



AqualisBraemar LOC Group



AqualisBraemar LOC ASA

2020 Q4 results

25 February 2021

ABL-GROUP.COM



1. Highlights
David Wells
CEO



2. Renewables update
Will Cleverly
Managing Director – OWC



3. Financial review
Dean Zuzic
CFO



4. Outlook
David Wells
CEO

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2020 Highlights – Another transformative year

- 2020 AqualisBraemar stand-alone highlights
 - Revenue of USD 77.0 million, up 5% from 2019 (2019: USD 73.4 million¹)
 - Adjusted EBIT of USD 4.8 million (2019: USD 1.3 million)
 - Cashflow from operating activities of USD 8.5 million (2019: USD -2.7m)
 - Continued strong growth in renewables – organic revenue growth of 59% year-on-year
 - Total dividend of NOK 0.4 per share paid during 2020, corresponding to USD 3.0 million
- Completed acquisition of LOC Group in December
 - Part of long-term plan to consolidate the offshore energy and marine consulting space
 - Increased renewables footprint and reaffirmed commitment to energy transition
 - Estimated USD 3.5m annual cost synergies
 - Positive feedback from staff, clients and the markets
- 2020 pro-forma combined figures AqualisBraemar + LOC²
 - Revenue: USD 139.5 million
 - Adj. EBITDA: USD 13.2 million
 - Adj. EBIT: USD 8.1 million

 **AQUALIS
BRAEMAR**

+

 LOC

=

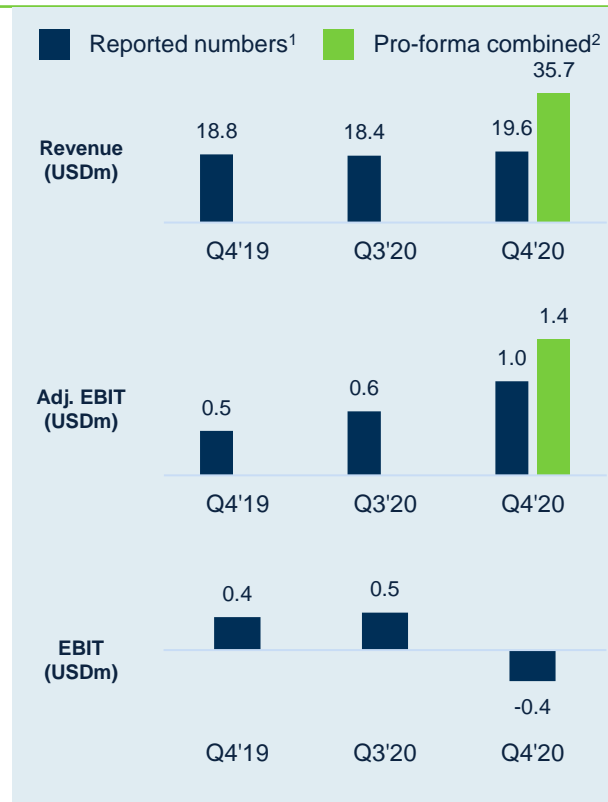

AqualisBraemar LOC Group

¹ Pro-forma combined Aqualis+BTS revenues. BTS was consolidated from 30 June 2019. 2019 AqualisBraemar reported revenues: USD 54.8 million.

² LOC was consolidated on 31 December 2020. Pro-forma combined figures based on unaudited LOC results on a stand-alone basis, may not accurately reflect consolidation adjustments

Q4 2020 Highlights

- Revenues of USD 19.6 million (Q4 19: USD 18.8 million)
 - Continued strong revenue growth in Renewables (+47% vs Q4 19)
 - Revenue in other segments largely in line with Q4 19, despite negative impact of COVID restrictions and significant reduction in oil price and O&G activity
 - AqualisBraemar + LOC pro forma combined Q4 revenues: USD 35.7 million
- Adjusted EBIT of USD 1.0 million (Q4 19: USD 0.5 million)
 - EBIT of USD -0.4 million (Q4 19: USD 0.4m), negatively impacted by USD 1.3 million in transaction costs
 - AqualisBraemar + LOC pro forma combined Q4 adjusted EBIT: USD 1.4 million
- Cash balance of USD 30.6 million (Q3 20: USD 14.1 million)
 - Interest bearing bank debt of USD 15.1 million (Q3 20: nil)
 - Operating cash flow of USD 2.7 million (Q4 19: USD 0.5 million)
- Proposed dividend of NOK 0.25 per share in 1H 2021, per semi-annual schedule
 - Total dividend of NOK 0.4 per share paid in two instalments during 2020



¹ Reported figures are AqualisBraemar stand-alone up to and including Q4 2020. LOC was consolidated at end of Q4 2020.

² Pro-forma combined AqualisBraemar and LOC.

AqualisBraemar LOC business model



AqualisBraemar LOC Group

High end consultancy services to the global energy, shipping and insurance industries

Core services



Consultancy & Engineering



Loss Prevention



Loss Management

AqualisBraemar LOC business streams

Renewables



Independent engineering and consultancy services to offshore wind industry

- Project management
- Engineering
- Consulting and advisory
- Experience from >90 projects representing total capacity of 68 GW¹

Offshore



Engineering and consultancy services to the offshore oil and gas industry

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

Marine



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

- Hull & machinery surveys
- Casualty investigations
- Condition surveys
- Risk assessments
- Technical due diligence
- Damage surveys, ++

Adjusting



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

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

The strategic vision

1

Grow through continued expansion in the rapidly growing offshore renewables industry



2

Leverage our market leading position within shipping, oil and gas to improve profitability



3

Consistently return capital to shareholders



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

Global partner, local expert



881

Employees¹



67

Office locations



39

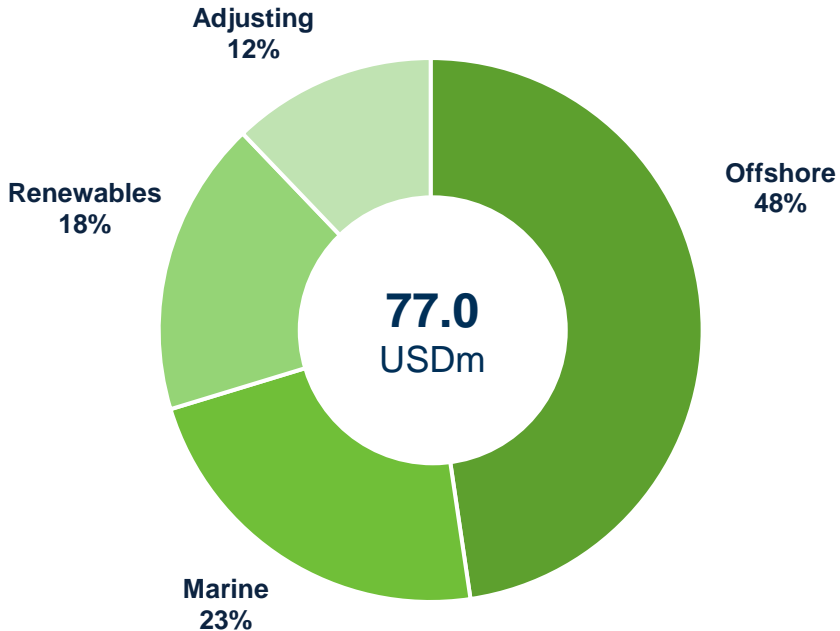
Countries



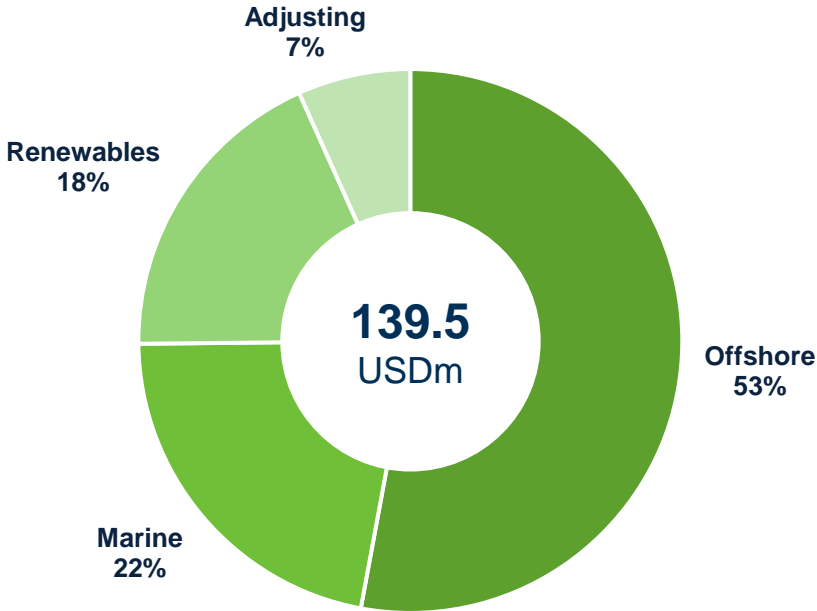
Global footprint provides clients with local expertise and swift response

Diversified across sectors – Renewables continues to grow

Business stream revenue L12M – AqualisBraemar only



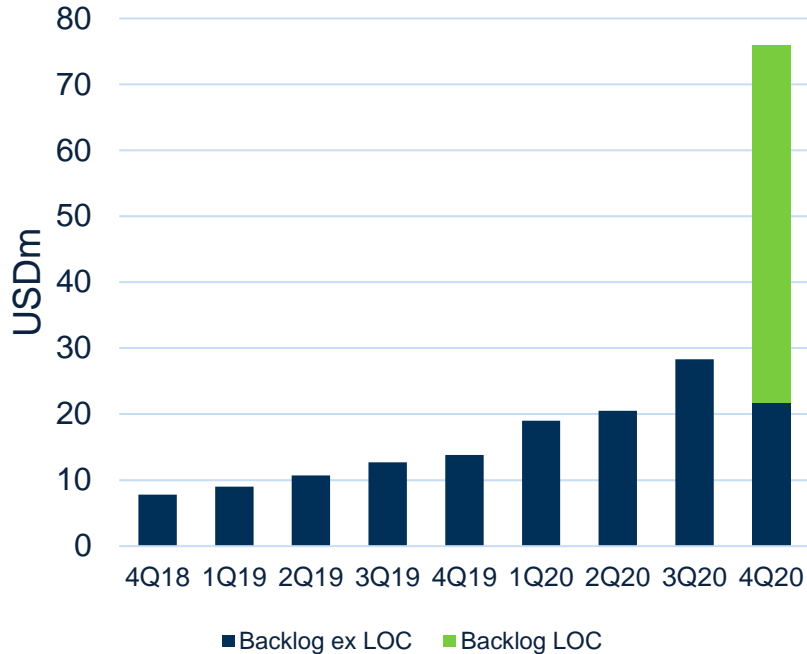
Business stream revenue L12M – Including LOC¹



