Q2 report 2022

HIGHLIGHTS Q2 2022

- Revenues of USD 41.4 million (Q2 21: USD 38.3 million)
- Operating profit of USD 3.9 million (Q2 21: USD 2.3 million)
- Adjusted EBIT of USD 4.7 million (Q2 21: USD 2.8 million)
- Net cash of USD 8.7 million (Q1 22: USD 10.4 million)
- Sale of Adjusting business unit completed end of May
- Acquisition of Add Energy completed post quarter end in July

Reuben Segal, CEO of ABL Group ASA ("ABL Group" or the "Company") commented:
"The second quarter of 2022 represents the highest revenues, EBIT and EBIT margin in the company's history. In combination with what was a record breaking first quarter, the first half of 2022 as a whole represents a step change in activity for ABL Group. These results are testament to the relentless efforts of our staff around the globe, and I am continuously impressed by the quality and commitment delivered across our organisation every day.

Revenues grew 8% year-on-year, primarily driven by our renewables consultancy OWC and specialist engineering consultancy Longitude, growing 25% and 35% respectively compared to the same quarter last year. Profitability was solid across most regions, enabling our all-time high operating margin in the quarter.

Our market outlook remains upbeat, as increased focus on energy security is expected to lead to increased demand for our services across renewables and oil and gas. This increased activity is likely to result in rate and cost inflation, and we remain focused on staying ahead of the curve as the market develops.

Finally, we are excited by our acquisition of Add Energy just after the conclusion of the quarter. The acquisition adds several strings to our bow, notably with new service lines within asset integrity and well engineering, management and servicing. It represents a significant strengthening of our capabilities in the operating phase of renewables and oil and gas projects. The addition of approximately 140 top quality staff is also key to provide capacity to service the anticipated growth within all market segments."

KEY FIGURES

USD thousands (except shares, backlog, employees)	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
FINANCIALS					
Total revenue	41 367	38 266	81 010	74 964	150 748
EBITDA(1)	4 625	3 180	8 241	6 111	11 165
Adjusted EBITDA(1)	5 344	3 568	9 169	6 965	13 078
Operating profit (loss) (EBIT)(1)	3 868	2 281	6 673	4 140	7 375
Adjusted EBIT(1)	4 675	2 758	7 779	5 172	9 645
Profit (loss) after taxes(1)	2 145	1 088	5 118	2 216	3 218
Adjusted profit (loss) after taxes(1)	2 868	1 566	6 140	3 248	5 435
Basic earnings per share (USD)	0.02	0.01	0.05	0.02	0.03
Adjusted basic earnings per share (USD)	0.03	0.02	0.06	0.03	0.06
Weighted average number of outstanding shares (thousands)	96 923	94 179	96 923	93 368	95 075
Cash and cash equivalents at the end of the period	18 711	24 532	18 711	24 532	19 815
OPERATIONS					
Order backlog at the end of the period (USD million)(1)	61.8	64.6	61.8	64.6	63.2
Average full-time equivalent employees during the period (2)	970	922	958	909	925
Average billing ratio during the period(3)	78%	75%	76%	75%	75%

(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.

GROUP FINANCIAL REVIEW

(Figures in brackets represent same period prior year or balance sheet date as of 31st March 2022. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period).

Group results

Total operating revenues increased by 8% to USD 41.4 million in Q2 2022 (USD 38.3 million). This increase in revenues was primarily driven by the OWC and Longitude segments, growing by 25% and 35% respectively compared to Q2 2021.

The total operating revenues were USD 81.0 million in H1 2022 (USD 75.0 million).

Staff costs were reduced by 1% to USD 20.6 million in Q2 2022 (USD 20.9 million). Other operating expenses increased by 13% to USD 16.1 million in Q2 2021 (USD 14.2 million). Depreciation, amortisation and impairments were reduced by 16% to USD 0.8 million in Q2 2022 (USD 0.9 million).

Total operating expenses were USD 74.3 million in H1 2022 (USD 70.8 million).

