During 2021, AqualisBraemar LOC had 2 lost time incidents (LTI). Since Aqualis' incorporation, the group has recorded 3 LTIs in 5 million cumulative man-hours clocked.

	2019	2020	2021	All time
Man-hours (millions)	0.6	0.9	1.8	5.0
LTIs	1	0	2	3

COVID-19 impacts

With offices across 39 countries in all major offshore and marine markets across the globe, COVID-19 has presented unique and varied challenges to the organisation, with big regional variations as time progressed. We have implemented strict measures in line with the respective national authorities' advice and recommendations to ensure the safety of clients, employees, and business partners, whilst making every effort to maintain an uninterrupted level of service to our clients.

Where possible and appropriate, we have restructured our activities to remote work and significantly expanded our digital collaborations.

While travel restrictions have increased complexity in project execution and limited ability to travel for physical attendances, the negative impact on overall activity level for the group has been relatively modest due to the extensive global reach of our organisation. Through our global footprint of staff and contractors covering almost 200 locations, we have been able to increasingly support new clients at locations where others have been unable to access.

AqualisBraemar LOC has been able to maintain and/or grow revenues in most markets and has not seen a significant reduction in staff levels or extensive use of temporary layoffs at any point of the pandemic.

Our OWC and Longitude segments has remained especially strong during the period, as the majority of our work is "desktop work" and can be performed remotely. Aided by some significant contract wins, the segments have delivered strong growth through 2020 and 2021.

Entering 2022, countries are starting to lift travel restrictions as the COVID pandemic seems to be entering an endemic phase. We expect travel and other restrictions to gradually be lifted in all countries during the first half of 2022.

We will however continue to monitor the situation closely and remain agile in response to any business disruptions if the situation should change and restrictions are reintroduced.

Outlook

AqualisBraemar LOC's financial performance in 2022 will be driven by a combination of three key factors;

First, after acquiring BTS in 2019 and LOC in 2020, the size of the company has quadrupled in from a revenue of USD 36m in 2018 to USD 150m in 2021. All three companies had offices in the major shipping and O&G hubs worldwide. We are gradually taking out the synergies from these acquisitions. During 2021 ABL has consolidated offices in 18 locations worldwide and implemented one ERP system across the group. The estimated cost synergies derived from the LOC combination are still expected to amount to USD 4.0 million, up from an initial estimate of USD 3.5 million. Approximately USD 1.9 million of this has been realised to date on a run rate basis, and we expect the remainder to be realized through 2022. The full year effects of the synergies realised to date, and the gradual phasing in of the remaining synergies, should contribute to margin improvement in the coming year.

Second, we plan to continue to improve and professionalize our support functions including HR, recruitment, graduate program, leadership education, IT (data management/automation of processes) and finance function both centrally and regionally. This is expected to improve capital efficiency (working capital reduction and cash management) and improve performance of our business.

Third, the market situation is expected to contribute to topline growth in 2022. During 2021 most of the strong growth in our renewable business was offset by an oil and gas market that remained cautious and focused on short cycle barrels, plus travel restrictions and general slowdown in connection with the Covid-19 pandemic. With Covid-19 related disruptions easing, oil price sitting above USD 90/bbl and oil companies signaling a return to capex growth, we expect 2022 and 2023 to represent marked improvements in the oil and gas markets. Rig activity, particularly in the jack-up segment, is expected to continue the gradual recovery witnessed in 2021, and we expect a step change in offshore E&P capex over the next two years.

Finally, as our work in the Renewables sector grows its relative size of our revenue (27% of pro-forma combined revenue in the last 12 months) the strong growth in this segment will be more important for our overall development. Our stated ambition is for renewables and sustainability oriented services to represent 50% of our business mix by 2025.

During 2021 we saw continued progress towards opening new global markets to offshore wind, and with an increasing number of developers, new investors and new geographies, the consultancy market is expected to grow significantly in the short and long term. While we continue to invest in organic renewables growth, we also see some signs of weakening profitability in parts of the renewables industry, driving us to sharpen our focus on profitability and capital efficiency within the sector.

Activity levels in the marine casualty and energy adjusting markets are expected to be slowly improving as Covid-19 impacts lessen and supply side bottlenecks subside. Short term development remains largely event driven and difficult to forecast.

AqualisBraemar LOC'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.

