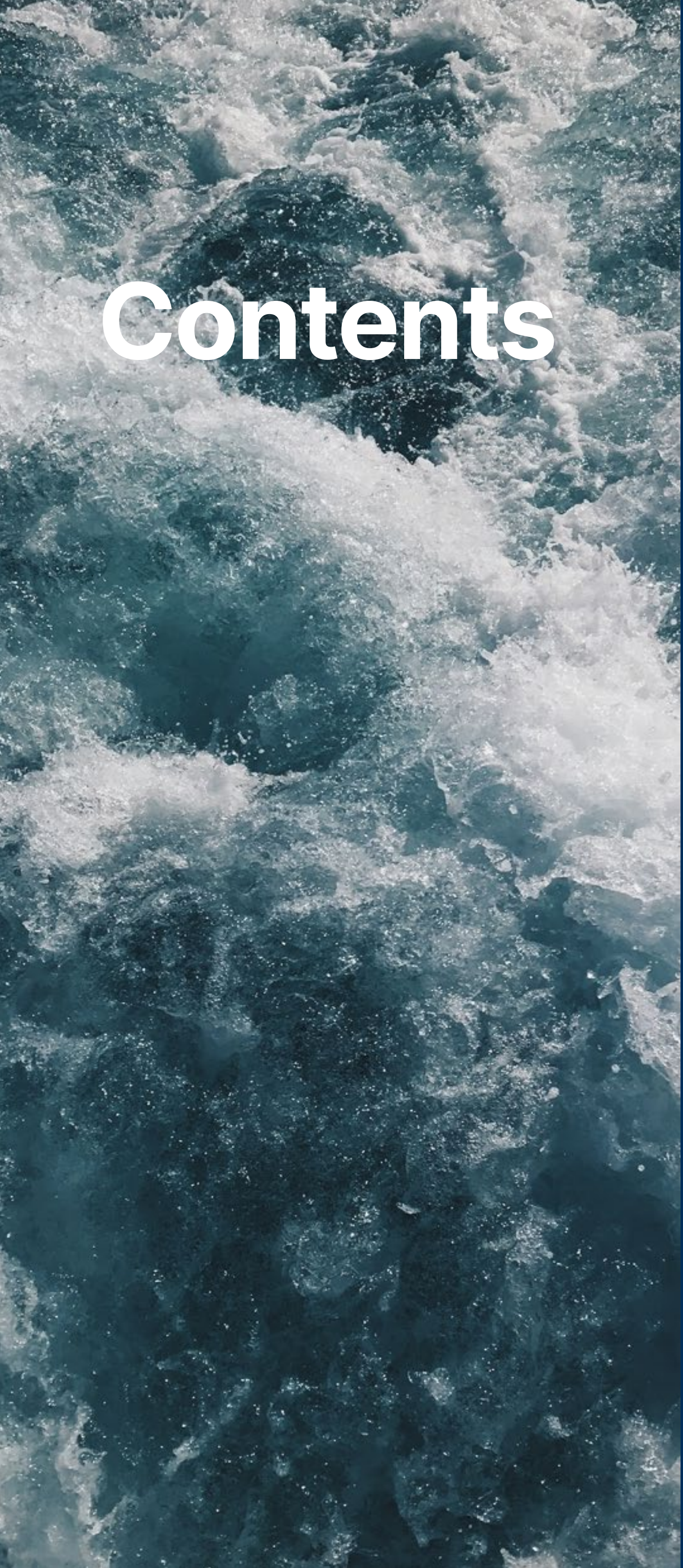
AqualisBraemar LOC Group

Annual Report 2020

www.abl-group.com



Contents

The **Energy** and **Marine** Consultants.

AqualisBraemar LOC is a leading global independent energy and marine consultant working in energy and oceans to de-risk and drive the transition across the renewables, maritime and oil and gas sectors, offering our customers the deepest pool of world-class expertise across marine, engineering and adjusting disciplines from more than 300 locations worldwide.