Operating profit (EBIT) amounted to USD 3.9 million in Q2 2022 (USD 2.3 million). Adjusted EBIT amounted to USD 4.7 million in Q2 2022 (USD 2.8 million). The adjustments primarily relate to integration costs, amortisation of intangible assets, share based compensation, M&A transaction costs and other extraordinary or non-cash items.

EBIT amounted to USD 6.7 million in H1 2022 (USD 4.1 million). Adjusted EBIT amounted to USD 7.8 million in H1 2022 (USD 5.2 million).

The billing ratio for technical staff including subcontractors was 78% in Q2 2022 (75%).

Finance expenses of USD 0.3 million in Q2 2022 (USD 0.2 million) mainly represents interest on debt facilities entered into in connection with the LOC acquisition.

Net currency loss of USD 0.9 million in Q2 2022 (loss of USD 0.2 million in Q2 2021) and loss of USD 0.4 million in H1 2022 (loss of USD 0.3 million in H1 2021) mainly represents unrealised loss on revaluation of bank accounts.

Profit after taxes amounted to USD 2.2 million in Q2 2022 (USD 1.1 million). Profit after taxes amounted to USD 5.1 million in H1 2022 (USD 2.2 million).

Financial position and liquidity

At 30 June 2022, cash and cash equivalents amounted to USD 18.7 million, down from USD 21.2 million at 31 March 2022. The reduction in cash was primarily caused by dividends paid to shareholders (USD 2.9 million) and repayment of bank debt (USD 0.8 million).

Cash flow from operations was positive at USD 2.8 million in the quarter. The net working capital will fluctuate during the year with the type of projects, milestone payments and the overall revenues.

Interest bearing bank debt at 30 June 2022 was USD 10.0 million, down from USD 10.8 million at 31 March 2022.

Lease liabilities were USD 8.4 million at 30 June 2022, up from USD 3.9 million at 31 March 2022. The lease liabilities are related to IFRS 16 recognition of long-term lease contracts for the company's offices worldwide. The increase during the quarter is mainly attributable to the lease contract for the group's new London offices.

Order backlog

The order backlog at the end of Q2 2022 was USD 61.8 million, down from USD 69.6 million at the end of Q1 2022.

There is no backlog included for the legacy AqualisBraemar Marine business stream, as these services 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

During the second quarter, ABL Group divested its Adjusting business to the management of the business unit (now trading as "SteegeXP"), with the transaction closing on 31 May. The business provided loss adjusting and dispute resolution services to the global insurance market and generated revenues of approximately USD 10 million in 2021, predominantly from the oil and gas sector. The consideration consisted of approximately USD 0.2 million cash and USD 1 million seller's credit, to be repaid over 15 months from completion. Accounts receivable of approximately USD 4.5 million related to the Adjusting business remain with ABL Group and will be gradually collected as cash. ABL Group has an option to sell any uncollected accounts receivable to SteegeXP after 18 months from completion, subject to certain restrictions.

ABL Group had 970 employees (full time equivalents, "FTEs"), including subcontractors at 100% utilisation basis, on average during Q2 2022. The equivalent number was 946 for Q1 2022.

The increase is driven by general growth mainly in the Renewables sector and seasonal higher activity offshore for the European offshore wind industry. It was offset by the sale of the Adjusting business unit, which reduced permanent headcount by 37 FTEs for June.

In July 2022, ABL Group completed the acquisition of Add Energy. Add Energy's employees, approximately 140 including subcontractors, are not included in the Q2 employee count above as the acquisition was completed post quarter end. For more details about the acquisition, see note 8 subsequent events.

Health, safety, environment and quality

ABL Group'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.

ABL Group had no lost time incidents (LTI) in H1 2022. Since Aqualis' incorporation in 2013, the company has had 3 LTIs in nearly 6 million cumulative man-hours clocked.

	2020	2021	H1 2022	All time
Man-hours (millions)	0.9	1.8	0.9	5.9
LTIs	0	2	0	3

Outlook

ABL Group's financial performance in the second half of 2022 will be driven by several factors;

First, 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.

Second, the market situation is expected to contribute to topline growth in 2022. The war in Ukraine has placed energy security high on the political agenda, which we believe will result in increased investments and activity across a numbers of energy sources including oil and gas and renewables. 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 the current geopolitical situation, oil price sitting above USD 100/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 over the last year, and we expect a step change in offshore E&P capex over the next two years.