AqualisBraemar LOC will continue to be active in the consolidation/restructuring of our industry. The combination of Aqualis, BTS and LOC are significant steps, but our industry is still fragmented and highly competitive. AqualisBraemar LOC remains 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.

We are proposing a dividend of NOK 0.3 per share, corresponding to approximately USD 3.2 million. We also propose to continue with a semi-annual dividend schedule to further improve capital efficiency. If granted the requisite authorization at the AGM, the Board expects to resolve and declare an additional dividend during the second half of 2022 based on profitability and improved working capital.

Oslo, 24 February 2022

The Board of Directors of
AqualisBraemar LOC ASA

Condensed interim consolidated financial statements Q4 2021

USD thousands

Consolidated income statement	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	37,797	19,565	150,748	77,015
Total revenue	**37,797**	**19,565**	**150,748**	**77,015**
Staff costs	(20,225)	(10,964)	(81,978)	(41,495)
Other operating expenses	(14,658)	(8,657)	(57,605)	(31,096)
Depreciation, amortisation and impairment	(998)	(360)	(3,790)	(1,477)
Operating profit (loss) (EBIT)	**1,916**	**(416)**	**7,375**	**2,946**
Gain on bargain purchase	54	-	54	-
Finance income	48	(655)	112	399
Finance expenses	(196)	(170)	(765)	(271)
Net foreign exchange gain (loss)	585	(1,088)	(592)	(568)
Profit (loss) before income tax	**2,408**	**(2,328)**	**6,184**	**2,507**
Income tax expenses	(1,263)	(363)	(2,965)	(993)
Profit (loss) after tax	**1,145**	**(2,691)**	**3,218**	**1,513**

Consolidated statement of other comprehensive income	Q4 2021	Q4 2020	FY 2021	FY 2020
Profit (loss) after tax	**1,145**	**(2,691)**	**3,218**	**1,513**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Currency translation differences	(1,551)	2,367	(475)	1,626
Income tax effect	(343)	30	(343)	30
Other comprehensive income for the period, net of tax	**(1,894)**	**2,398**	**(818)**	**1,657**
Total comprehensive income for the period	**(749)**	**(293)**	**2,400**	**3,170**
Total comprehensive income for the period is attributable to:				
Equity holders of the parent company	(705)	(293)	2,325	3,170
Non-controlling interests	(44)	-	75	-
	(749)	**(293)**	**2,400**	**3,170**
Earnings per share (USD): basic	**0.01**	**(0.04)**	**0.03**	**0.02**

Condensed interim consolidated financial statements Q4 2021

USD thousands

Consolidated balance sheet	31 December 2021	31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,137	1,213
Right-of-use assets	3,629	4,707
Goodwill and intangible assets	27,465	26,665
Deferred tax assets	1,708	1,395
Total non-current assets	**33,939**	**33,980**
Current assets		
Trade and other receivables	43,235	41,498
Contract assets	18,101	12,916
Cash and cash equivalents	19,815	30,642
Total current assets	**81,151**	**85,056**
Total assets	**115,090**	**119,036**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,323	1,276
Treasury shares	-	(41)
Share premium	64,913	67,080
Consideration shares	1,890	1,459
Share-based compensation reserve	2,373	897
Retained earnings	8,557	5,413
Foreign currency translation reserve	(12,306)	(11,487)
Total	**66,751**	**64,597**
Non-controlling interests	114	721
Total equity	**66,865**	**65,319**
Non-current liabilities		
Deferred tax liabilities	1,259	682
Long term borrowings	3,328	6,414
Lease liabilities	2,481	2,340
Provisions and other payables	5,661	5,147
Total non-current liabilities	**12,729**	**14,584**
Current liabilities		
Trade and other payables	24,467	25,207
Contract liabilities	949	757
Short term borrowings	8,333	8,669
Lease liabilities	1,349	2,552
Income tax payable	398	907
Provisions	-	1,042
Total current liabilities	**35,496**	**39,134**
Total liabilities	**48,225**	**53,718**
Total equity and liabilities	**115,090**	**119,036**