AqualisBraemar LOC Group

The AqualisBraemar LOC Family

Through targeted acquisition and organic growth, AqualisBraemar LOC have built a comprehensive family of branded energy and marine consultancy companies offering services that are both complementary and interconnected. This allows our business lines, branded service companies, and expertise to focus closely on delivering technical excellence in engineering and consultancy, loss prevention and loss management.

OWC
AqualisBraemar LOC Group

Offshore Wind Consultants (OWC)

Project development services, owner's engineering and technical due diligence to the offshore renewables industry.

JLA
AqualisBraemar LOC Group

John LeBourhis & Associates (JLA)

Rig moving, risk control services and surveying services, specialists in MODUs.

ABL
AqualisBraemar LOC Group

AqualisBraemar LOC

AqualisBraemar LOC is a leading global independent energy and marine consultant working in energy and oceans to de-risk and drive the energy transition across renewables, maritime and oil and gas sectors.

EAST POINT GEO
AqualisBraemar LOC Group

East Point Geo

Expert Geoconsulting organisation supporting all sectors; providing efficient client-focussed deliverables including data assurance, ground models and quantitative risk assessment.

LONGITUDE
AqualisBraemar LOC Group

Longitude Engineering

Independent engineering, design and analysis services for the marine, renewables, oil & gas, defence, and offshore infrastructure industries.

INNOSEA
AqualisBraemar LOC Group

INNOSEA

Engineering advisory, verification, research & development, concept development and consultancy for marine renewable energy.

ABL YACHTS
AqualisBraemar LOC Group

ABL Yachts

Superyacht surveyors and consultants.

www.abl-group.com

Key Financial Figures

Results		2020	2019
Revenue	USD thousands	77,015	54,792
Adjusted EBITDA[1]	USD thousands	6,320	2,015
EBIT	USD thousands	2,946	(332)
Adjusted EBIT[1]	USD thousands	4,843	1,325
Profit (loss) after taxes	USD thousands	1,513	9,037
Adjusted profit (loss) after taxes[1]	USD thousands	3,280	243
Return on equity (ROE)[1]	%	9.6%	0.7%
Return on capital employed (ROCE)[1]	%	6.8%	3.3%
Balance sheet and cash flow			
Cash and cash equivalent	USD thousands	30,642	10,930
Equity ratio	%	55.9%	74.5 %
Cashflow from (used in) operating activities	USD thousands	8,474	(2,665)
Operations			
Order backlog at 31 December[1,3]	USD thousands	75,992	13,800
Employees at 31 December[2]	Full-time equivalents	790	422
Lost time injury per million man-hours	Per million man-hours	-	1.64
Billing ratio[2]	%	72%	76%
Share data			
Basic earnings per share	USD	0.02	0.16
Number of shares outstanding at 31 December	million	92.55	70.42
Number of options outstanding at 31 December	million	8.32	8.76
Number of warrants outstanding at 31 December	million	1.00	5.97
Share price at 31 December	NOK	9.00	3.89
Dividends paid per share	NOK	0.40	-

[1] Alternative Performance Measures
[2] Including subcontractors, full time equivalents (figure excludes LOC Group)
[3] Order backlog figure includes LOC Group

Financial calendar 2021

Event	Date
First quarter results	19/05/2021
Annual General Meeting	02/06/2021
Half-yearly results	20/08/2021
Third quarter results	28/10/2021

Ticker symbol

Oslo Børs	AQUA
Reuters	AQUA.OL
Bloomberg	AQUA:NO

ISIN No	NO0010715394
Share Register	DNB Bank ASA Verdipapirservice Postboks 1600 Sentrum 0021 Oslo

Letter from the Chairman

Dear fellow shareholders,

The value drivers in AqualisBraemar LOC (ABL), or in any company, can be divided into two categories, the internal value drivers – that the company controls itself – and external value drivers – that are not controlled by the company, but which management can mitigate or react to.