Third, as our work in the Renewables sector grows its relative size of our revenue (30% of pro-forma combined revenue in the last 12 months) the continued strong growth in this segment will be more important for our overall development. Our stated ambition is for renewables and energy transition services to represent 50% of our business mix by 2025.

Finally, the acquisition of Add Energy in July 2022 opens exciting new growth vectors for the group. Through the acquisition we have added around 140 skilled consultants to our global team and broadened the group's service offering to asset integrity management and services in the operating phase for oil and gas as well as renewables. We have also added carbon storage, geothermal and energy efficiency services, thus accelerating and widening our global offering in energy transition and decarbonisation. Finally, Add Energy's software solutions and digital design capabilities will boost our digital offering and help our clients drive operational efficiencies. The acquisition will contribute to revenue growth in the second half of 2022, but its current low profitability will impact group EBIT margins in the short term. While Add Energy's recent financial performance has been poor, and we see great opportunities in globalising their services through ABL Group's international network and by improving operational performance in line with our proven track record of acquisitions.

We have seen 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 have sharpened our focus on profitability and capital efficiency within the sector.

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

ABL Group'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.

ABL Group will continue to be active in the consolidation/restructuring of our industry. ABL Group 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.

Oslo, 30 August 2022

The Board of Directors of
ABL Group ASA

Condensed interim consolidated financial statements
Q2 2022

USD thousands

Consolidated income statement	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Revenue	41 367	38 266	81 010	74 964	150 748
Total revenue	**41 367**	**38 266**	**81 010**	**74 964**	**150 748**
Staff costs	(20 624)	(20 868)	(41 767)	(41 163)	(81 978)
Other operating expenses	(16 117)	(14 218)	(31 002)	(27 690)	(57 605)
Depreciation, amortisation and impairment	(758)	(899)	(1 567)	(1 971)	(3 790)
Operating profit (loss) (EBIT)	**3 868**	**2 281**	**6 673**	**4 140**	**7 375**
Gain on bargain purchase / disposal of subsidiaries	84	-	84	-	54
Finance income	16	4	58	41	112
Finance expenses	(278)	(243)	(393)	(406)	(765)
Net foreign exchange gain (loss)	(843)	(175)	(424)	(495)	(592)
Profit (loss) before income tax	**2 847**	**1 866**	**5 998**	**3 281**	**6 184**
Income tax expenses	(703)	(778)	(880)	(1 065)	(2 965)
Profit (loss) after tax	**2 145**	**1 088**	**5 118**	**2 216**	**3 218**

Consolidated statement of other comprehensive income	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Profit (loss) after tax	**2 145**	**1 088**	**5 118**	**2 216**	**3 218**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Currency translation differences	(1 503)	738	(1 863)	1 403	(475)
Income tax effect	-	-	-	-	(343)
Other comprehensive income for the period, net of tax	**(1 503)**	**738**	**(1 863)**	**1 403**	**(818)**
Total comprehensive income for the period	**641**	**1 826**	**3 255**	**3 620**	**2 400**
Total comprehensive income for the period is attributable to:					
Equity holders of the parent company	634	1 772	3 244	3 534	2 325
Non-controlling interests	8	54	11	86	75
	641	**1 826**	**3 255**	**3 620**	**2 400**