Note: No adjustment for intercompany eliminations.
 Note: Renewables segment defined as activity in OWC entities
 (1) Pro-forma combination based on unaudited management accounts

Order backlog development

Order backlog¹



Highlights Q4 2020

- Order backlog at USD 76.0 million, up 169% from Q3 2020
 - Driven by consolidation of LOC, whose business model is more backlog intensive than AqualisBraemar stand-alone
 - Backlog for AqualisBraemar stand-alone slightly down, but underlying growth trend continues
- The main part of our revenue remains derived from day-to-day service operations - typically call-out contracts that are only included in backlog figures when reliable estimates are available

Staff growth continues with LOC acquisition

Staff level development¹

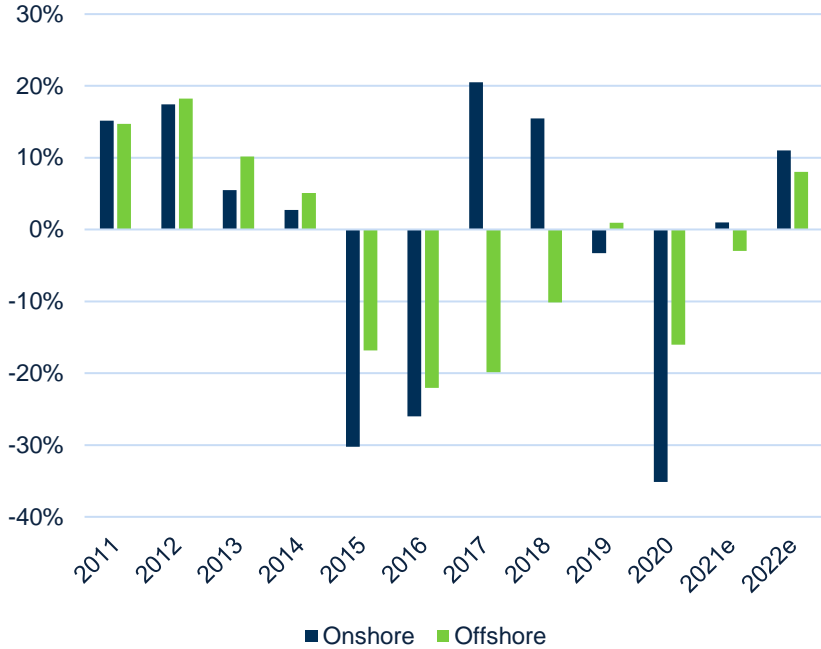


Highlights Q4 2020

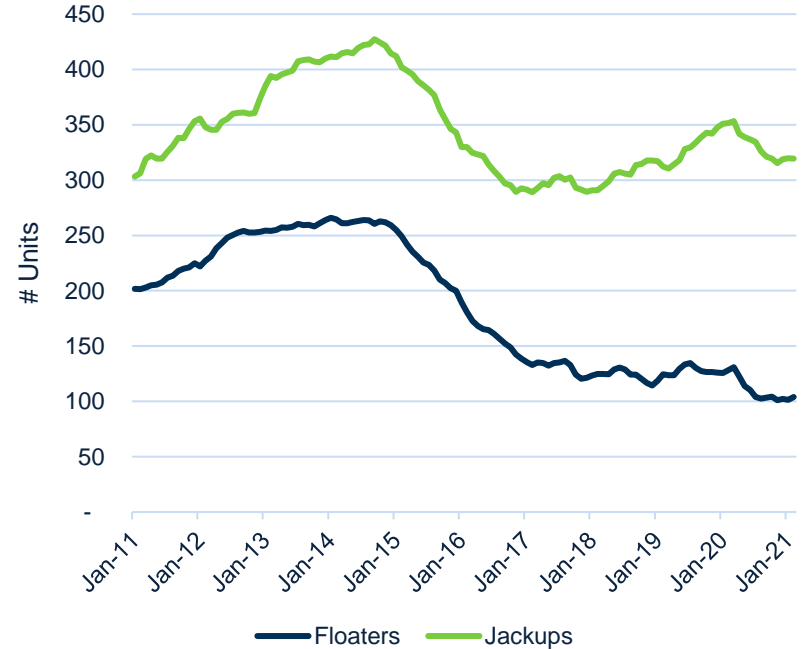
- Average staff levels slightly down in 4Q, due to seasonal lower activity in Renewables
- Staff count nearly doubled with LOC acquisition (consolidated at end of fourth quarter)
- Subcontractor share slightly reduced due to seasonal lower activity in Renewables
- Subcontractor share significantly higher in offshore and renewables than in the less cyclical marine and adjusting divisions
- The group aims to further increase the subcontractor share to allow for a more flexible cost base
- Targeted recruitment underway for additional technical staff

Rig activity may have passed bottom, but capex will be muted also in 2021

E&P capex growth



Rigs under contract



Project: BHP South Flank Module Transport

- MWS representative for AIG on the BHP South Flank iron ore mine project
 - Awarded / Kick off: March 2019
 - Completed: December 2020
- 12 Shipments of Modules from Tianjin to Port Hedland, WA
- 3 Shipments of Stacker and Recover from Henderson, WA to Port Hedland
- All shipments involved 450km Land Transport approval for critical modules



In 2020, AB Offshore...

...performed

500+

rig moves globally

...carried out

330+

MWS projects

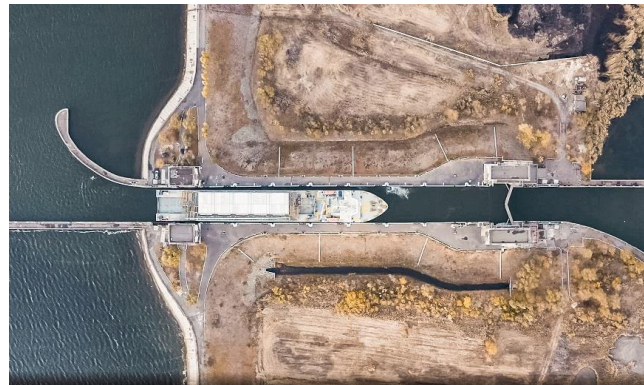
...worked for

1400+

different clients

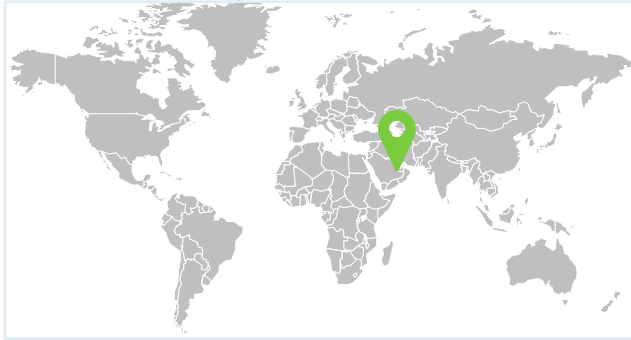
Project: Tengizchevroil (TCO) Future Growth Project

- In February 2021, LOC completed its role providing MWS services on the TCO Future Growth Project in Kazakhstan
 - TCO is a JV between Chevron (50%), ExxonMobil (25%), KazMunayGas (20%) and LukArco (5%)
- From a capex and MWS perspective, this project was one of the largest to date within the sector
- LOC was appointed to the project in 2015, with on-site work beginning in 2017
- LOC's work has included overseeing and approving the shipment of 408 large modular cargo items, weighing up to 1,800 tonnes
- Statistics:
 - Reviewed nearly 14,000 documents
 - Completed over 138,000 work hours without lost time incidents (LTI)
 - Issued over 1,500 LOC reports
 - Revenue: 29 million USD



Project: Yacht Foundering & Salvage Operation

- AqualisBraemar's Marine and Yacht Services responded to a yacht foundering in the Middle East during Q4
- Team mobilised to assess emergency response options
- Repair and salvage costs estimated, constructive total loss arrived at
- Ongoing salvage operations monitored
- Wreck removal and disposal operations conducted



In 2020, AB Marine...

...received

1,700

instructions from

450

unique clients

...dealt with total repair
quantum of

~750 USDm

Project: LNG Construction Project

- Calgary Adjusting has been instructed on three construction losses at a west coast Canada LNG facility
- AB Adjusting is the sole nominated adjuster on the project
- Global LNG demand growth is currently exceeding that of supply, leading to increased attractiveness of projects in the sector
- AB Adjusting has significant experience pertaining to LNG construction projects and is well positioned to leverage growth



In 2020, AB Adjusting...