The combination of Aqualis, Braemar Technical Services (BTS) in 2019 and LOC (2020) is an important source for several of the key **internal value drivers** for the company over the next 2 to 3 years. The most important being: 1) professionalisation and specialisation of management and support functions; 2) cost synergies; 3) capital efficiency; 4) market reach and service offering; and 5) alignment of incentives between employees and shareholders. I will discuss each in more detail below.

Professionalisation and specialisation of management and support functions. The number of full-time employees (including subcontractors) increased from 182 (Aqualis) at the end of 2018, to 422 at the end of 2019 (Aqualis+BTS) and to 884 at the end of 2020 (Aqualis+BTS+LOC). Three small companies have joined forces and we are now a small-medium sized company that can "afford" improved internal IT, legal, human resource and financial competences. Similarly, the heads of our offices and business lines are now becoming more managers, and less professionals with some managerial responsibilities.

To run a global business in 39 countries you need good systems, good routines and excellent management to run this effectively, smoothly and being able to ramp up and ramp down projects and offices as business moves or spreads to new geographies. In 2020 we opened 3 new offices for our renewables business, and we also opened or expanded our Adjusting to 3 new countries. Our ambitions for 2021 are no less. This can only be done if you have your "house in order" and systems that support this expansion.

Cost synergies. The cost synergies will come from three major sources, 1) office costs; 2) rationalisation of back-office and management costs; and 3) reduction of other overheads such as IT, subscriptions, insurance and support costs. When we merged with BTS in 2019 the initial cost synergy estimate was USD 1.1m. As integration progressed this increased to USD 2.8m of which approximately 2.5m has been realised to date. Similarly, the initial estimate of cost synergies from the merger of AB with LOC is USD 3.5m. I would be delighted if I am able to report next year that our LOC synergy estimate was also too conservative. When the three companies were separate, the indirect overhead cost was in the region of 25-30% of revenue. So a realistic target when the three companies are fully integrated, is nearer 20% of revenue as group overhead costs are driven down by a combination of direct cost savings and benefits of scale as revenue increases.

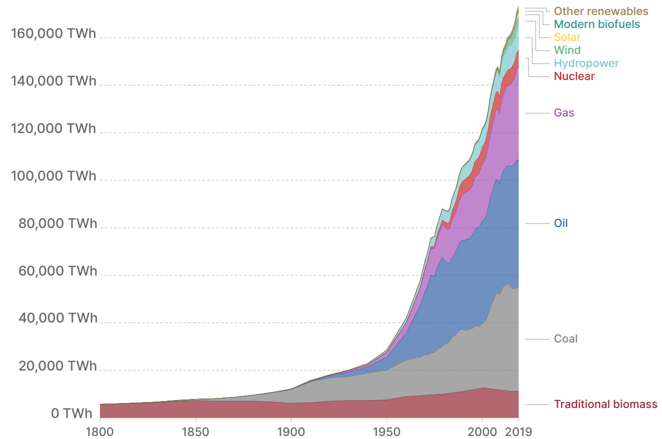
Capital efficiency. ABL business is classified as a capital light business with a low to moderate profit margin. The capital invested in ABL is mainly used for working capital and for cash held in the various offices world-wide (we have 67 offices today in 39 countries). Aqualis had 60 days of net working capital (NWC) before merging with BTS. After the merger with BTS the NWC jumped to 130 days on average, however since the merger with BTS (before the merger with LOC) we have managed to reduce the average NWC to 96 days. During 2020 we had a positive net cashflow from reduction of NWC of USD 4.7m and we expect this trend to continue in 2021 as well with the inclusion of LOC and more WC capital optimalisation in the former BTS. ABL had cash of USD 30.6m at the end of 2020. None of the three merging companies have historically been focusing on cash management and treasury. We are now professionalising the treasury function and will build a cash pooling system. In combination with an existing RCF with our bank, Nordea, this is expected to reduce the necessary gross cash in the company to USD 10-15m (assuming the same level of revenue and business).