Condensed interim consolidated financial statements Q4 2021

USD thousands

Consolidated statement of cash flows	Q4 2021	Q4 2020	FY 2021	FY 2020
Cash flow from operating activities				
Profit (loss) before taxes	2,408	(2,328)	6,184	2,507
Non-cash adjustment to reconcile profit before tax to cash flow:				
Depreciation, amortisation and impairment	998	360	3,790	1,477
Non-cash employee benefits expense – share-based payments	484	83	1,475	317
Interest costs - net	110	(1)	488	(18)
Increase (Decrease) in fair value of consideration warrants	-	676	-	(328)
Gain on bargain purchase	(54)	-	(54)	-
Changes in working capital:				
Changes in trade and other receivables	9,052	517	(6,923)	2,201
Changes in trade and other payables	(9,112)	2,675	(252)	2,499
Income taxes paid	(1,270)	(764)	(3,194)	(1,190)
Net exchange differences	(1,006)	1,495	(1,700)	1,009
Cash flow from (used in) operating activities	**1,611**	**2,712**	**(187)**	**8,474**
Cash flow from investing activities				
Payments for property, plant and equipment	(184)	(29)	(534)	(150)
Interest received	22	1	54	18
Net cash acquired (paid) on acquisition of subsidiaries	(556)	(14,606)	(554)	(14,619)
Cash flow from (used in) investing activities	**(717)**	**(14,634)**	**(1,035)**	**(14,751)**
Cash flow from financing activities				
Dividends paid to company's shareholders	(2,668)	(1,559)	(5,476)	(3,030)
Principal elements of lease payments	(547)	(225)	(2,601)	(1,096)
Proceeds from loans and borrowings	-	14,621	-	14,621
Repayment of borrowings	(1,087)	-	(3,422)	-
Proceeds from issuance of shares capital	-	15,317	2,301	15,317
Payments for shares bought back	-	-	-	-
Cash flow from (used in) financing activities	**(4,302)**	**28,154**	**(9,198)**	**25,811**
Net change in cash and cash equivalents	(3,408)	16,233	(10,419)	19,534
Cash and cash equivalents at the beginning of the period	23,212	14,123	30,642	10,930
Effect of movements in exchange rates	11	286	(407)	177
Cash and cash equivalents at the end of the period	**19,815**	**30,642**	**19,815**	**30,642**

Condensed interim consolidated financial statements Q4 2021

USD thousands

Consolidated statement of changes in equity	Notes	Share capital	Treasury shares	Share premium	Consideration shares	Share-based compensation reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2020		1,018	(41)	55,051	-	580	3,900	(13,144)	47,364	-	47,364
Other comprehensive income		-	-	-	-	-	1,513	1,657	3,170	-	3,170
Cash-settled capital increase (net of transaction costs)		258	-	15,058	-	-	-	-	15,317	-	15,317
Shares to be issued as part of the consideration on a acquisition of subsidiary		-	-	-	1,459	-	-	-	1,459	-	1,459
Dividends paid		-	-	(3,030)	-	-	-	-	(3,030)	-	(3,030)
Share-based payment expenses		-	-	-	-	317	-	-	317	-	317
Non-controlling interests on acquisition of subsidiary		-	-	-	-	-	-	-	-	721	721
At 31 December 2020		**1,276**	**(41)**	**67,080**	**1,459**	**897**	**5,413**	**(11,487)**	**64,598**	**721**	**65,319**
At 1 January 2021		1,276	(41)	67,080	1,459	897	5,413	(11,487)	64,598	721	65,319
Other comprehensive income		-	-	-	-	-	3,144	(818)	2,325	75	2,400
Cash-settled capital increase (net of transaction costs)		41	-	2,260	-	-	-	-	2,301	-	2,301
Shares to be issued as part of the consideration on a acquisition of subsidiary		-	-	-	431	-	-	-	431	-	431
Shares issued as consideration for business combination		6	-	1,048	-	-	-	-	1,054	-	1,054
Non-controlling interests on acquisition of subsidiary		-	-	-	-	-	-	-	-	(609)	(609)
Dividends paid		-	-	(5,476)	-	-	-	-	(5,476)	(73)	(5,548)
Share-based payment expenses		-	-	-	-	1,475	-	-	1,475	-	1,475
Employee share program issue		-	41	-	-	-	-	-	41	-	41
At 31 December 2021		**1,323**	**-**	**64,912**	**1,890**	**2,372**	**8,557**	**(12,306)**	**66,750**	**114**	**66,864**

Condensed interim consolidated financial statements Q4 2021

Notes to the interim consolidated financial statements

1. Corporate information

AqualisBraemar LOC ASA ("the Company") is a limited liability company incorporated on 13 June 2014 and domiciled in Norway with its registered office at Fridtjof Nansens plass 8, 0160 Oslo, Norway. The Company is listed on Oslo Stock Exchange.