...received

164

instructions globally

...continued expansion with
new offices in

**Mexico,
Malaysia and
Russia**



1. Highlights
David Wells
CEO



**2. Renewables update
Will Cleverly**
Managing Director – OWC



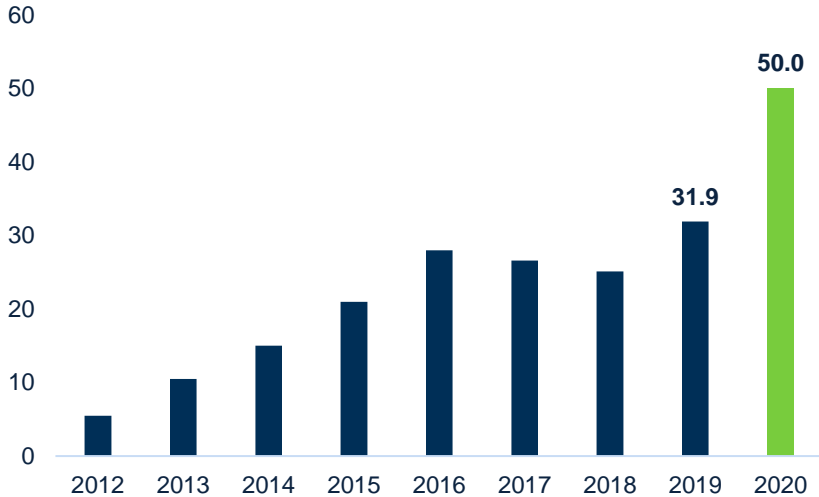
3. Financial review
Dean Zuzic
CFO



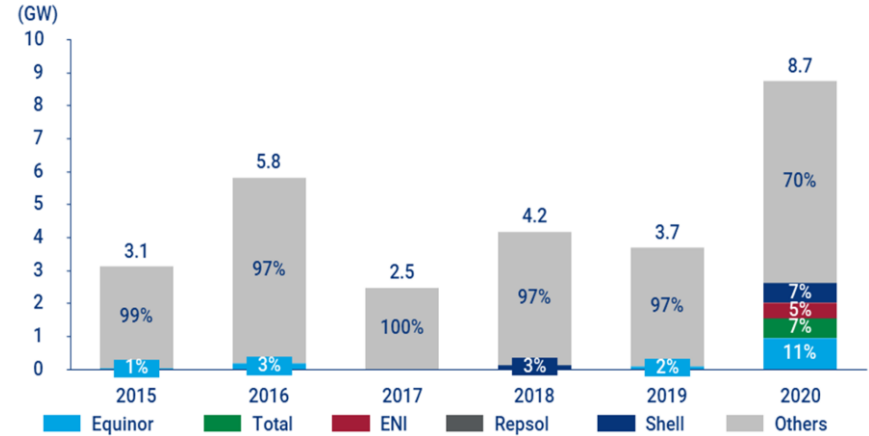
4. Outlook
David Wells
CEO

Record offshore wind investments in 2020 as oil majors ramp up presence

Offshore wind FIDs (USDbn)



Oil majors accounted for 30% of 2020 offshore wind FIDs



Source: Wood Mackenzie

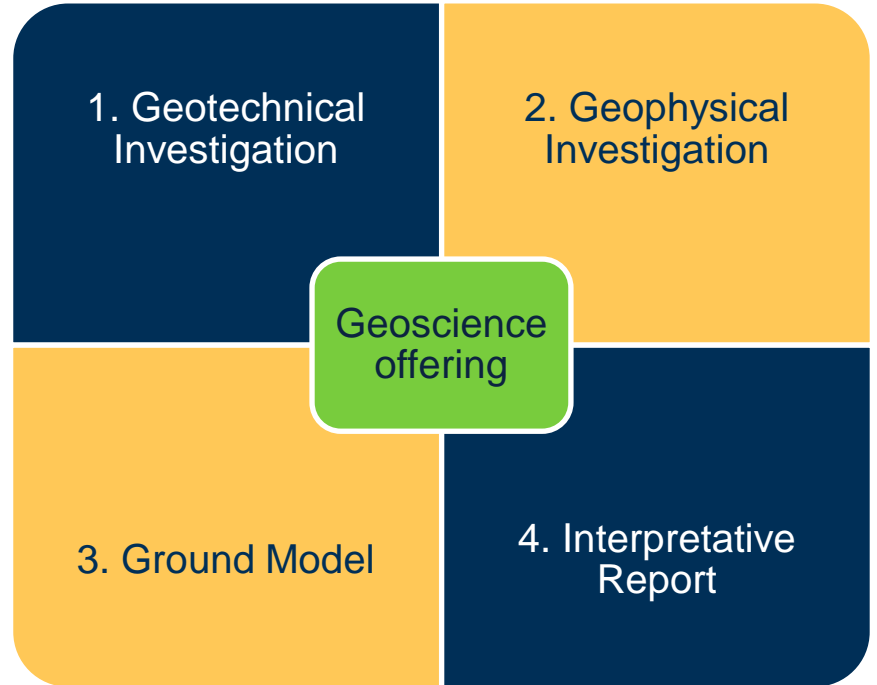
- Offshore wind FIDs in 2020 totaling **USD 50 billion**, up **56%** year-on-year and well **above 2019's record figure** (USD 31.9 billion)
- Oil majors, currently controlling 3% of global operational capacity, accounted for 30% of the FIDs in 2020
 - “The Euro Majors (excluding Shell) have a target for renewables, including solar and onshore wind, of 125 GW by 2030” – Wood Mackenzie

Acquisition of East Point Geo

Key highlights

- East Point Geo is an independent geoscience consultancy providing support for major offshore and onshore engineering projects
 - In the last twelve months, the company's turnover totalled approximately GBP 1.4 million, predominantly from renewables projects
 - East Point Geo is headquartered in Norwich, UK, with an additional office in Oxford, UK
- A strong strategic fit building on existing partnership
 - East Point Geo has been a key partner to OWC across a number of offshore wind projects
 - The transaction completes AqualisBraemar LOC's geoscience offering to clients, and provides additional growth opportunities particularly within renewables
 - For East Point Geo, AqualisBraemar LOC's global footprint and established brand will enable accelerated growth
- The transaction values East Point Geo at an enterprise value of GBP 750,000
 - Settled with a combination of cash, sellers' credit and up to 664,083 shares in AqualisBraemar LOC
 - Settlement of the consideration shares will take place 3 to 7 years after closing of the transaction, subject inter alia to the sellers' continued employment in AqualisBraemar LOC

East Point Geo completes geoscience offering



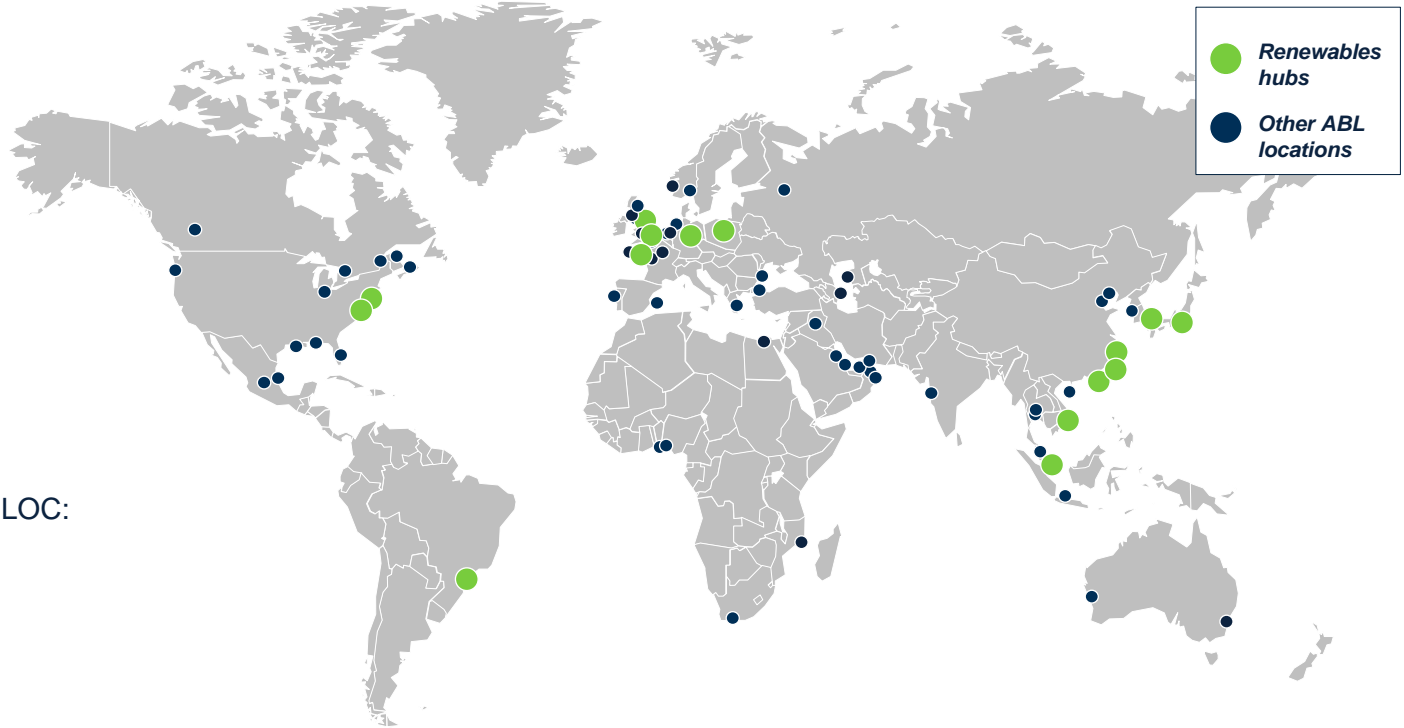
Renewables in AqualisBraemar LOC 2021

Following the merger of AqualisBraemar with LOC in December 2020, several renewable companies have joined forces resulting in:

- **Deeper** bench of renewable experts around the world
- **Broader** offering of technologies and services
- **Wider** routes to market

Deeper bench of renewable experts around the world

- Existing OWC hubs:
 - UK
 - Germany
 - Taiwan
 - USA
 - Brazil
- New OWC hubs in 2020:
 - Korea
 - Japan
 - Poland
- New renewables hubs from LOC:
 - France
 - Singapore
 - China
 - Vietnam