Market reach and service offering. In 2018 Aqualis had 19 offices and today after the mergers with BTS and LOC, the ABL-Group has offices in 67 locations in 39 countries on all continents and in all major maritime and offshore energy hubs world-wide. We are a global partner, local expert to our customers. We are sharing talent and key competence on a global basis, but the interaction with customers is often local and the projects and equipment we are assisting often need local presence. In terms of our service offering, in 2018 80% of our business came from offshore oil and gas. Today about 50% of ABL's revenue is derived from the offshore O&G, about 25% from maritime and about 20% from offshore renewables and the rest of our business from loss adjusting. Although we are less able to track and quantify income synergies, we have already identified and expect more income synergies as the companies grow together and a clear example is the oil majors which are now diversifying their investments also into renewables projects. One vital initiative that will help drive these income synergies will be the implementation of a new ABL group wide CRM enabling better returns from the broad relationships this merged group brings together as well as better coordination of business development activities across our teams and geographies.

Alignment of incentives between employees and shareholders. ABL's employees are mainly highly educated and experienced engineers and mariners. The core thinking of ABL is that shareholders and employees are partners, similar to what we experience in other intellectual capital heavy services like auditing, management consulting, law firms and investment banking. We value our people; our value comes from them. ABL invests in people, not in hardware. That is our business and our focus.

ABL has established a long-term share-based incentive system (for details see page 61 in the annual report). The employees of ABL own currently about 25% of the shares in the company (fully diluted including outstanding option), in addition 15% of EBITA is reserved as bonus for the employees. So in total the employees get about 35% of this combined profit and dividend value. In ABL we believe the incentive system is key for the sustainability of our staff levels, promoting higher acceptance of continuous change in the company and a unanimous focus on profitability and capital efficiency in the company from all stakeholders.

External value drivers for ABL. The energy industry is a very capital-intensive industry and changes to the 'system' are extremely slow. The industry requires long planning durations and significant investment before the energy is available for consumption. This includes the coal, nuclear, oil & gas, hydro industries, and for renewables. The global consumption of energy has for the last 95 years increased on average 2.1% p.a., slowing to about 1.9% p.a. during the last decade. The growth in energy is driven by population growth and economic expansion, especially in emerging markets and partly offset by energy efficiency technology. The mix of energy-fuels has changed significantly from 1925 until today, but despite this no energy-fuel has been reduced in volume over that period. Even traditional biomass (wood) has increased by 40% in total, between 1925 and today, but the "market share" of wood has fallen from 30% in 1925 to about 4% in 2019.



Source: BP Statistical Review

The growth in renewables as an energy-fuel has on average been 13.7% p.a. for the last 10 years. Energy from renewable sources (excluding hydro) was, at the end of 2019, about 5% of the energy consumed globally. If the growth of energy continues at about 1.9% p.a. over the next few years, the installation of new renewables generation capacity needs to increase by about 9 times annually from 2019's level just to cover that annual growth in energy consumption. Final investment decisions (FID) for offshore wind projects (ABL's major renewables segment) was 8.7 GW in 2020, a significant increase compared to 3.7 GW in 2019. The growth in renewables is clearly formidable, but in my opinion the world still needs more energy from traditional sources for the next 10-15 years minimum to deliver the energy demand. The energy transition is happening now, but the energy system is so massive that it will take longer than most observers seem to believe to really change the fuel mix before fossil fuels not only lose market share, but are also reduced in absolute terms in the energy mix. Given the current energy agenda in

EU, US, OECD, China and other key nations the growth and investment in renewables will grow significantly for the next number of decades. But in addition, to allow us to meet international CO2 emission reduction targets, I am convinced that we need carbon capture and storage technology (CCS) deployment at commercial scale. For the medium term the burden of reducing emissions in our energy 'system' cannot be laid on renewables alone.

ABL is an asset light energy and marine consultancy and to a larger degree energy source independent. We are also global, not being dependent on one country's energy policy, but the mix of all countries energy policies. At the start of 2019, ABL (then Aqualis) was about 80% dependent on the offshore oil and gas industry. After the acquisition of Braemar Technical Services in 2019, LOC at the end of 2020, and organic growth of 52% p.a. for the offshore wind segment (OWC standalone), oil and gas is now only about 50% of the company's consolidated revenue. With offshore wind growing at rapid pace from a low level, this diversification is only expected to continue. ABL's strategy is to have 50% of revenue from the renewables and transition energy segment by 2025.