The principal activity of the Company and its subsidiaries (collectively the "AqualisBraemar LOC 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 51 offices located across 5 continents in 33 countries.

For all periods up to and including the year ended 31 December 2020, 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.

2. Basis of preparations and changes to the accounting policies

This condensed consolidated interim financial report for the period ended 31 December 2021 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and accordingly this report should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

The accounting policies adopted in the preparation of this condensed consolidated financial statements are consistent with those followed in the preparation of the last annual consolidated financial statements for the year ended 31 December 2020.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These condensed 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. As a result of rounding adjustments, the figures in one or more rows or columns included in the condensed consolidated financial statements may not add up to the total of that row or column.

3. Critical accounting estimates and judgements in terms of accounting policies

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements including estimation of fair values of contingent purchase consideration in a business combination.

4. Segment information

The Group's businesses are managed by four geographical regions aside from Offshore Wind Consultants ("OWC") and Longitude, 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 Longitude 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 and Longitude. Eliminations reflects the eliminations of intra-group revenue to the extent that these arise within the regions and entities within OWC and Longitude.

USD thousands

Revenues	Q4 2021	Q4 2020	FY 2021	FY 2020
Middle East	7,186	5,738	28,473	22,365
Asia Pacific	11,237	5,610	39,275	22,249
Europe	9,464	3,803	40,586	14,269
Americas	6,717	3,585	26,320	13,183
OWC	6,759	3,438	24,110	14,162
Longitude	2,232	-	8,882	-
Eliminations	(5,798)	(2,609)	(16,899)	(9,214)
Total revenues	**37,797**	**19,565**	**150,748**	**77,015**

Operating profit (loss) (EBIT)	Q4 2021	Q4 2020	FY 2021	FY 2020
Middle East	656	387	2,387	1,707
Asia Pacific	1,301	362	3,248	1,907
Europe	269	(32)	1,727	829
Americas	96	23	1,518	225
OWC	9	314	1,216	1,365
Longitude	80	-	617	-
Corporate group costs	(495)	(1,470)	(3,338)	(3,087)
Total EBIT	**1,916**	**(416)**	**7,375**	**2,946**

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 entities within OWC and Longitude.

USD thousands	31 December 2021		31 December 2020	
Trade receivables and contract assets	Trade receivables	Contract assets	Trade receivables	Contract assets
Middle East	6,363	1,449	6,408	1,991
Asia Pacific	7,611	6,196	8,400	4,401
Europe	8,274	3,990	9,961	2,411
Americas	6,494	2,945	7,606	2,803
OWC	3,004	2,490	481	1,309
Longitude	1,884	1,033	-	-
Total	**33,631**	**18,101**	**32,856**	**12,916**

USD thousands

Cash and cash equivalents	31 December	31 December
Middle East	2,402	2,183
Asia Pacific	4,707	7,269
Europe	3,398	7,334
Americas	2,781	4,863
OWC	3,356	2,193
Longitude	1,139	-
Corporate group	2,032	6,800
Total	**19,815**	**30,642**

5. Other operating expenses

USD thousands

Other operating expenses	Q4 2021	Q4 2020	FY 2021	FY 2020
Subcontractors cost	9,920	4,477	35,372	19,090
Office lease and maintenance expenses	438	303	2,385	1,270
Insurance cost	401	272	2,688	1,018
Cost of recharged expenses	1,309	690	3,823	1,857
Transaction costs related to acquisition	-	1,253	76	1,393
General and administrative expenses	2,589	1,662	13,261	6,468
Total	**14,658**	**8,657**	**57,605**	**31,096**

6. Intangible assets

USD thousands

Goodwill and iIntangible assets	Goodwill	Customer relations	Total
Cost			
At 1 January 2021	28,835	3,561	32,396
Acquired through business combinations	635	-	635
Acquired through business combinations (PPA adjustment)	689	-	689
Effect of movements in exchange rates	(353)	-	(353)
At 31 December 2021	**29,806**	**3,561**	**33,367**
Amortisation and impairment			
At 1 January 2021	5,731	-	5,731
Amortisation charge	-	356	356
Effect of movements in exchange rates	(185)	-	(185)
At 31 December 2021	**5,546**	**356**	**5,902**
Net book value at 31 December 2021	**24,260**	**3,205**	**27,465**
Net book value at 31 December 2020	**23,104**	**3,561**	**26,665**

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:

USD thousands

Cash Generating Units (CGUs)	31 December 2021	31 December 2020
Middle East	6,544	5,729
Asia Pacific	8,662	5,896
Europe	4,544	32
Americas	1,711	149
OWC	2,798	1,324
Unallocated (LOC acquisition)	-	9,974
Total	**24,260**	**23,104**

Goodwill arising from the acquisitions is attributable to workforce of the acquired businesses. The goodwill amounts have been measured on a provisional basis. 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.

