AqualisBraemar LOC Group

Q2 report 2021

HIGHLIGHTS Q2 2021

- Revenues of USD 38.3 million (Q2 20: USD 19.2 million)
- Operating profit of USD 2.3 million (Q2 20: USD 1.6 million)
- Adjusted EBIT of USD 2.8 million (Q2 20: USD 1.8 million)
- Continued strong revenue growth in renewables segment
- Cash balance of USD 24.5 million (Q1 21: USD 28.3 million)
- Interest bearing bank debt of USD 13.3 million (Q1 21: USD 15.1 million)
- Paid semi-annual dividend of NOK 0.25 per share in 1H 2021
- Cost synergy target raised to USD 4.0 million from initial USD 3.5 million

David Wells, CEO of AqualisBraemar LOC ASA ("AqualisBraemar LOC" or the "Company") commented:
"During the first half of 2021 there have been some hectic months at AqualisBraemar LOC. It has been a unique challenge to integrate two equally sized companies, doubling the size of our group, in the middle of continued COVID related travel restrictions and ever-changing regulations across the 38 countries in which we operate. With that in mind, we are delighted by how quickly the integrated group has kicked into gear. We are pleased to report our highest quarterly revenues and operating profit in the company's history, in what is still a challenging market, and still expect significant cost synergies to be realized starting in the fourth quarter of this year.

In early 2020 we set a group wide target of 50% renewables and sustainability-oriented services in our business mix in 2025. This was and is an ambitious target, but we are making great progress. For the first time, Renewables has surpassed Maritime to become the second largest market for the group over the previous 12 months. Renewables constituted 29% of our revenues in the second quarter alone, and while this is positively impacted by seasonal high activity offshore Europe, it shows the speed with which the company is transitioning. We continue to see increasing demand for renewables consulting and anticipate continued high growth in 2021 and beyond.

Our traditional business within oil & gas and shipping experienced significant headwind during 2020 from Covid-19, low oil price and reduced international trade. While localised outbreaks have also caused challenges this year, these issues are expected to gradually subside over the second half of the year and a cyclical upswing could be on the cards as we approach 2022.

During the second quarter we paid out a NOK 0.25 dividend per share as part of our semi-annual dividend schedule, and our board expects to continue this practice in the second half of the year. 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."

KEY FIGURES

USD thousands (except shares, backlog, employees)	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
FINANCIALS					
Total revenue	38 266	19 232	74 964	39 019	77 015
EBITDA(1)	3 180	1 940	6 111	3 580	4 423
Adjusted EBITDA(1)	3 568	2 201	6 965	3 969	6 320
Operating profit (loss) (EBIT)(1)	2 281	1 577	4 140	2 856	2 946
Adjusted EBIT(1)	2 758	1 839	5 172	3 244	4 843
Profit (loss) after taxes (1)	1 088	1 171	2 216	4 005	1 513
Adjusted profit (loss) after taxes (1)	1 477	1 541	3 070	3 323	3 280
Basic earnings per share (USD)	0.01	0.02	0.02	0.06	0.02
Adjusted basic earnings per share (USD)	0.02	0.02	0.03	0.05	0.05
Weighted average number of outstanding shares (thousands)	94 179	70 416	93 368	70 416	71 323
Cash and cash equivalents at the end of the period	24 532	10 987	24 532	10 987	30 642
OPERATIONS					
Order backlog at the end of the period (USD million)(1)(4)	64.6	20.5	64.6	20.5	76.0
Average full-time equivalent employees during the period (2)(5)	922	448	909	439	452
Average billing ratio during the period(3)(5)	75%	74%	75%	74%	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) Order backlog figure including LOC Group
(5) Figures excluding LOC Group

GROUP FINANCIAL REVIEW

(Figures in brackets represent same period prior year or balance sheet date as of 31st March 2021. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period).

Group results

The acquisition of LOC Group ("LOC") was consolidated in AqualisBraemar LOC's consolidated accounts as of 31st December 2020. For more information about the LOC acquisition, please see note 8. The acquisition of Braemar Technical Services ("BTS") was consolidated as of 30th June 2019.