My expectation for ABL's markets in 2021 is one of continued rapid growth for renewables, with moderate growth for the traditional business within Oil and Gas and Marine. However, from 2022 or possibly the second half of 2021, there is a significant risk for another raw material shortage cycle in the world economy, following a combination of underinvestment in raw materials in general over the last 7–10 years and strong world GDP growth after the Covid-19 recession. In addition, we should not forget that renewable energy investments are raw material intensive and the energy for mining, transporting, refining, assembling, and installing new renewables capacity will use traditional energy. I would argue that in the medium term we will see a boost in the use of traditional energy sources to fuel the energy transition. All this considered, I expect another upcycle for traditional energy including Oil and Gas based on three key factors; underinvestment over the last 7–10 years, strong economic recovery after Covid-19 and an increased demand for raw materials also driven by energy to fuel the energy transition.

In summary the 2020 market for ABL was excellent for renewables while at the same time we experienced significant headwinds in the O&G market and partly in maritime. In 2021 the growth in renewables will continue and accelerate (in absolute numbers) and the headwinds in the traditional business will end and maybe turn around to moderate growth and improvement. From 2022, I expect that we will be in a situation where all segments in the energy and marine consultancy market are growing; renewable energy will continue on a multiyear structural growth phase and oil & gas will likely be in a cyclical upswing.

Strategic focus for ABL. Our strategy is based on three main pillars: 1) expansion and growth in renewable energy, transition energy investment and other emerging offshore industries; 2) lever our position within the traditional markets within maritime and oil and gas including contributing to further consolidation in our industry; and 3) capital efficiency, take out synergies from the combination of the three companies and return capital to our shareholders and employees.

The normalised operating margin in the proforma consolidated ABL was 5.8% in 2020. 2021 will be a year of integration and transition in terms of reported operating profit, as there will be integration costs from both LOC and the final integration of BTS partly offsetting the underlying expected improvement in the operation of ABL. The team is working hard with the controllable internal value drivers; professionalisation of the back-office, taking out synergies, capital efficiency and realising the benefits of a broader business offering and our extended global network to drive dynamic income synergies. Our medium-term target is to get to an operating margin of 10% (EBIT margin), further reduction of underlying net working capital, and to reduce the tied up cash on the balance sheet with 50% combined with an RCF. Note that the year-end accounts include certain one-off effects temporarily reducing net working capital, and some increase should be expected in the short term until integration is completed. The planned strategy to simultaneously increase the nominator (EBIT) combined with a reduction of the denominator (capital used) should have a meaningful impact on ROCE and ROE. This looks simple, but it will take hard work and focus to realise this simple math on a sustainable basis.

In 2020 we paid a dividend (or more correctly a reduction of capital) of NOK 0.40 per share (paid in June and November). The board has proposed an ordinary dividend of NOK 0.25 to be paid after the AGM in 2021, and a similar dividend should be expected in November 2021. The strategy of the board is to gradually increase the dividend as operations improve and the capital tied up in the operation is reduced to competitive levels.

I would like to welcome the LOC team which joined us in late December 2020. I really look forward to work with our new colleagues from LOC. Further, I would like to take this opportunity to thank the management team and employees at AqualisBraemar LOC (ABL) and especially thank CEO David Wells and COO Reuben Segal for leading the company through an unexpected pandemic and another recession in Oil & Gas, while at the same time delivering operational improvements and significantly reducing the working capital during 2020. Further, I would like to thank Haakon Brandrud for leading the company through the two successful acquisitions (my expectations, though it is still early days) of LOC and East Point Geo and arranging the associated financing. And finally, I want to thank Will Cleverly for this strong leadership and strategic development of OWC and carefully management of the growth of our renewable business.