Broader range of technologies covered

Fixed OWF



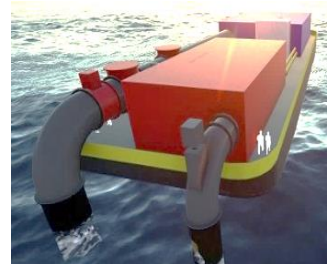
Floating OWF



Wave & Tidal



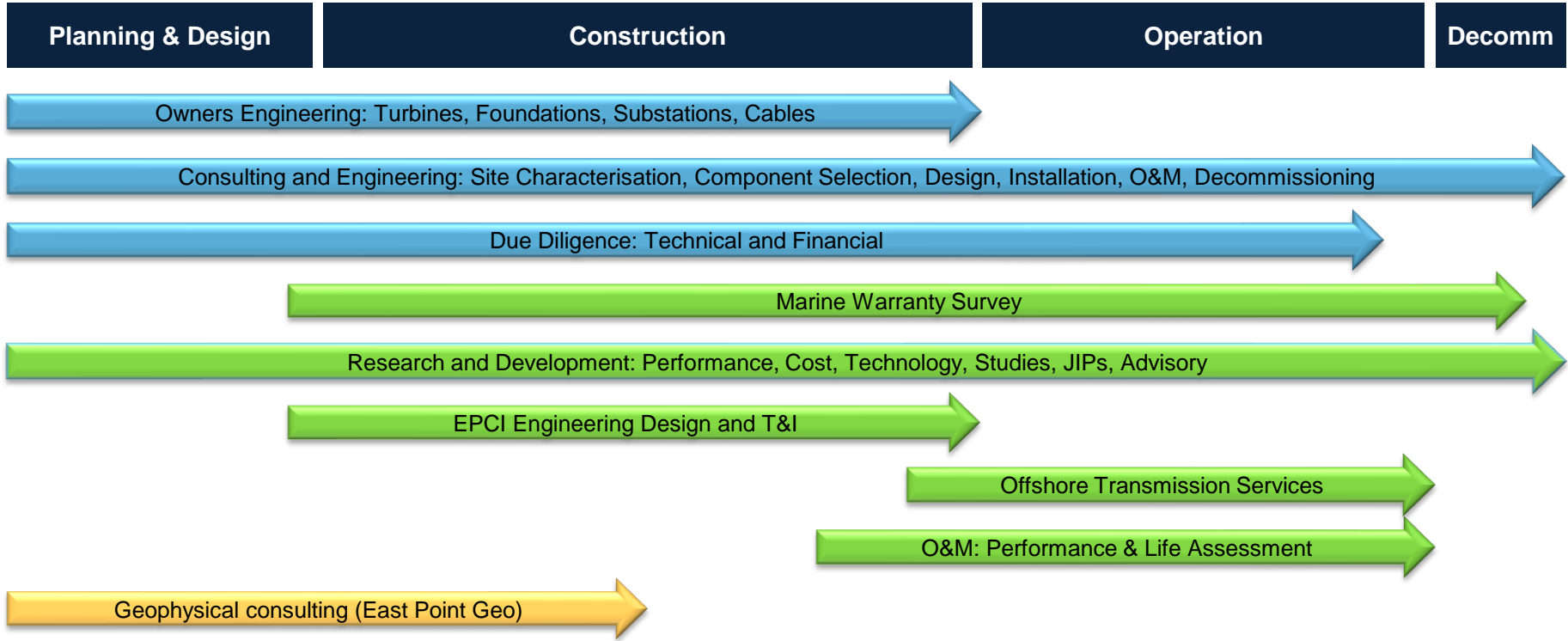
Emerging Tech.



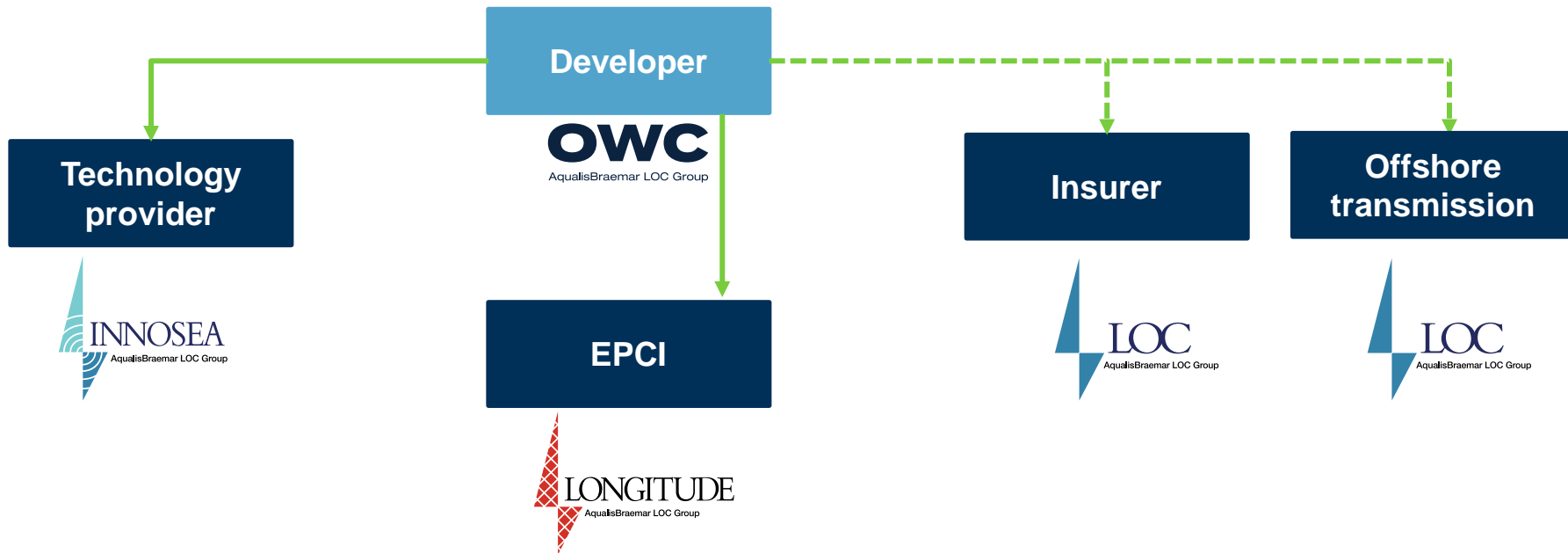
Solar



Broader service offering with increased value chain coverage across



Wider routes to market



2020 AqualisBraemar renewables snapshot

- **Owner's Engineer & engineering services (US):**
Mayflower Wind – 1.6GW project offshore Massachusetts, developed by a JV of Shell and EDPR
- **Owner's Engineer & project development services (UK):**
Erebus – 96MW floating wind project offshore Wales, developed by Blue Gem Wind (JV of Total and Simply Blue Energy)
- **Project development services (UK):**
Supporting a number of developers in England & Wales' Round 4 and Scotland's ScotWind leasing processes
- **Engineering (China):**
Piling frame design, pile driveability analysis and providing jacket loadout and transportation support for the 500MW Qingzhou III offshore wind farm
- **Geotechnical engineering (US):**
Geotechnical Site Investigation for Ørsted's Sunrise Wind, Revolution Wind, Skipjack, South Fork and Ocean Wind farms



**Confidential
Developers**



In 2020, OWC...

...worked on

44 farms

with total capacity of

37 GW

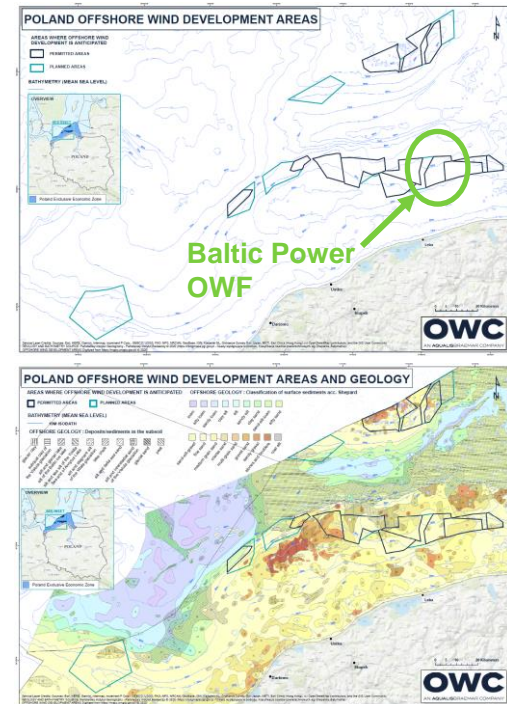
...of which

9 GW

was floating wind

Project: Baltic Power Offshore Wind Farm (Poland)

- Baltic Power is a 1.2 GW offshore wind farm being developed by PKN Orlen and Northland Power (recently acquired 49% in the project)
- OWC was appointed in Nov 2020 as technical advisor to the project
- OWC will support PKN Orlen during the development of the project by assurance of comprehensive technical advisory services.
- This includes provision of technical information, analysis and recommendations regarding the issues related to both the project and the market, but also engagement in revision and verification of project deliverables
- OWC launched it's Polish office in July 2020 with the hiring of Polish offshore wind expert Lukasz Sikorski



2020 LOC renewables snapshot – Hornsea Project One

- LOC has delivered marine warranty surveying (MWS) for Ørsted's Hornsea Project One offshore substation and array cable installation packages
 - Located off the Yorkshire coast, the 1.2GW Hornsea One is the world's largest offshore wind farm
 - Offshore construction started in January 2018 and the project became fully operational in 2020
- LOC continues to work with Ørsted during the operational phase of Hornsea One, and has been awarded MWS for Hornsea Two
 - Hornsea 2 started offshore construction in Q4 2020 and will on completion in 2022 surpass Hornsea 1 as the world's largest offshore wind farm



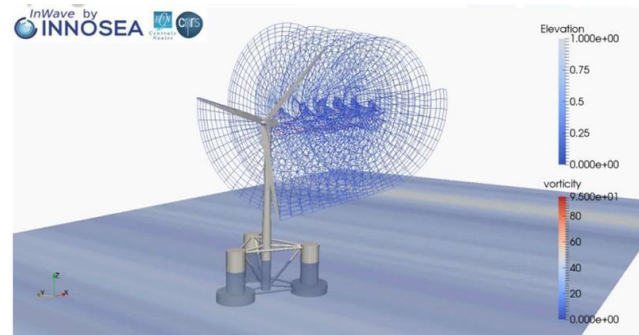
2020 LOC renewables snapshot – Windfloat Atlantic

- LOC recently completed its role as marine warranty surveyor (MWS) on the 25MW Windfloat Atlantic floating wind project
- The project included the installation of the largest turbine (8.4MW) to be mounted on a floating platform at the time
- LOC also provided MWS services for the installation of mooring systems and array cables
- The project spanned from 2019 to June 2020, with LOC working alongside Windplus S.A.