Total operating revenues increased by 99% to USD 38.3 million in Q2 2021 (USD 19.2 million). This increase in revenues and the corresponding increases in costs below were primarily driven by the acquisition of LOC.

The total operating revenues were USD 75.0 million in H1 2021 (USD 39.0 million).

Staff costs increased by 110% to USD 20.9 million in Q2 2021 (USD 9.9 million). Other operating expenses increased by 93% to USD 14.2 million in Q2 2021 (USD 7.4 million).

Depreciation, amortisation and impairments increased by 148% to USD 0.9 million in Q2 2021 (USD 0.4 million). In addition to depreciations on right-of-use assets increasing to USD 0.6 million in Q2 2021 (USD 0.3 million) due to the consolidation of LOC's offices, the company now reports quarterly amortisation of intangible assets arising from the acquisition of LOC of USD 0.1 million in Q2 2021 (USD 0.0 million).

Total operating expenses were USD 70.8 million in H1 2021 (USD 36.2 million).

Operating profit (EBIT) amounted to USD 2.3 million in Q2 2021 (USD 1.6 million). Adjusted EBIT amounted to USD 2.8 million in Q2 2021 (USD 1.8 million). 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 4.1 million in H1 2021 (USD 2.9 million). Adjusted EBIT amounted to USD 5.2 million in H1 2021 (USD 3.2 million).

The billing ratio for technical staff (including subcontractors) was 75% in Q2 2021, compared to 74% in Q2 2020.

Finance expenses of USD 0.2 million in Q2 2021 (USD 0.0 million) mainly represents interest on debt facilities entered into in connection with the LOC acquisition.

Net currency loss of USD 0.2 million in Q2 2021 (loss of USD 0.1 million in Q2 2020) and loss of USD 0.5 million in H1 2021 (gain of USD 0.5 million in H1 2020) mainly represents unrealised loss on revaluation of bank accounts.

Profit after taxes amounted to USD 1.1 million in Q2 2021 (USD 1.2 million in Q2 2020). Profit after taxes amounted to USD 2.2 million in H1 2021 (USD 4.0 million in H1 2020).

Financial position and liquidity

At 30 June 2021, cash and cash equivalents amounted to USD 24.5 million, down from USD 28.3 million at 31 March 2021. The reduction in cash was primarily caused by dividends paid to shareholders (USD 2.8 million), repayment of bank debt (USD 1.7 million), negative operational cash flow due to increasing working capital (USD 1.2 million), and counterbalanced by USD 1.5 million proceeds from the subsequent offering of new shares carried out 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 2021 was USD 13.3 million, down from USD 15.1 million at 31 March 2021.

Lease liabilities were USD 3.5 million at 30 June 2021, down from USD 4.2 million at 31 March 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 2021 equal to 0.25 NOK per share, and for dividends to remain on a semi-annual schedule.

Order backlog

The order backlog at the end of Q2 2021 was USD 64.6 million, down from USD 71.3 million at the end of Q1 2021.

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 922 employees (full time equivalents, "FTEs"), including subcontractors at 100% utilisation basis, on average during Q2 2021. The equivalent number was 896 for Q1 2021. The increase is driven by general growth in the Renewables sector and seasonal higher activity offshore for the European offshore wind industry.

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 H1 2021, AqualisBraemar LOC had 1 lost time incident (LTI). This is the second LTI in more than 4 million cumulative man-hours clocked since Aqualis' incorporation.

	2019	2020	H1 2021	All time
Man-hours (millions)	0.6	0.9	0.8	4.0
LTIs	1	0	1	2

COVID-19 impacts

With offices across 38 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 renewables segment 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 segment has delivered strong growth through 2020 and the first half of 2021.

We expect continued travel restrictions and general delays in client decisions to limit growth in certain local markets through the second half of 2021, but expect most restrictions to be lifted before the end of the year.

We continue to monitor the situation closely and remain agile in response to any business disruptions.