Condensed interim consolidated financial statements Q2 2022

USD thousands

Consolidated balance sheet	30 June 2022	31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment	1 787	1 137
Right-of-use assets	8 046	3 629
Goodwill and intangible assets	26 937	27 465
Deferred tax assets	1 702	1 708
Total non-current assets	**38 471**	**33 939**
Current assets		
Trade and other receivables	45 588	43 235
Contract assets	14 009	18 101
Cash and cash equivalents	18 711	19 815
Total current assets	**78 309**	**81 151**
Total assets	**116 779**	**115 090**
EQUITY AND LIABILITIES		
Equity		
Share capital	1 323	1 323
Share premium	61 996	64 913
Consideration shares	1 890	1 890
Share-based compensation reserve	3 038	2 373
Retained earnings	13 665	8 557
Foreign currency translation reserve	(14 169)	(12 306)
Total	**67 744**	**66 751**
Non-controlling interests	124	114
Total equity	**67 868**	**66 865**
Non-current liabilities		
Deferred tax liabilities	1 122	1 259
Long term borrowings	1 664	3 328
Lease liabilities	6 656	2 481
Provisions and other payables	5 692	5 661
Total non-current liabilities	**15 134**	**12 729**
Current liabilities		
Trade and other payables	22 032	24 467
Contract liabilities	1 638	949
Short term borrowings	8 333	8 333
Lease liabilities	1 698	1 349
Income tax payable	77	398
Provisions	-	-
Total current liabilities	**33 778**	**35 496**
Total liabilities	**48 912**	**48 225**
Total equity and liabilities	**116 779**	**115 090**

Condensed interim consolidated financial statements Q2 2022

USD thousands

Consolidated statement of cash flows	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Cash flow from operating activities					
Profit (loss) before taxes	2 847	1 866	5 998	3 281	6 184
Non-cash adjustment to reconcile profit before tax to cash flow:					
Depreciation, amortisation and impairment	758	899	1 567	1 971	3 790
Non-cash employee benefits expense – share-based payments	209	353	665	459	1 475
Interest costs - net	172	213	223	260	488
Gain on bargain purchase / disposal of subsidiaries	(84)	-	(84)	-	(54)
Changes in working capital:					
Changes in trade and other receivables	3 624	(5 977)	1 739	(12 469)	(6 923)
Changes in trade and other payables	(2 993)	2 836	(1 716)	5 760	(252)
Income taxes paid	(947)	(299)	(1 235)	(905)	(3 194)
Net exchange differences	(748)	(1 079)	(956)	(624)	(1 700)
Cash flow from (used in) operating activities	**2 840**	**(1 188)**	**6 202**	**(2 267)**	**(187)**
Cash flow from investing activities					
Payments for property, plant and equipment	(692)	(143)	(1 117)	(252)	(534)
Interest received	10	8	17	16	54
Net cash acquired (paid) on acquisition of subsidiaries	-	-	-	1	(554)
Cash flow from (used in) investing activities	**(682)**	**(135)**	**(1 100)**	**(235)**	**(1 035)**
Cash flow from financing activities					
Dividends paid to company's shareholders	(2 917)	(2 807)	(2 917)	(2 807)	(5 476)
Principal elements of lease payments	(302)	(671)	(839)	(1 494)	(2 601)
Repayment of borrowings	(762)	(1 495)	(1 664)	(1 528)	(3 422)
Proceeds from issuance of shares capital	-	2 314	-	2 301	2 301
Cash flow from (used in) financing activities	**(3 981)**	**(2 658)**	**(5 420)**	**(3 528)**	**(9 198)**
Net change in cash and cash equivalents	(1 823)	(3 981)	(318)	(6 031)	(10 419)
Cash and cash equivalents at the beginning of the period	21 212	28 319	19 815	30 642	30 642
Effect of movements in exchange rates	(678)	194	(786)	(79)	(407)
Cash and cash equivalents at the end of the period	**18 711**	**24 532**	**18 711**	**24 532**	**19 815**

Condensed interim consolidated financial statements
Q2 2022

USD thousands

Consolidated statement of changes in equity	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 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)**	**66 751**	**114**	**66 865**
At 1 January 2022	1 323	-	64 912	1 890	2 372	8 557	(12 306)	66 751	114	66 865
Other comprehensive income	-	-	-	-	-	5 108	(1 863)	3 244	11	3 255
Dividends paid	-	-	(2 917)	-	-	-	-	(2 917)	-	(2 917)
Share-based payment expenses	-	-	-	-	665	-	-	665	-	665
At 30 June 2022	**1 323**	**-**	**61 995**	**1 890**	**3 037**	**13 665**	**(14 169)**	**67 744**	**124**	**67 868**

Condensed interim consolidated financial statements Q2 2022

Notes to the interim consolidated financial statements

1. Corporate information

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

The principal activity of the Company and its subsidiaries (collectively the "ABL 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 62 offices located across 5 continents in 38 countries.