Last year I said never waste a recession. It creates opportunities. I think we did OK with respect to getting something out of the downturn during 2020. This year I say that we should move swiftly with our internal processes, to be ready to make the most of the renewed growth in our markets. The oil and gas industry has passed the worst and the renewables industry will continue its strong growth, but the key to staying ahead is constant change and improvement. You should never dwell too long on your past achievements. The focus should be on the next achievement or target. That goes for sports as well for business.

Glen Rødland | Chairman of the Board

Renewables

The following service line description represents the services offered during 2020 prior to the LOC merger.

The Group offers services in the offshore renewables sector through its OWC and AqualisBraemar LOC businesses.

Through OWC, the business line solely focused on offshore wind, we provide project development services, owner's engineering and technical due diligence to the full value chain of technology and projects. OWC has significant experience in the industry, dating back to the first offshore wind farm development project in the UK. The key members of the team have been involved in most of the major offshore wind projects that have been developed in the UK and the rest of Europe to date. Since the establishment in 2011, OWC have delivered assignments amounting to more than 68 Gigawatts and over 90 projects across Europe, Asia and the US.

In combination with the Group's other services, OWC is able to deliver enhanced services to its customers by sharing knowledge, expertise, and resources, particularly where engineering and offshore attendances are required.

Key services

We specialise in providing services to offshore renewables developers, lenders and investors. We add value to customers through our experience whether they need support to realise a project or invest into a technology or project or develop their business or technology. We can align closely with our customers' business goals and strategies enabling us to deliver practical and innovative solutions.

We support the following offshore renewables market segments:

- Offshore wind (fixed and floating)
- Ocean energy (wave and tidal)
- Subsea cables
- Energy storage

The Group supports the following needs:

- **Projects:** We have been involved in over a quarter of offshore wind developments globally to date. Our experienced team of offshore renewable experts take a full lifecycle approach to your project; from feasibility to operation to decommissioning/repowering.
- **Business intelligence:** Data, analysis and insightful opinion is the key for making the right business decisions. We help customers analyse and identify opportunities and gain real benefit from evidence-based insights.
- **Transactions:** We can advise on projects and technology around the world. With hands on experience of developing, constructing and realising offshore wind projects we provide real world advice on financial risks regardless of the stage of the technology or project.

The Group's service portfolio is broad and delivered by experts with deep experience. Our offshore renewables service portfolio is:

- **Project Development Services:** We provide all the early studies necessary for constraint analysis, site selection studies and early site evaluation developing LCOE and other inputs into early DEVEX decision making.
- **Strategy, Market and Policy Studies:** Offering advice and consultancy for all current and emerging offshore renewables markets and technologies.
- **Technical Studies:** We draw on a vast range of technical expertise enabling us to provide technical studies in almost every area of interest. Some of our delivered studies cover fixed and floating foundation design, including coupled load assessments, weather downtime analysis (sequenced downtime analysis utilising Monte Carlo simulation), technical risk assessments and CAPEX and OPEX modelling.
- **Wind Measurement Advisory Services:** We combine first-hand research knowledge in the field of wind measurements with practical experience from a large number of commercial project assignments. OWC experts have provided technical and consultancy services to several floating Lidar deployments in commercial projects making OWC a leading technical advisory in the field of floating Lidar technology and measurements.
- **Owners Engineering:** We bring in depth design and construction experience, first-hand experience of offshore installation and all the associated technological challenges as well as bringing the lessons learnt from many other projects. We cover the entire project lifecycle and can either manage or consult on a project on customers' behalf, or supplement customers' own teams.
- **Operation & Maintenance Consultancy:** Advice on all phases and aspects of O&M including deep expertise in subsea cables. We cover emergency cable repair support, cable remediation solutions and works, scour issues, survey management. In the wider O&M space we cover operations management, technical support services, commercial management, O&M concept and strategy, modelling for OPEX, operational CAPEX, logistics, WTG availability and downtime calculations and QHSE.
- **Technical Due Diligence:** We offer specialist technical due diligence supporting the financing, acquisition, sale and refinancing of assets, technology and companies within the offshore renewables market. Owners and financial institutions can obtain an objective expert view on the actual offshore wind project performance or asset value, as an important input to the decision-making process related to loans, consolidation or acquisitions.