Innoseea at the forefront of commercial scale floating wind development

- Innoseea appointed to a Carbon Trust-led Floating Wind Joint Industry Project for optimising floating wind
- The aim of the project is to investigate the challenge and opportunities of developing commercial scale floating windfarms
- The collaborative R&D initiative also includes participating industry partners, EDF Renewables, EnBW, Equinor, Kyuden Mirai Energy, Ørsted, Ocean Winds, Parkwind, RWE Renewables, ScottishPower Renewables, Shell, SSE Renewables, TEPCO, TOTAL, Vattenfall, and wpd
- The contract is jointly split between Innoseea and Germany-based wind engineering consultancy Sowento





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CEO



2. Renewables update
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Managing Director – OWC



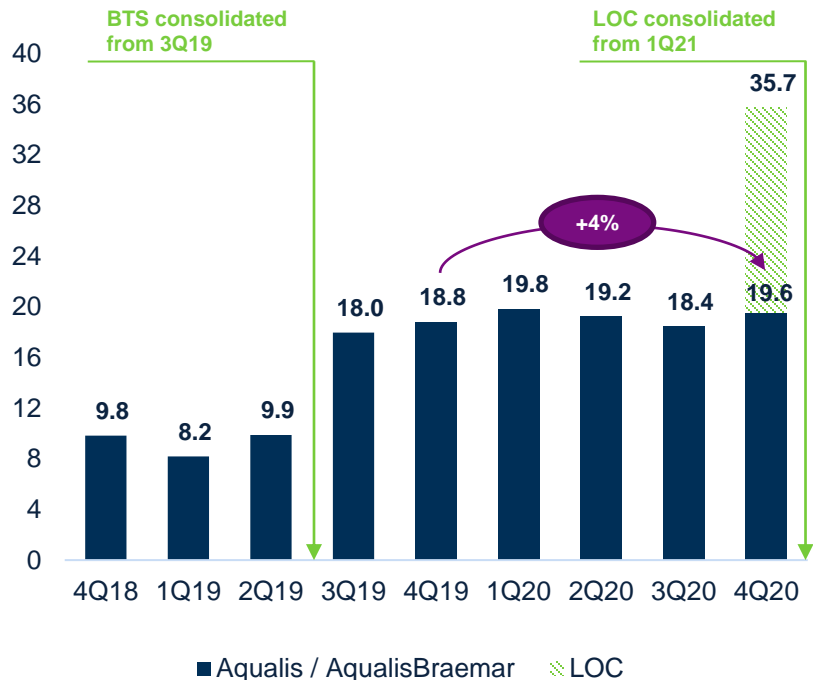
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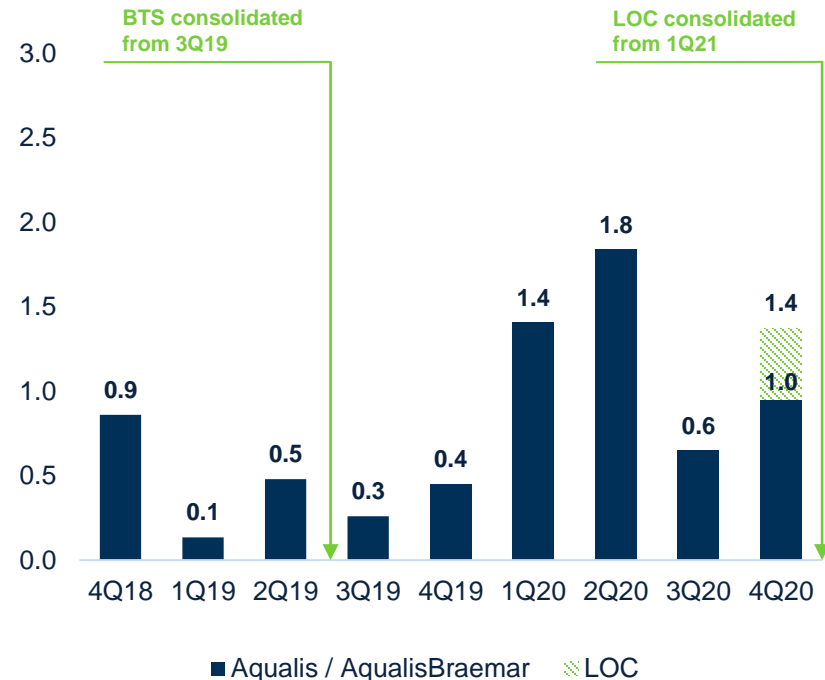
4. Outlook
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Revenue and adjusted EBIT

Revenue (USDm)

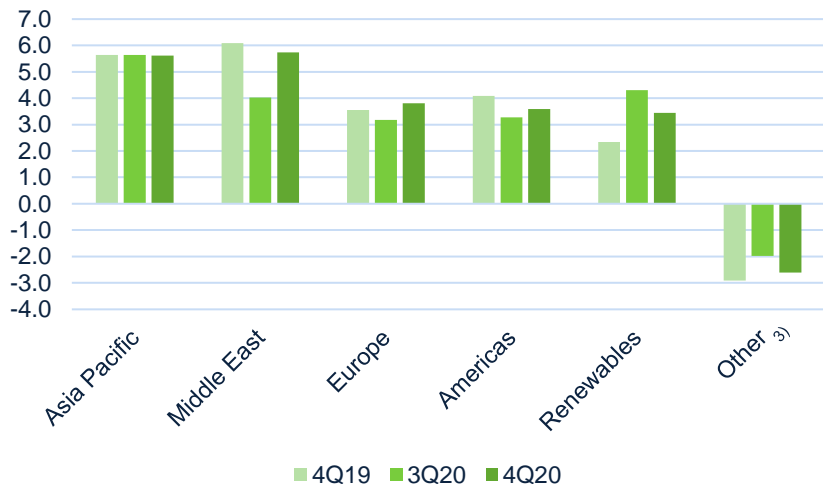


Adj EBIT¹ (USDm)

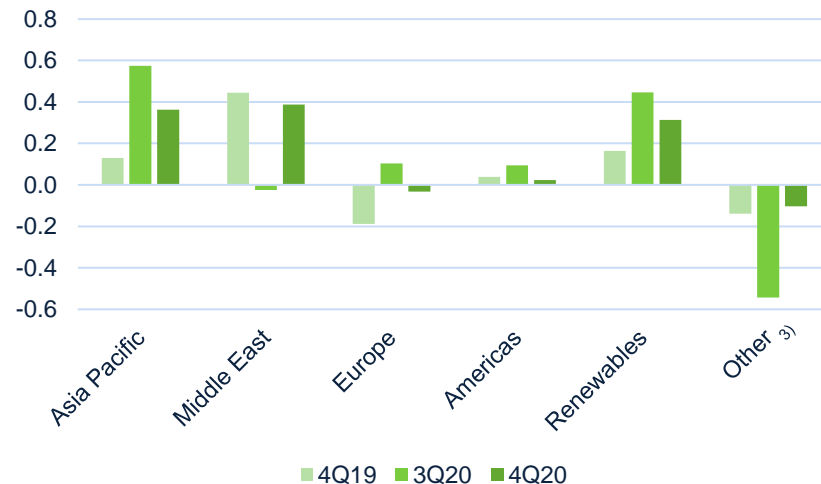


Segment revenues and EBIT

Segment revenues (USDm)



Segment adjusted EBIT¹ (USDm)



- Continued strong revenue growth in Renewables (+47% vs Q4 19), but seasonal slowdown from Q3
- Revenue in other segments largely in line with Q4 19, despite negative impact of COVID restrictions, low oil price and reduced O&G investments
- Asia Pacific, Middle East and Renewables maintain high single digit adjusted EBIT margin, Europe and Americas lagging

Note: LOC P&L not consolidated in 4Q20.