Outlook

AqualisBraemar LOC's financial performance in the second half of 2021 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 been quadrupled in 18 months from a revenue of USD 36m in 2018 to a proforma revenue of USD 140m in 2020. All three companies had offices in the major shipping and O&G hubs worldwide. We are now gradually taking out the synergies from these acquisitions. During 2021 ABL has consolidated offices in 18 locations worldwide and are implementing one ERP system and management system in the group. The estimated cost synergies derived from the LOC combination are now expected to amount to USD 4.0 million, up from an initial estimate of USD 3.5 million. We expect synergies to be gradually realised from 4Q 2021 onwards, which should contribute to margin improvement. Some integration costs must be expected.

Second, we plan to upgrade our back office and finance function both centrally and regionally. This is expected to continue 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 2021. During 2020 most of the strong growth in our renewable business was offset by a relatively weak oil and gas market, plus travel restrictions and general slowdown in connection with the Covid-19 pandemic. So far in 2021 we have seen a gradual normalization in terms of Covid-19 related disruptions, even though local disruptions still exist. Both shipping and O&G markets are flattening out and gradually improving.

Finally, as our work in the Renewables sector grows its relative size of our revenue (22% 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 2020 we saw record investment decisions in 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.

Offshore E&P capex and rig activity, particularly in the jack-up segment, is expected to gradually recover from the second half of 2021. An oil price of USD 70/bbl is expected to lead to more activity in the second half of the year, though major improvements likely won't materialise until 2022. Note that client behavior across the oil and gas markets remains short term and demand visibility is hard to gauge.

Activity levels in the marine casualty and energy adjusting markets are expected to be stable. 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.

During the second quarter, we paid a dividend of NOK 0.25 per share, corresponding to approximately USD 2.8 million. In line with the semi-annual dividend schedule and the authorization granted by the AGM, the Board expects to resolve and declare an additional dividend during the second half of 2021 based on profitability and improved working capital.

Oslo, 19 August 2021

The Board of Directors of
AqualisBraemar LOC ASA

Condensed interim consolidated financial statements
Q2 2021

USD thousands

Consolidated income statement	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Revenue	38,266	19,232	74,964	39,019	77,015
Total revenue	**38,266**	**19,232**	**74,964**	**39,019**	**77,015**
Staff costs	(20,868)	(9,920)	(41,163)	(20,334)	(41,495)
Other operating expenses	(14,218)	(7,372)	(27,690)	(15,105)	(31,096)
Depreciation, amortisation and impairment	(899)	(363)	(1,971)	(724)	(1,477)
Operating profit (loss) (EBIT)	**2,281**	**1,577**	**4,140**	**2,856**	**2,946**
Finance income	4	(81)	41	1,116	399
Finance expenses	(243)	(32)	(406)	(70)	(271)
Net foreign exchange gain (loss)	(175)	(70)	(495)	492	(568)
Profit (loss) before income tax	**1,866**	**1,394**	**3,281**	**4,394**	**2,507**
Income tax expenses	(778)	(223)	(1,065)	(388)	(993)
Profit (loss) after tax	**1,088**	**1,171**	**2,216**	**4,005**	**1,513**

Consolidated statement of other comprehensive income	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Profit (loss) after tax	**1,088**	**1,171**	**2,216**	**4,005**	**1,513**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Currency translation differences	738	553	1,403	(1,138)	1,626
Income tax effect	-	-	-	-	30
Other comprehensive income for the period, net of tax	**738**	**553**	**1,403**	**(1,138)**	**1,657**
Total comprehensive income for the period	**1,826**	**1,724**	**3,620**	**2,867**	**3,170**
Total comprehensive income for the period is attributable to:					
Equity holders of the parent company	1,772	1,724	3,534	2,867	3,170
Non-controlling interests	54	-	86	-	-
	1,826	**1,724**	**3,620**	**2,867**	**3,170**