- **Geotechnical Engineering Services:** A core service; the OWC geotechnical team consists of engineers who have many years of experience within the offshore wind industry and possess both excellent design and analytical skills combined with direct experience of working offshore. We bring leading experience and expertise in Offshore geophysical and geotechnical site investigations, live interpretation of site investigation data to inform ground model updates and immediate design assessments, foundation design and installation analysis, cable route risk analysis and planning and site specific assessments for jack-up locations including leg penetration analyses. OWC combine this expertise with a number of in-house innovative tools that have reduced DEVEX & CAPEX costs on projects.
- **Project Management:** OWC provide project management service support through all stages of an offshore wind farm project. Our reputation is based on early involvement in projects; from the planning, design and engineering and then seeing our role expand to a project management service provider through the construction, installation and commissioning phases of the project. Our team can either undertake a leading role and manage a project directly on behalf of an owner, or more commonly, work as part of an integrated team with our customer, managing specific packages of work and providing support and advice to all other areas of the project.
- **Engineering:** We are able to provide structural engineering services support through all stages of an offshore wind farm project. The services we can provide include: structural analysis and design for offshore WTGs and offshore substations, both fixed and floating, for all stages of the design process/projects including optioneering and concept, FEED studies, optimisation to reduce LCoE and increase profitability, and detailed design. We also have specialists in mooring lines, electrical engineering, and dynamic cable analysis.
- **Expert Witness:** Our offshore wind team bring a proven track record in forensic investigation and the provision of expert witness reports and testimony for use in dispute resolution, arbitration, mediation or in the court of law.
- **Transport & Installation / Marine Operations Consultancy:** We offer transportation & offshore installation feasibility studies, loadout engineering, harbour engineering related to seabed levelling, concrete structures, fenders, linkspans and gangways, transportation engineering, installation engineering for jack-up units going on location, jacket launching and lifting installation engineering, inspection and supervision and marine operations management.
- **Risk Management & Interface Management:** OWC provides risk and interface management through all stages of an offshore wind farm project. We apply proven and state-of-the-art risk and interface management tools and techniques such as Monte-Carlo Simulation, combined with solid experience of our team.
- **HSEQ:** OWC's multi-disciplinary background gives us a very broad experience base across different industries, continents and technical disciplines. We apply risk tools such as standardised risk profiling for projects or operations, integrated risk, planning and commercial profiling and HSE risk categorisation and benchmarking. We use such risk methods in the evaluations of marine operations, qualification of new vessel concepts, risk assessment of wind turbine maintenance tasks, wind farm diving and ROV operations and also for offshore wind helicopter operations.
- **Marine Warranty Services:** AqualisBraemar LOC's marine warranty engineers, surveyors and master mariners act to protect underwriters' or self-insured customers interests. We provide independent third party review and approval of offshore wind projects. We have extensive experience of a wide range of offshore activities from simple marine operations to challenging and complex offshore projects.

Offshore

The following service line description represents the services offered during 2020 prior to the LOC merger.

AqualisBraemar LOC is a specialised marine and engineering consultancy, focusing on the shallow and deep-water segments of the offshore oil & gas industry and the offshore renewables markets worldwide. Our multidisciplinary engineering and marine teams are recognised in the industry for their competence and experience. We work closely with customers to understand their requirements, identify solutions and execute their projects and marine operations in a timely, cost-effective and safe manner.

AqualisBraemar LOC specialises in the following marine and engineering services:

- Deep and shallow water installation engineering and related marine operations
- Marine operations and surveying, including rig moving and tow master services together with engineering support services
- Vessel construction supervision and owner representation
- Engineering and project management support to the renewables industry
- Third party approvals on behalf of owners and underwriters such as marine warranty and audits of dynamic positioning systems
- Concept, FEED and basic design for new-build and vessel upgrades
- Rig inspection services

AqualisBraemar LOC provides customers with global support via an extensive office network. We aim to be your reliable long-term partner.