1) Adjusted EBIT: Refer to Alternative Performance Measures in Appendix

2) Renewables segment defined as activity in OWC entities

3) Other revenue consists of eliminations. Other EBIT consists of group overheads and eliminations

Income Statement

USD thousands

Consolidated income statement	Q4 20	Q4 19	FY 20	FY 19
Revenue	19 565	18 785	77 015	54 792
Total revenue	19 565	18 785	77 015	54 792
Staff costs	(10 964)	(9 801)	(41 495)	(28 536)
Other operating expenses	(8 657)	(8 288)	(31 096)	(25 900)
Depreciation, amortisation and impairment	(360)	(252)	(1 477)	(690)
Operating profit (loss) (EBIT)	(416)	444	2 946	(332)
Finance income	(800)	(616)	254	79
Finance expenses	(24)	(563)	(125)	(625)
Net foreign exchange gain (loss)	(1 088)	(216)	(568)	(248)
Gain on bargain purchase	-	(41)	-	11 026
Profit (loss) before income tax	(2 328)	(992)	2 507	9 900
Income tax expenses	(363)	(458)	(993)	(863)
Profit (loss) after tax	(2 691)	(1 450)	1 513	9 037

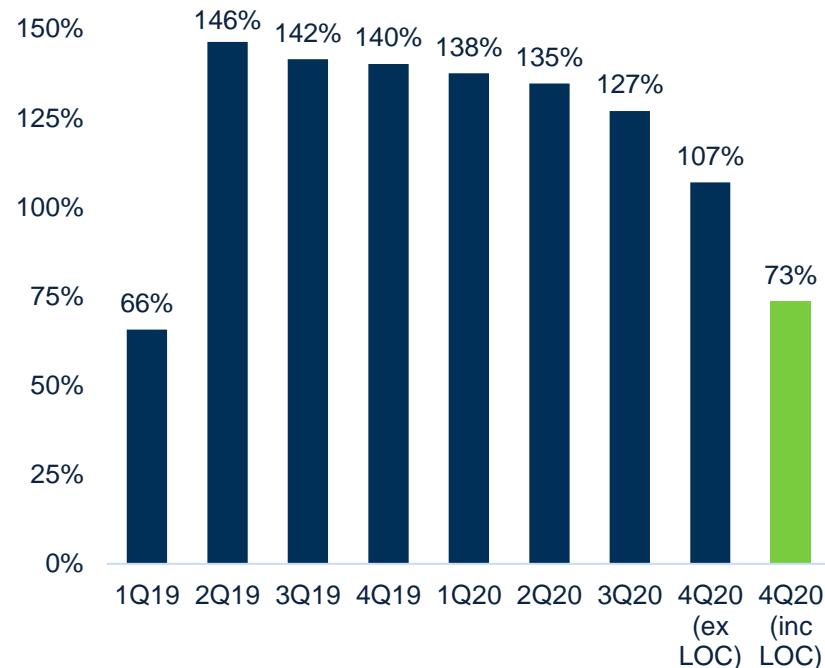
- Revenues for Q4 2020 up 4% from Q4 2019
- Growth driven by renewables
- Revenue in other segments largely in line with Q4 19, despite negative impact of COVID restrictions
- Adjusted EBIT of 1.0 million (Q4 19: USD 0.5m)
 - Adjusted EBIT margin of 4.9%
 - EBIT of USD -0.4 million (Q4 19: USD 0.4m)
 - Reported EBIT negatively impacted by USD 1.3 million transaction costs in connection with LOC acquisition
- Tax percentage in 2020 heavily influenced by transaction costs

Strong financial position, freeing up working capital

Highlights Q4 2020

- USD 30.6 million in cash
 - Up from USD 14.1 million in Q3 2020
- USD 15.1 million bank debt
 - Up from zero in Q3 2020
 - Capitalised lease of USD 4.9 million
- Net working capital of USD 25.8 million
 - Up from USD 23.9 million in Q3 2020
 - Working capital improvements partly driven by:
 - Extraordinary current payables in AB primarily related to Braemar warrants and transaction costs
 - Consolidation of LOC with significantly lower working capital
 - Focus on freeing up underlying working capital continues, but reversion of extraordinary items may drive increase in 2021

Working capital¹ (% of quarterly revenue)



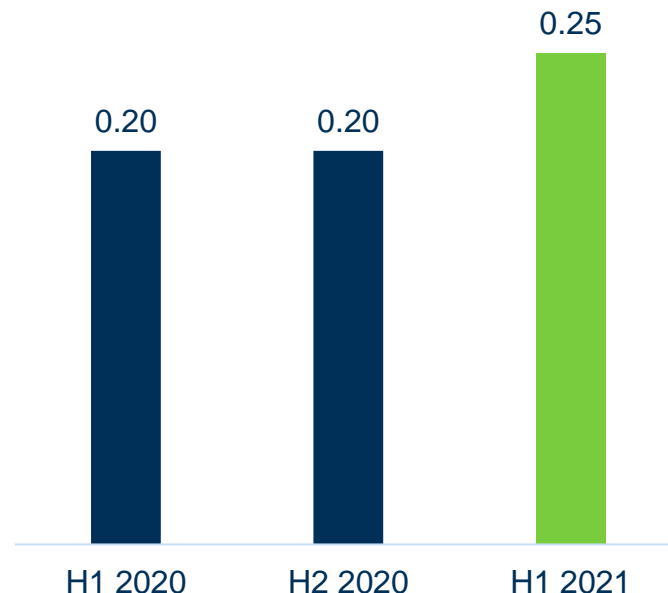
Update on prospectus and subsequent offering

- On 23 November 2020, AqualisBraemar carried out a private placement of new equity and announced a subsequent offering in connection with the financing of the LOC acquisition
 - Approved by EGM on 14 December 2020
- The prospectus for the listing of the private placement shares and the subsequent offering was postponed to incorporate full year 2020 financials for AqualisBraemar and the LOC Group
- Depending on approval timeline, the prospectus is currently expected published in late March / early April
- Subsequent offering will follow shortly after publication of prospectus
- Subsequent offering details:
 - Last day of trading including right: 20 November 2020
 - Maximum number of new shares: 5,163,934 new shares
 - Subscription price: NOK 6.10 per share

Proposing semi-annual dividend of NOK 0.25 per share

- Proposing dividend of NOK 0.25 per share, corresponding to USD 2.7 million
 - The distribution will for tax purposes be considered a repayment of paid-in capital
 - The dividend is subject to shareholder approval at the AGM planned for 2 June 2021 and will be paid shortly thereafter
- Returning capital to shareholders remains a strategic priority for AqualisBraemar
 - AqualisBraemar LOC has implemented a semi-annual dividend schedule
 - If granted the requisite authorisation at 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
 - Total dividend paid 2020: NOK 0.4 per share, corresponding to approx. USD 3.0 million

Paid and proposed dividends (NOK/share)





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CEO



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CFO



4. Outlook
David Wells
CEO

Summary and outlook

- Continued strong cash flow in Q4 and full year 2020 despite challenging markets
- Transformative acquisition of LOC doubling the size of the group with complementary services
 - Initial integration progressing well and likely to lead to significant cost savings already in 2021, but some integration costs should be expected in the first half of the year
- Continued strong growth in renewables, increasing share of business mix
 - Acquisitions of LOC and East Point Geo significantly strengthening renewables offering
 - Targeting 50% renewables and sustainability-oriented services by 2025
- Improving capital efficiency and returning cash to shareholders
 - Proposing dividend of NOK 0.25 per share, corresponding to USD 2.7 million
- We will continue to be active in consolidation of energy consultancy industry



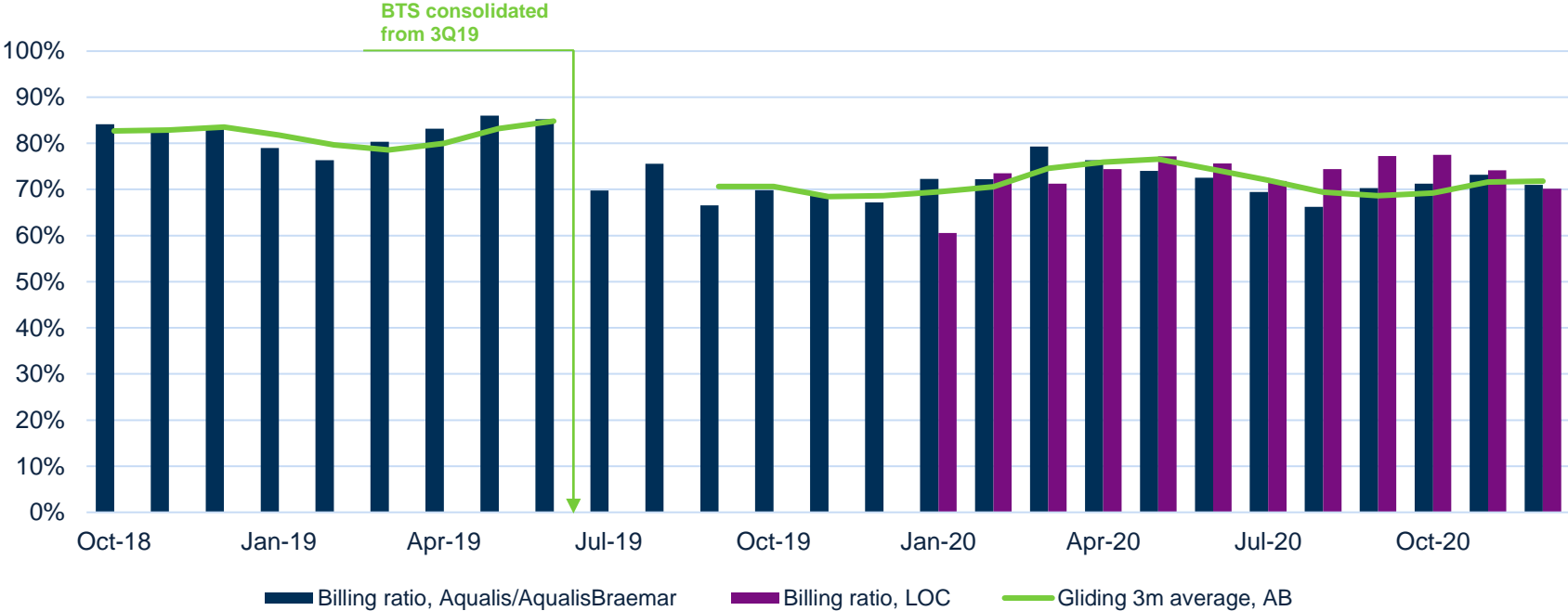
Appendix

AqualisBraemar LOC Group targets

- Financial targets
 - Organic revenue growth of 5 percent over a business cycle
 - Renewable and sustainability-oriented services target at 50% of revenue in 2025
 - EBITA margin of 10 percent (excluding effects from IFRS 16 Leases and items affecting comparability) over a business cycle
 - Dividend policy where the dividend over time corresponds to approximately 50-70 percent of consolidated profit after tax excluding exceptional items and non-cash items, paid semi-annually
 - More efficient cash management in the group

Billing ratio development

Billing ratio¹ – Total technical staff (including subcontractors)



42 ¹ For AqualisBraemar: Billing ratio excludes management, business development, administrative support staff and temporary redundancies. Figure calculated as billable hours over available hours. Available hours excludes paid absence (public holidays, time off in-lieu, compassionate leave, authorized annual leave) and unpaid absence (sabbatical and other unpaid leave). For LOC, figure is calculated as billable hours over standard hours.