For all periods up to and including the period ended 30 June 2022, 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 30 June 2022 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 2021.

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 2021.

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 are monitored separately. This is the basis for the six 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, OWC and Longitude 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, OWC and Longitude. Eliminations reflects the eliminations of intra-group revenue to the extent that these arise between the regions, OWC and Longitude.

USD thousands

Revenues	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Middle East	7,929	7,775	15,718	15,005	28,473
Asia Pacific	8,646	9,129	18,243	18,088	39,275
Europe	11,409	10,317	21,256	20,704	40,586
Americas	7,187	6,901	14,359	13,071	26,320
OWC	7,587	6,077	14,786	10,686	24,110
Longitude	3,083	2,285	5,439	4,299	8,882
Eliminations	(4,474)	(4,217)	(8,792)	(6,890)	(16,899)
Total revenues	**41,367**	**38,266**	**81,010**	**74,964**	**150,748**

Operating profit (loss) (EBIT)	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Middle East	1,215	874	2,268	1,573	2,387
Asia Pacific	966	105	2,121	796	3,248
Europe	1,068	824	1,582	1,314	1,727
Americas	171	794	425	1,000	1,518
OWC	670	440	1,200	810	1,216
Longitude	655	167	774	498	617
Corporate group costs	(878)	(924)	(1,697)	(1,851)	(3,338)
Total EBIT	**3,868**	**2,281**	**6,673**	**4,140**	**7,375**

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, OWC and Longitude.

USD thousands	30 June 2022		31 December 2021	
Trade receivables and contract assets	Trade receivables	Contract assets	Trade receivables	Contract assets
Middle East	6,477	1,626	6,363	1,449
Asia Pacific	8,896	3,289	7,611	6,196
Europe	9,126	3,415	8,274	3,990
Americas	6,231	2,761	6,494	2,945
OWC	3,896	3,508	3,004	2,490
Longitude	2,118	910	1,884	1,033
Total	**36,743**	**15,509**	**33,631**	**18,101**

USD thousands

Cash and cash equivalents	30 June 2022	31 December 2021
Middle East	2,840	2,402
Asia Pacific	4,825	4,707
Europe	2,849	3,398
Americas	3,188	2,781
OWC	2,262	3,356
Longitude	527	1,139
Corporate group	2,220	2,032
Total	**18,711**	**19,815**

5. Other operating expenses

USD thousands

Other operating expenses	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Subcontractors cost	8,936	8,953	18,192	17,063	35,372
Office lease and maintenance expenses	556	767	1,133	1,367	2,385
Insurance cost	673	733	1,358	1,435	2,688
Cost of recharged expenses	2,146	681	3,435	1,346	3,823
Transaction costs related to acquisition	262	-	262	76	76
General and administrative expenses	3,544	3,084	6,621	6,403	13,261
Total	**16,117**	**14,218**	**31,002**	**27,690**	**57,605**

6. Goodwill and intangible assets

USD thousands

Goodwill and intangible assets	Goodwill	Customer relations	Total
Cost			
At 1 January 2022	29,806	3,561	33,367
Effect of movements in exchange rates	(832)	-	(832)
At 30 June 2022	**28,974**	**3,561**	**32,535**
Amortisation and impairment			
At 1 January 2022	5,546	356	5,902
Amortisation charge	-	178	178
Effect of movements in exchange rates	(483)	-	(483)
At 30 June 2022	**5,064**	**534**	**5,598**
Net book value at 30 June 2022	**23,911**	**3,027**	**26,938**
Net book value at 31 December 2021	**24,260**	**3,205**	**27,465**

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)	30 June 2022	31 December 2021
Middle East	6,544	6,544
Asia Pacific	8,489	8,662
Europe	4,556	4,544
Americas	1,717	1,711
OWC	2,605	2,798
Total	**23,911**	**24,260**

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.