Goodwill is tested for impairment at least annually, or when there are indications of impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculations requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculated present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The company has completed an assessment of impairment indicators and performed an impairment test for those assets and cash generating units (CGUs) where impairment indicators have been identified. The following assumptions were used:

Cash flow projections and assumptions
A 3 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.

Estimated future cash flows for the different CGUs are estimated based on budgets and long-term estimates. The estimated cash flow for year 2022 is based on the budget. The estimated cash flows in the years 2023-2024 are based on current 3-year forecasts for each CGUs. The projected cash flows are based on the expected development in the total overall market, the CGUs performance and that ABL Group over time will reach a margin level in line with what other businesses within the industry historically have achieved.

Cash flows have been used over a period of three years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business. After three years a terminal growth rate has been set to 1.5% for the Oil & Gas and Maritime businesses and 1.7% for the Renewable businesses. 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 the WACC (Weighted average cost of capital) using CAPM (capital asset pricing model). 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. 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: 10year government yield
- Asset beta: Based on selected peer group consisting of companies with statistical data for the last 5 years (1.4)
- Capital structure: Equity ratio of 80%

The cash flows were discounted using WACC of 10.9%.

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

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 discount rate of 2.0% points (after tax)
- A reduction in the EBITDA margin of 3.0% points in the terminal year
- A reduction of terminal growth rate to 0.5% point (to 1.0% growth)

The results indicated that a combined change in all the three assumptions in the sensitivity analysis would result in a value in use exceeds the carrying amounts for all CGUs.

7. Trade receivables and contract assets
The ageing profile of trade receivables and contract assets balance at the reporting date is as follows:

USD thousands

Trade receivables and contract assets	31 December 2021	31 December 2020
Trade receivables		
Up to 3 months	25,246	22,538
3 to 6 months	3,368	4,281
6 to12 months	3,718	4,306
Over 12 months	1,300	1,731
Total trade receivables	**33,632**	**32,855**
Contract assets	18,101	12,916
Total	**51,733**	**45,771**

Contract assets comprises of payment for services that are not due from the customers until the services are complete and therefore contract assets are recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date. 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.

8. Business combinations

On 18 February 2021, the Company acquired 100% of the voting shares in East Point Geo Ltd ("EPG"), a company incorporated in United Kingdom. For AqualisBraemar LOC, the acquisition enhances our service offerings in the renewable market. Details of the purchase consideration, the net assets acquired and excess value allocation are as follows:

The following table summarises fair value of purchase consideration:

USD thousands

Purchase consideration	
Cash consideration	669
Deferred cash consideration	232
Consideration shares	431
Total purchase consideration	**1,332**

The purchase price consideration consists of a combination of cash consideration and consideration shares in the Company as follows:

(i) At Closing GBP 477,031, cash
(ii) The date falling 1 year after Closing GBP 82,500, cash
(iii) The date falling 2 years after Closing GBP 82,500, cash
(iv) The date falling 3 years after Closing 221,361 Consideration Shares
(v) The date falling 5 years after Closing 221,361 Consideration Shares
(vi) The date falling 7 years after Closing 221,361 Consideration Shares

The Sellers shall acquire or subscribe for the Consideration Shares at a cost of NOK 0.1 per share (nominal value). The Parties may also mutually agree on settlement of the Consideration Shares through a cash payment equal to the positive difference, if any, between the nominal value of the Consideration Shares and the VWAP on the date falling 3, 5 or 7 years (as relevant) after Closing. For the purpose of settlement of the Consideration Shares, "VWAP" shall mean the average volume weighted share price during the ten (10) trading days preceding the date falling 3, 5 or 7 years (as relevant) after Closing.