Adjustment items

USD thousands

Adjustment items (EBITDA)	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Restructuring and integration costs	-	-	-	48	475	5	528	48	55	52	30	185
Other special items (incl. share-based expenses)	-	-	-	-	-	-	-	78	76	80	83	318
Transaction costs related to M&A	-	-	384	715	30	-	1 129	-	130	10	1 253	1 393
Share of net profit (loss) from associates	-	(291)	-	-	-	-	-	-	-	-	-	-
Total adjustment items (EBITDA)	-	(291)	384	763	505	5	1 657	127	262	141	1 367	1 897

Adjustment items (EBIT)	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Adjustment items (EBITDA)	-	(291)	384	763	505	5	1 657	127	262	141	1 367	1 897
Amortisation and impairment	-	-	-	-	-	-	-	-	-	-	-	-
Total adjustment items (EBIT)	-	(291)	384	763	505	5	1 657	127	262	141	1 367	1 897

Adjustment items (profit (loss) after taxes)	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Adjustment items (EBIT)	-	(291)	384	763	505	5	1 657	127	262	141	1 367	1 897
Fair value adjustments	-	-	-	-	-	575	575	(1 179)	109	67	874	(130)
Gain on bargain purchase	-	-	-	(11 067)	-	41	(11 026)	-	-	-	-	-
Other finance income	-	-	-	(395)	(266)	661	-	-	-	-	-	-
Total adjustment items (profit (loss) after taxes)	-	(291)	384	(10 699)	239	1 283	(8 793)	(1 052)	370	208	2 240	1 767

General (1/2)

Basis of preparations

This presentation provides consolidated financial highlights for the quarter of the Company and its subsidiaries. The consolidated financial information is not reported according to requirements in IAS 34 (Interim Financial Reporting) and the figures are not audited.

The accounting policies adopted in the preparation of this presentation are consistent with those followed in the preparation of the last annual consolidated financial statements for the year ended 31 December 2019. A description of the major changes and the effects are included in note 2 (standards issued but not yet effective) on page 40 in the AqualisBraemar' annual report 2019 available on www.aqualisbraemar.com.

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

Alternative Performance Measures (APMs)

AqualisBraemar LOC discloses APMs in addition to those normally required by IFRS. APMs are meant to provide an enhanced insight into the operations, financing and future prospects of the company. Certain items may not be indicative of the ongoing operating result of the company and are excluded from the alternate profit measures. Profit measures excluding those adjustment items are presented as an alternative measures to improve comparability of the underlying business performance between the periods. The Company has defined and explained the purpose of the following APMs:

Adjusted EBITDA which excludes depreciation, amortization 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.

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.

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.

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

General (2/2)

Alternative Performance Measures (APMs) continued

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.

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.

APMs and Key Figures

USD thousands

Profitability measures	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Operating profit (loss) (EBIT)	860	2 684	(248)	(284)	(245)	444	(332)	1 279	1 577	506	(416)	2 946
Depreciation, amortisation and impairment	32	129	38	38	362	252	690	362	363	392	360	1 477
EBITDA	892	2 813	(210)	(246)	117	696	357	1 641	1 940	898	(56)	4 423
<i>Total adjustment items (EBITDA)</i>	-	(291)	384	763	505	5	1 657	127	262	141	1 367	1 897
Adjusted EBITDA	892	2 522	174	517	622	701	2 015	1 767	2 201	1 040	1 311	6 320
Operating profit (loss) (EBIT)	860	2 684	(248)	(284)	(245)	444	(332)	1 279	1 577	506	(416)	2 946
<i>Total adjustment items (EBIT)</i>	-	(291)	384	763	505	5	1 657	127	262	141	1 367	1 897
Adjusted EBIT	860	2 393	136	479	260	450	1 325	1 406	1 839	648	951	4 843
Profit (loss) after taxes	814	2 422	(486)	11 003	(30)	(1 450)	9 037	2 835	1 171	199	(2 691)	1 513
<i>Total adjustment items (profit (loss) after taxes)</i>	-	(291)	384	(10 699)	239	1 283	(8 793)	(1 052)	370	208	2 240	1 767
Adjusted profit (loss) after taxes	814	2 131	(102)	303	209	(167)	243	1 782	1 541	407	(451)	3 280
Basic earnings per share (USD)	0.02	0.06	(0.01)	0.26	(0.00)	(0.02)	0.16	0.04	0.02	0.00	(0.04)	0.02
Adjusted basic earnings per share (USD)	0.02	0.05	(0.00)	0.01	0.00	(0.00)	0.00	0.03	0.02	0.01	(0.01)	0.05

APMs and Key Figures

USD thousands

Working capital	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Trade and other receivables	9 870	9 870	8 371	27 534	25 896	24 252	24 252	26 064	26 568	24 714	41 498	41 498
Contract assets	2 297	2 297	1 910	12 288	13 518	12 019	12 019	11 145	9 264	9 873	12 916	12 916
Trade and other payables	(3 454)	(3 454)	(3 844)	(11 999)	(12 099)	(9 487)	(9 487)	(9 215)	(8 300)	(9 392)	(26 989)	(26 989)
Income tax payable	(159)	(159)	(152)	(430)	(297)	(371)	(371)	(407)	(235)	(293)	(907)	(907)
Contract liabilities	(438)	(438)	(283)	(574)	(693)	(719)	(719)	(905)	(1 011)	(990)	(757)	(757)
Net working capital⁽³⁾	8 116	8 116	6 002	26 820	26 325	25 693	25 693	26 683	26 285	23 912	25 760	25 760
Working capital ratio	88%	88%	67%	146%	142%	140%	140%	138%	135%	127%	73%	73%
Return on equity (ROE)	3.2%	7.9%	-0.4%	0.9%	0.5%	-0.3%	0.7%	3.7%	3.2%	0.8%	-0.8%	5.0%
Return on capital employed (ROCE)	3.3%	8.6%	0.5%	1.3%	0.5%	0.8%	3.3%	2.7%	3.5%	1.2%	1.3%	6.8%
Operational metrics	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Order backlog at the end of the period (USD million)	7.8	7.8	9.0	10.7	12.7	13.8	13.8	19.0	20.5	28.3	76.0	76.0
Average number of full-time equivalent employees ⁽¹⁾	192	184	182	202	421	423	307	431	448	465	462	452
Average billing ratio during the period ⁽²⁾	84%	83%	79%	85%	70%	69%	76%	75%	74%	69%	72%	72%

1) Full time equivalent numbers include subcontractors on 100% utilization equivalent basis

2) Billing ratio for technical staff includes subcontractors on 100% basis

3) Net working capital for Q2 19 adjusted for USD 3.0 million owed to Braemar Shipping Services PLC

Consolidated Statement of Income

USD thousands

Consolidated income statement	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Revenue	9 828	36 185	8 182	9 869	17 957	18 785	54 792	19 787	19 232	18 431	19 565	77 015
Total revenue	9 828	36 185	8 182	9 869	17 957	18 785	54 792	19 787	19 232	18 431	19 565	77 015
Staff costs	(4 043)	(15 682)	(3 849)	(4 119)	(10 767)	(9 801)	(28 536)	(10 414)	(9 920)	(10 198)	(10 964)	(41 495)
Other operating expenses	(4 893)	(17 981)	(4 543)	(5 997)	(7 073)	(8 288)	(25 900)	(7 732)	(7 372)	(7 335)	(8 657)	(31 096)
Depreciation, amortisation and impairment	(32)	(129)	(38)	(38)	(362)	(252)	(690)	(362)	(363)	(392)	(360)	(1 477)
Share of net profit (loss) from associates	-	291	-	-	-	-	-	-	-	-	-	-
Operating profit (loss) (EBIT)	860	2 684	(248)	(284)	(245)	444	(332)	1 279	1 577	506	(416)	2 946
Gain on bargain purchase	-	-	-	11 067	-	(41)	11 026	-	-	-	-	-
Finance income	118	167	13	403	279	(616)	79	1 198	(81)	(62)	(800)	254
Finance expenses	1	-	(14)	(12)	(35)	(563)	(625)	(38)	(32)	(31)	(24)	(125)
Net foreign exchange gain (loss)	94	27	(119)	(58)	145	(216)	(248)	562	(70)	28	(1 088)	(568)
Profit (loss) before income tax	1 073	2 878	(368)	11 116	144	(992)	9 900	3 000	1 394	441	(2 328)	2 507
Income tax expenses	(259)	(456)	(118)	(113)	(174)	(458)	(863)	(166)	(223)	(242)	(363)	(993)
Profit (loss) after tax	814	2 422	(486)	11 003	(30)	(1 450)	9 037	2 835	1 171	199	(2 691)	1 513
Total comprehensive income for the period is attributable to:												
Equity holders of the parent company	814	2 422	(486)	11 003	(30)	(1 450)	9 037	2 835	1 171	199	(2 691)	1 513
Other comprehensive income												
Currency translation differences	(189)	(511)	158	(202)	(520)	701	137	(1 691)	553	397	2 367	1 626
Income tax effect	(138)	(138)	-	-	-	(46)	(46)	-	-	-	30	30
Total comprehensive income for the period	487	1 773	(328)	10 801	(550)	(795)	9 128	1 144	1 724	596	(293)	3 170