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	30 June 2022	31 December 2021
Trade receivables		
Up to 3 months	28 032	25 246
3 to 6 months	4 800	3 368
6 to12 months	2 568	3 718
Over 12 months	1 343	1 300
Total trade receivables	**36 743**	**33 632**
Contract assets	14 009	18 101
Total	**50 753**	**51 733**

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. Subsequent events
Subsequent to balance sheet date, ABL Group ASA has acquired 100 percent of the shares of energy and engineering consultancy Add Energy. The share purchase was settled through a NOK 1.75 million cash consideration to Add Energy's shareholders. ABL Group also acquired substantially all interest-bearing debt in Add Energy from its main lender DNB. The debt purchase was settled through issuance of NOK 20 million in ABL Group ASA shares to DNB. 1,582,279 new shares were issued, with the subscription price per new share set to NOK 12.64 based on the 15-day value-weighted average price of ABL Group ASA shares as of 8 July 2022. The acquisition broadens ABL Group's service offering, enhances recurring revenue services in the opex phase and gains entry into digital optimisation, carbon storage and energy efficiency services that are crucial to the energy transition.

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	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Operating profit (loss) (EBIT)	3,868	2,281	6,673	4,140	7,375
Depreciation, amortisation and impairment	758	899	1,567	1,971	3,790
Transaction costs related to M&A	262	-	262	76	76
Restructuring and integration costs	-	36	-	319	362
Other special items (incl. share-based expenses)	456	353	665	459	1,475
Adjusted EBITDA	**5,344**	**3,568**	**9,169**	**6,965**	**13,078**

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	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Operating profit (loss) (EBIT)	3,868	2,281	6,673	4,140	7,375
Amortisation and impairment	89	89	178	178	356
Transaction costs related to M&A	262	-	262	76	76
Restructuring and integration costs	-	36	-	319	362
Other special items (incl. share-based expenses)	456	353	665	459	1,475
Adjusted EBIT	**4,675**	**2,758**	**7,779**	**5,172**	**9,645**

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	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Profit (loss) after taxes	2,145	1,088	5,118	2,216	3,218
Amortisation and impairment	89	89	178	178	356
Transaction costs related to M&A	262	-	262	76	76
Restructuring and integration costs	-	36	-	319	362
Other special items (incl. share-based expenses)	456	353	665	459	1,475
Gain on bargain purchase / disposal of subsidiaries	(84)	-	(84)	-	(54)
Adjusted profit (loss) after taxes	**2,868**	**1,566**	**6,140**	**3,248**	**5,435**

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)	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Adjusted profit (loss) after taxes	2,868	1,566	6,140	3,248	5,435
Average total equity	68,901	68,489	67,366	67,304	66,092
ROE	**4.2%**	**2.3%**	**9.1%**	**4.8%**	**8.2%**

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)	Q2 2022	Q2 2021	1H 2022	1H 2021	FY 2021
Adjusted EBIT	4,675	2,758	7,779	5,172	9,645
Total assets	116,779	125,382	116,779	125,382	115,090
Less: Non-interest bearing current liabilities	(23,746)	(33,413)	(23,746)	(33,413)	(25,814)
Capital employed	**93,033**	**91,969**	**93,033**	**91,969**	**89,276**
Average capital employed	**92,331**	**92,369**	**91,154**	**91,547**	**90,200**
ROCE	**5.1%**	**3.0%**	**8.5%**	**5.6%**	**10.7%**

Order backlog

Order backlog is defined as the aggregate value of future work on signed customer contracts or letters of award. ABL Group's services include a significant amount of "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	1H 2022	1H 2021	FY 2021
Working capital			
Trade and other receivables	45,588	51,977	43,235
Contract assets	14,009	14,905	18,101
Trade and other payables	(22,032)	(30,239)	(24,467)
Contract liabilities	(1,638)	(1,189)	(949)
Income tax payable	(77)	(747)	(398)
Net working capital	**35,851**	**34,708**	**35,523**
Average revenue for last 2 quarters	40,505	37,482	37,892
Working capital ratio	**89%**	**93%**	**94%**

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2022, which has been prepared in accordance with IAS 34 Interim Financial Statement, gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, 30 August 2022

Glen Ole Rødland Chairman	Yvonne L. Sandvold Board Member	Rune Eng Board Member
Synne Syrrist Board Member	David Wells Board Member	Reuben Segal CEO

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