Condensed interim consolidated financial statements Q2 2021

USD thousands

Consolidated balance sheet	Notes	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment		1,284	1,213
Right-of-use assets		3,363	4,707
Goodwill and intangible assets		27,033	26,665
Deferred tax assets		2,287	1,395
Total non-current assets		**33,967**	**33,980**
Current assets			
Trade and other receivables		51,977	41,498
Contract assets		14,905	12,916
Cash and cash equivalents		24,532	30,642
Total current assets		**91,414**	**85,056**
Total assets		**125,381**	**119,036**
EQUITY AND LIABILITIES			
Equity			
Share capital		1,317	1,276
Treasury shares		-	(41)
Share premium		66,533	67,080
Consideration shares		1,890	1,459
Share-based compensation reserve		1,356	897
Retained earnings		7,544	5,413
Foreign currency translation reserve		(10,084)	(11,487)
Total		**68,556**	**64,597**
Non-controlling interests		734	721
Total equity		**69,290**	**65,319**
Non-current liabilities			
Deferred tax liabilities		658	682
Long term borrowings		6,386	6,414
Lease liabilities		1,660	2,340
Provisions and other payables		5,247	5,147
Total non-current liabilities		**13,951**	**14,584**
Current liabilities			
Trade and other payables		30,239	25,207
Contract liabilities		1,189	757
Short term borrowings		6,924	8,669
Lease liabilities		1,804	2,552
Income tax payable		747	907
Provisions		1,238	1,042
Total current liabilities		**42,141**	**39,134**
Total liabilities		**56,092**	**53,718**
Total equity and liabilities		**125,381**	**119,036**

Condensed interim consolidated financial statements Q2 2021

USD thousands

Consolidated statement of cash flows	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Cash flow from operating activities					
Profit (loss) before taxes	1,866	1,394	3,281	4,394	2,507
Non-cash adjustment to reconcile profit before tax to cash flow:					
Depreciation, amortisation and impairment	899	74	1,971	153	1,477
Non-cash employee benefits expense – share-based payments	353	363	459	724	317
Interest costs - net	213	(9)	260	(15)	(18)
Increase (Decrease) in fair value of consideration warrants	-	109	-	(1,070)	(328)
Changes in working capital:					
Changes in trade and other receivables	(5,977)	1,378	(12,469)	440	2,201
Changes in trade and other payables	2,836	(1,011)	5,760	(1,098)	2,499
Income taxes paid	(299)	(265)	(905)	(345)	(1,190)
Net exchange differences	(1,079)	590	(624)	(774)	1,009
Cash flow from (used in) operating activities	**(1,188)**	**2,622**	**(2,267)**	**2,408**	**8,474**
Cash flow from investing activities					
Payments for property, plant and equipment	(143)	(27)	(252)	(77)	(150)
Interest received	8	9	16	15	18
Net cash acquired (paid) on acquisition of subsidiaries	0	-	1	(13)	(14,619)
Cash flow from (used in) investing activities	**(135)**	**(18)**	**(235)**	**(75)**	**(14,751)**
Cash flow from financing activities					
Dividends paid to company's shareholders	(2,807)	(1,472)	(2,807)	(1,472)	(3,030)
Principal elements of lease payments	(671)	(285)	(1,494)	(574)	(1,096)
Proceeds from loans and borrowings	-	-	-	-	14,621
Repayment of borrowings	(1,495)		(1,528)	-	-
Proceeds from issuance of shares capital	2,314	-	2,301	-	15,317
Payments for shares bought back	-	-	-	-	-
Cash flow from (used in) financing activities	**(2,658)**	**(1,756)**	**(3,528)**	**(2,045)**	**25,811**
Net change in cash and cash equivalents	(3,981)	847	(6,031)	288	19,534
Cash and cash equivalents at the beginning of the period	28,319	10,079	30,642	10,930	10,930
Effect of movements in exchange rates	194	61	(79)	(231)	177
Cash and cash equivalents at the end of the period	**24,532**	**10,987**	**24,532**	**10,987**	**30,642**