Consolidated Statement of Financial Position

USD thousands

Consolidated balance sheet	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Property, plant and equipment	141	139	520	508	559	509	475	452	1 213
Right-of-use assets	-	84	2 415	2 167	2 376	2 021	1 757	1 485	4 707
Intangible assets	12 864	12 921	12 901	12 733	12 974	12 573	12 681	12 838	26 665
Deferred tax assets	7	7	561	584	447	419	425	407	1 395
Trade and other receivables	9 870	8 371	27 534	25 896	24 252	26 064	26 568	24 714	41 498
Contract assets	2 297	1 910	12 288	13 518	12 019	11 145	9 264	9 873	12 916
Cash and cash equivalents	5 454	7 224	7 842	10 670	10 930	10 079	10 987	14 123	30 642
Total assets	30 633	30 655	64 061	66 076	63 557	62 811	62 156	63 892	119 036
EQUITY AND LIABILITIES									
Equity	25 555	25 228	42 926	48 192	47 364	48 586	48 913	49 589	65 319
Deferred tax liabilities	314	316	507	462	409	335	365	346	682
Long term borrowings	-	-	-	-	-	-	-	-	6 414
Lease liabilities (non-current)	-	-	900	972	1 214	924	655	370	2 340
Provisions	713	743	2 203	2 145	2 809	1 311	1 536	1 754	4 407
Trade and other payables	3 454	3 844	14 999	12 099	9 487	9 215	8 300	9 392	26 989
Contract liabilities	438	283	574	693	719	905	1 011	990	757
Short term borrowings	-	-	-	-	-	-	-	-	8 669
Lease liabilities (current)	-	90	1 524	1 217	1 184	1 128	1 141	1 160	2 552
Income tax payable	159	152	430	297	371	407	235	293	907
Total equity and liabilities	30 633	30 655	64 061	66 076	63 557	62 811	62 156	63 892	119 036

Consolidated Statement of Cash Flow

USD thousands

Consolidated cashflow statement	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 2020
Profit (loss) before taxes	1 073	2 878	(368)	11 116	144	(992)	9 900	3 000	1 394	441	(2 328)	2 507
Non-cash adjustment to reconcile profit before tax to cash flow:												
Non-cash employee benefits expense – share-based payments	1	4	1	0	4	7	13	78	74	81	83	317
Depreciation, amortisation and impairment	32	129	38	38	362	252	690	362	363	392	360	1 477
Increase (Decrease) in fair value of consideration warrants	-	-	-	-	-	575	575	(1 179)	109	67	874	(130)
Gain on bargain purchase	-	-	-	(11 067)	-	41	(11 026)	-	-	-	-	-
Gain on disposal of interest in associates	-	(291)	-	-	-	-	-	-	-	-	-	-
Changes in working capital:												
Changes in trade and other receivables	(756)	(1 248)	1 887	(4 319)	408	3 143	1 119	(938)	1 378	1 244	517	2 201
Changes in trade and other payables	(423)	(634)	265	2 252	(2 961)	(2 087)	(2 531)	(87)	(1 011)	922	2 675	2 499
Interest received	(7)	(47)	(9)	(5)	(10)	(22)	(46)	(6)	(9)	(2)	(1)	(18)
Income taxes paid	(100)	(294)	(124)	(190)	(187)	(346)	(847)	(80)	(265)	(81)	(764)	(1 190)
Unrealised effect of movements in exchange rates	(107)	(185)	90	(166)	(331)	(105)	(512)	(1 364)	590	289	1 297	811
Cash flow from (used in) operating activities	(287)	312	1 779	(2 341)	(2 572)	469	(2 665)	(214)	2 622	3 354	2 712	8 474
Payments for property, plant and equipment	(18)	(124)	(19)	(29)	(104)	(30)	(182)	(49)	(27)	(45)	(29)	(150)
Interest received	7	47	9	5	10	22	46	6	9	2	1	18
Net cash acquired (paid) on acquisition of subsidiary	-	-	-	3 000	-	-	3 000	(13)	-	-	(14 606)	(14 619)
Proceeds from sale of investment in associates	-	291	-	-	-	-	-	-	-	-	-	-
Cash flow from (used in) investing activities	(11)	214	(10)	2 976	(94)	(8)	2 864	(56)	(18)	(43)	(14 634)	(14 751)
Dividends paid to company's shareholders	-	(4 674)	-	-	-	-	-	-	(1 472)	-	(1 559)	(3 030)
Principal elements of lease payments	-	-	(10)	(12)	(233)	(246)	(501)	(289)	(285)	(298)	(225)	(1 096)
Proceeds from loans and borrowings	-	-	-	-	-	-	-	-	-	-	14 621	14 621
Proceeds from issuance of shares capital	-	-	-	-	5 812	-	5 812	-	-	-	15 317	15 317
Payments for shares bought back	-	-	-	-	-	(41)	(41)	-	-	-	-	-
Cash flow from (used in) financing activities	-	(4 674)	(10)	(12)	5 579	(287)	5 270	(289)	(1 756)	(298)	28 154	25 811
Net change in cash and cash equivalents	(298)	(4 148)	1 759	623	2 913	174	5 469	(559)	847	3 013	16 233	19 534
Cash and cash equivalents at the beginning of the period	5 814	9 709	5 454	7 223	7 842	10 670	5 454	10 930	10 079	10 987	14 123	10 930
Effect of movements in exchange rates	(62)	(107)	10	(5)	(85)	86	7	(292)	61	123	286	177
Cash and cash equivalents at the end of the period	5 454	5 454	7 223	7 842	10 670	10 930	10 930	10 079	10 987	14 123	30 642	30 642

Revenues and EBIT

- split per segments

USD thousands

Revenues	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Middle East	4 928	17 796	4 164	4 483	5 221	6 087	19 955	7 013	5 595	4 019	5 738	22 365
Asia Pacific	1 987	7 358	1 427	1 987	5 909	5 636	14 958	5 745	5 256	5 638	5 610	22 249
Europe	672	3 045	394	791	3 509	3 548	8 243	3 913	3 378	3 176	3 803	14 269
Americas	890	4 392	1 031	1 460	3 334	4 080	9 906	3 010	3 317	3 271	3 585	13 183
OWC	2 040	6 095	1 734	2 732	2 095	2 339	8 900	2 714	3 708	4 302	3 438	14 162
Eliminations	(690)	(2 502)	(568)	(1 583)	(2 112)	(2 905)	(7 168)	(2 608)	(2 022)	(1 975)	(2 609)	(9 214)
Total revenues	9 828	36 185	8 182	9 869	17 957	18 785	54 792	19 787	19 232	18 431	19 565	77 015

Operating profit (loss) (EBIT)	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Middle East	545	2 068	291	365	67	361	1 084	867	479	(25)	387	1 707
Asia Pacific	348	726	(118)	0	292	78	253	305	666	574	362	1 907
Europe	(91)	(409)	(136)	6	(69)	(205)	(404)	459	300	103	(32)	829
Americas	(14)	362	43	(41)	(144)	7	(135)	(123)	230	94	23	225
OWC	217	220	147	323	384	94	948	202	403	445	314	1 365
Corporate group costs	(144)	(574)	(475)	(937)	(774)	109	(2 079)	(431)	(501)	(685)	(1 470)	(3 087)
Share of net profit (loss) from associates	0	291	-	-	-	-	-	-	-	-	-	-
Total EBIT	861	2 684	(248)	(284)	(245)	443	(333)	1 279	1 577	506	(416)	2 946

Trade receivable & Cash and cash equivalents

- split per segments

USD thousands

Trade receivables	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Middle East	4 824	4 824	4 069	5 450	5 102	5 648	5 648	6 915	6 778	4 937	6 408	6 408
Asia Pacific	1 676	1 676	1 016	5 718	5 705	6 207	6 207	6 844	6 597	6 050	8 400	8 400
Europe	452	452	322	4 098	4 505	3 719	3 719	3 578	4 069	2 952	9 961	9 961
Americas	872	872	937	4 575	3 314	3 868	3 868	3 494	3 323	3 372	7 606	7 606
OWC	465	465	557	973	222	356	356	443	1 501	1 551	481	481
Total trade receivables	8 289	8 289	6 901	20 814	18 848	19 799	19 799	21 273	22 268	18 862	32 856	32 856

Cash and cash equivalents	Q4 18	FY 18	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Middle East	747	747	1 168	1 572	1 048	1 576	1 576	1 428	1 574	1 291	2 183	2 183
Asia Pacific	1 277	1 277	1 726	2 987	3 163	2 819	2 819	2 108	3 159	2 981	7 269	7 269
Europe	322	322	155	640	790	1 184	1 184	1 155	1 064	1 202	7 334	7 334
Americas	446	446	563	513	879	1 335	1 335	1 013	780	546	4 863	4 863
OWC	779	779	1 811	773	1 083	784	784	515	923	1 266	2 193	2 193
Corporate group	1 882	1 882	1 800	1 357	3 707	3 233	3 233	3 860	3 488	6 836	6 800	6 800
Total cash and cash equivalents	5 454	5 454	7 224	7 842	10 670	10 930	10 930	10 079	10 987	14 123	30 642	30 642

Top 20 shareholders

#	Name of shareholder	No. of shares	% ownership
1	GROSS MANAGEMENT AS	14 790 351	16.0%
2	BRAEMAR SHIPPING SERVICES PLC	9 640 621	10.4%
3	HOLMEN SPESIALFOND	9 240 763	10.0%
4	BJØRN STRAY	4 767 743	5.2%
5	MELESIO INVEST AS	4 441 016	4.8%
6	MP PENSJON PK	2 201 128	2.4%
7	LGT BANK AG	1 798 003	1.9%
8	AMPHYTRON INVEST AS	1 600 339	1.7%
9	HAUSTA INVESTOR AS	1 589 115	1.7%
10	LANGEBRU AS	1 575 410	1.7%
11	CATILINA INVEST AS	1 555 339	1.7%
12	BADREDDIN DIAB	1 517 695	1.6%
13	TRAPESA AS	1 482 681	1.6%
14	SAXO BANK A/S	1 458 310	1.6%
15	GINKO AS	1 428 480	1.5%
16	OMA INVEST AS	1 279 508	1.4%
17	BANQUE PICTET & CIE SA	1 126 998	1.2%
18	AS TANJA	1 080 000	1.2%
19	PHILIP ALAN LENOX	1 005 583	1.1%
20	ACME CAPITAL AS	1 000 000	1.1%
Top 20 shareholders		64 579 083	69.8%
Other shareholders		27 968 500	30.2%
Total outstanding shares		92 547 583	100.0%