The total fair value of the Consideration Shares of USD 431 thousand was estimated using the Black & Scholes option pricing model at the date of the acquisition. The fair value of the Consideration Shares was based on the share price of the Company on 19 February 2021 of NOK 8.00 per share, which was the closing share price on the completion day of the acquisition.

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

USD thousands

Fair value of net assets acquired	
Property, plant and equipment	17
Trade and other receivables	223
Contract assets	47
Cash and cash equivalents	670
Trade and other payables	(261)
Net identifiable assets acquired	**697**

There were no other 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.

USD thousands

Excess value	
Fair value of identifiable net assets acquired	697
Less: purchase consideration	(1,332)
Excess value	**635**

USD thousands

Excess value allocated to:	
Goodwill	635
Total	**635**

The goodwill is attributable to the workforce, high profitability of the acquired business and expected synergies with the existing business of the Company. It will not be deductible for tax purposes.

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.

Net cash flow on acquisition of subsidiaries:

USD thousands

Net cash flow on acquisition of subsidiaries	
Cash acquired	670
Cash paid	(669)
Net cash outflow - investing activities	**1**

Impact of acquisitions on the results of the group:

East Point Geo Ltd was consolidated as of 19th February 2021. The Group incurred acquisition-related costs of USD 8 thousand on legal fees and due diligence. These costs have been included in other operating expenses in the consolidated income statement.

9. Alternative performance measures

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.

USD thousands

Adjusted EBITDA	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating profit (loss) (EBIT)	1,916	(416)	7,375	2,946
Depreciation, amortisation and impairment	998	360	3,790	1,477
Transaction costs related to M&A	-	1,253	76	1,393
Restructuring and integration costs	14	30	362	185
Other special items (incl. share-based expenses)	485	83	1,475	318
Adjusted EBITDA	**3,414**	**1,311**	**13,078**	**6,320**

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.

USD thousands

Adjusted EBIT	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating profit (loss) (EBIT)	1,916	(416)	7,375	2,946
Amortisation and impairment	89	-	356	-
Transaction costs related to M&A	-	1,253	76	1,393
Restructuring and integration costs	14	30	362	185
Other special items (incl. share-based expenses)	485	83	1,475	318
Adjusted EBIT	**2,505**	**951**	**9,645**	**4,843**

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.

USD thousands

Adjusted profit (loss) after taxes	Q4 2021	Q4 2020	FY 2021	FY 2020
Profit (loss) after taxes	1,145	(2,691)	3,218	1,513
Amortisation and impairment	89	-	356	-
Transaction costs related to M&A	-	1,253	76	1,393
Restructuring and integration costs	14	30	362	185
Other special items (incl. share-based expenses)	485	83	1,475	318
Fair value adjustments	-	874	-	(130)
Gain on bargain purchase	(54)	-	(54)	-
Other finance income	-	-	-	-
Adjusted profit (loss) after taxes	**1,680**	**(451)**	**5,435**	**3,280**

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.

USD thousands

Return on equity (ROE)	Q4 2021	Q4 2020	FY 2021	FY 2020
Adjusted profit (loss) after taxes	1,680	(451)	5,435	3,280
Average total equity	67,695	57,454	66,092	56,341
ROE	**2.5%**	**-0.8%**	**8.2%**	**5.8%**

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.

USD thousands

Return on capital employed (ROCE)	Q4 2021	Q4 2020	FY 2021	FY 2020
Adjusted EBIT	2,505	951	9,645	4,843
Total assets	115,090	119,036	115,090	119,036
Less: Non-interest bearing current liabilities	(25,814)	(27,912)	(25,814)	(27,912)
Average capital employed	**92,369**	**52,447**	**91,547**	**72,052**
ROCE	**2.7%**	**1.8%**	**10.5%**	**6.7%**

Order backlog
Order backlog is defined as the aggregate value of future work on signed customer contracts or letters of award. AqualisBraemar LOC'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 receivables, contact assets and other current assets, trade payables, current tax payable, contract liabilities and other current 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.

USD thousands

Working capital	FY 2021	FY 2020
Working capital		
Trade and other receivables	43,235	41,498
Contract assets	18,101	12,916
Trade and other payables	(24,467)	(25,207)
Contract liabilities	(949)	(757)
Income tax payable	(398)	(907)
Net working capital	**35,523**	**27,543**
Average quarterly revenue over 2 quarters	37,892	18,998
Working capital ratio	**94%**	**145%**

AqualisBraemar LOC Group

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