Condensed interim consolidated financial statements
Q2 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		-	-	-	-	-	2,130	1,403	3,534	86	3,620
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
Dividends paid		-	-	(2,807)	-	-	-	-	(2,807)	(73)	(2,880)
Share-based payment expenses		-	-	-	-	459	-	-	459	-	459
Employee share program issue		-	41	-	-	-	-	-	41	-	41
At 30 June 2021		**1,317**	**-**	**66,533**	**1,890**	**1,356**	**7,544**	**(10,084)**	**68,556**	**734**	**69,290**

Condensed interim consolidated financial statements Q2 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 period ended 30 June 2021, 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 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 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 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Middle East	7 775	5 595	15 005	12 608	22 365
Asia Pacific	9 129	5 256	18 088	11 001	22 249
Europe	10 317	3 378	20 704	7 290	14 269
Americas	6 901	3 317	13 071	6 327	13 183
OWC	6 077	3 708	10 686	6 423	14 162
Longitude	2 285	-	4 299	-	-
Eliminations	(4 217)	(2 022)	(6 890)	(4 630)	(9 214)
Total revenues	**38 266**	**19 232**	**74 964**	**39 019**	**77 015**

Operating profit (loss) (EBIT)	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Middle East	874	479	1 573	1 346	1 707
Asia Pacific	105	666	796	971	1 907
Europe	824	300	1 314	758	829
Americas	794	230	1 000	107	225
OWC	440	403	810	605	1 365
Longitude	167	-	498	-	-
Corporate group costs	(924)	(501)	(1 851)	(932)	(3 087)
Total EBIT	**2 281**	**1 577**	**4 140**	**2 856**	**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, OWC and Longitude.

USD thousands

Trade receivables and contract assets	30 June 2021		31 December 2020	
	Trade receivable	Contract assets	Trade receivable	Contract assets
Middle East	6,997	2,261	6,408	1,991
Asia Pacific	9,327	4,380	8,400	4,401
Europe	7,312	3,660	9,961	2,411
Americas	6,864	2,434	7,606	2,803
OWC	3,445	1,620	481	1,309
Longitude	1,805	550	-	-
Total	**35,750**	**14,905**	**32,856**	**12,916**

USD thousands

Cash and cash equivalents	30 June 2021	31 December 2020
Middle East	2,064	2,183
Asia Pacific	3,901	7,269
Europe	4,624	7,334
Americas	3,735	4,863
OWC	3,485	2,193
Longitude	1,209	-
Corporate group	5,515	6,800
Total	**24,532**	**30,642**

5. Other operating expenses

USD thousands

Other operating expenses	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Subcontractors cost	8,953	4,935	17,063	9,722	19,090
Office lease and maintenance expenses	767	321	1,367	686	1,270
Insurance cost	733	235	1,435	459	1,018
Cost of recharged expenses	681	384	1,346	833	1,857
Transaction costs related to acquisition	-	130	76	130	1,393
General and administrative expenses	3,084	1,366	6,403	3,274	6,468
Total	**14,218**	**7,372**	**27,690**	**15,105**	**31,096**

6. Goodwill and 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
Effect of movements in exchange rates	(100)	-	(100)
At 30 June 2021	**29,370**	**3,561**	**32,931**
Amortisation and impairment			
At 1 January 2021	5,731	-	5,731
Amortisation charge	-	178	178
Effect of movements in exchange rates	(11)	-	(11)
At 30 June 2021	**5,720**	**178**	**5,898**
Net book value at 30 June 2021	**23,650**	**3,383**	**27,033**
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)	30 June 2021	31 December 2020
Middle East	5,729	5,729
Asia Pacific	5,797	5,896
Europe	656	32
Americas	153	149
OWC	1,342	1,324
Unallocated (LOC acquisition)	9,974	9,974
Total	**23,650**	**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.

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 2021	31 December 2020
Trade receivables		
Up to 3 months	25,525	12,942
3 to 6 months	5,270	3,809
6 to12 months	2,733	2,502
Over 12 months	2,222	548
Total trade receivables	**35,750**	**19,801**
Contract assets	14,905	12,916
Total	**50,655**	**32,717**

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.

Excess 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 inflow 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. Subsequent events

The Company and Braemar Shipping Services Plc ("Braemar") entered into a share purchase agreement regarding the Company's purchase of the entire issued share capital of Braemar Technical Services Holdings Limited on 13 May 2019, with certain later amendments (the "SPA"). As part of the consideration under the SPA, the Company issued warrants at its Annual General Meeting held 11 June 2019, giving Braemar the right to subscribe for new shares in the Company subject to certain exercise conditions. Certain amendments to the exercise conditions were approved at the Company's Extraordinary General Meeting held on 14 December 2020. Subsequent to balance sheet date, in August 2021, Braemar exercised 1 million warrants, so that the remaining amount of warrants is 0. The 1 million new shares subscribed for at a subscription price of NOK 0.10 per share, will be submitted for registration in the Norwegian Register of Business Enterprises as soon as possible.

10. 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 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Operating profit (loss) (EBIT)	2 281	1 577	4 140	2 856	2 946
Depreciation, amortisation and impairment	899	363	1 971	724	1 477
Transaction costs related to M&A	-	130	76	130	1 393
Restructuring and integration costs	36	55	319	104	185
Other special items (incl. share-based expenses)	353	76	459	155	318
Adjusted EBITDA	**3 568**	**2 201**	**6 965**	**3 969**	**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	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Operating profit (loss) (EBIT)	2 281	1 577	4 140	2 856	2 946
Transaction costs related to M&A	-	130	76	130	1 393
Restructuring and integration costs	36	55	319	104	185
Other special items (incl. share-based expenses)	353	76	459	155	318
Amortisation and impairment	89	-	178	-	-
Adjusted EBIT	**2 758**	**1 839**	**5 172**	**3 244**	**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	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Profit (loss) after taxes	1 088	1 171	2 216	4 005	1 513
Transaction costs related to M&A	-	130	76	130	1 393
Restructuring and integration costs	36	55	319	104	185
Other special items (incl. share-based expenses)	353	76	459	155	318
Fair value adjustments	-	109	-	(1 070)	(130)
Gain on bargain purchase	-	-	-	-	-
Other finance income	-	-	-	-	-
Adjusted profit (loss) after taxes	**1 477**	**1 541**	**3 070**	**3 323**	**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)	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Adjusted profit (loss) after taxes	1 477	1 541	3 070	3 323	3 280
Average total equity	68 489	48 749	67 304	48 138	56 341
ROE	**2.2%**	**3.2%**	**4.6%**	**6.9%**	**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)	Q2 2021	Q2 2020	1H 2021	1H 2020	FY 2020
Adjusted EBIT	2 669	1 839	4 994	3 244	4 843
Total assets	125 382	62 156	125 382	62 156	119 036
Less: Non-interest bearing current liabilities	(33 413)	(9 547)	(33 413)	(9 547)	(27 912)
Capital employed	91 969	52 610	91 969	52 610	91 124
Average capital employed	**92 369**	**52 447**	**91 547**	**52 795**	**72 052**
ROCE	**2.9%**	**3.5%**	**5.5%**	**6.1%**	**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	1H 2021	1H 2020	FY 2020
Working capital			
Trade and other receivables	51,977	26,568	41,498
Contract assets	14,905	9,264	12,916
Trade and other payables	(30,239)	(8,300)	(25,207)
Contract liabilities	(1,189)	(1,011)	(757)
Income tax payable	(747)	(235)	(907)
Net working capital	**34,708**	**26,285**	**27,543**
Average quarterly revenue over 2 quarters	37,482	19,509	18,998
Working capital ratio	**93%**	**135%**	**145%**

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2021, 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, 19 August 2021

Glen Rødland
Chairman of the Board

Yvonne L. Sandvold
Board member

Rune Eng
Board member

Synne Syrrist
Board member

David Wells
CEO

AqualisBraemar LOC Group

Fridtjof Nansens plass 8
0160 Oslo
Norway
www.abl-group.com