Our team comprises:

- Naval Architects
- Marine Warranty Surveyors
- Marine Surveyors
- Master Mariners (Tow Masters, Rig Movers, Marine Advisors, Mooring Masters, Consultants)
- DP Practitioners
- Structural Engineers
- Geotechnical Engineers
- Civil Engineers
- Installation Engineers
- Environmental Compliance Engineers
- Project Managers/ Site Superintendents
- Risk Managers/Engineers
- Mechanical Engineers
- Control System Engineers
- Subsea Engineers
- Electrical and Electro Technical Engineers

Marine Warranty

AqualisBraemar LOC is well known in the insurance market by many of the key international energy underwriters. We have been approved as Marine Warranty Surveyors on projects which include offshore construction works, transportations (including float overs and heavy lift topside load-outs), jack-up rig moving and location approvals, towages and dry transportations.

Our teams of Marine Warranty Engineers, Surveyors and Master Mariners provide independent third-party review and approval of offshore projects on behalf of underwriters or self-insured customers. We have extensive experience in a wide range of offshore activities from simple marine operations to complex and challenging offshore projects which include approvals for the following operations:

- Ocean towages
- Barge transportations
- Unusual/oversized cargoes on ships
- Location Approval for MODUs
- Offshore rig move attendance onboard MODUs
- Loadout, transportation and installation of offshore platforms, topsides and subsea structures
- Floating construction activities, floatover, deck mating, FPSO mooring installation & TLP hook-up
- Pipelay operations
- Bridge and harbor construction activities

Typical activities may include:

- Document reviews
- Suitability surveys of offshore marine spreads
- Approval of towages, heavy lifts and installations
- Subsea operations
- Decommissioning and removal of offshore structures
- Acting as Marine Advisors to oil companies and their contractors

Marine Consultancy

We offer a wide range of marine capability to the oil & gas and maritime industries. Our mariners have many years of experience associated with drilling rigs, offshore vessels and trading vessels. We aim to assist our customers in finding practical solutions to their marine operations and projects, and/or protect their interests when sub-contracting or making asset investments.

We offer:

- Provision of Towmasters
- Provision of Marine Advisors
- Dry transportation consultancy and operations
- Vessel inspections
- Rules & regulations compliance
- Inclining experiments
- Pilotage operations
- Rig move procedures
- Suitability surveys and audits
- Pre-charter audits/surveys
- Pre-purchase surveys
- Bollard pull certifications
- Drafting and review of offshore project related procedures
- Mooring plans
- Anchor handling procedures
- Witnessing equipment trials and tests
- Towing plans and procedures
- Common Marine Inspection Document (CMID) and Offshore Vessel Inspection Database (OVID) Surveys

Rig Moving

We offer a full range of rig moving support services for Mobile Offshore Drilling Units. We offer full engineering assessments for site-specific location approvals and provide both Marine Warranty Surveyors and Rig Movers/Towmasters for offshore attendance during jack-up and floating unit rig moves.

The following services are provided:

- Jack-up engineering studies including site-specific assessments, fatigue analysis, collision studies, earthquake assessments, and heavy-lift dry transportation
- Pre-contract rig suitability engineering analyses
- Leg penetration analyses
- Site-specific location approvals
- Mooring analyses
- Transportation approvals and consultancy
- Towage approvals
- Towmaster services
- Rig movers
- Turnkey marine operations
- General rig moving consultancy
- Marine Advisor

Risk Consulting

The Risk Consulting team strengthens AqualisBraemar LOC's marine and engineering services with a methodological and systematic approach to risk management.

Our engineering risk management experience includes drilling and productions facilities. Within marine operations we have performed numerous risk management activities within loadout, transport, anchor handling, rig move, heavy lifting, subsea and SURF installation, dynamic position (DP), hook-up, diving and ROV operations, personnel transport, vessel layup and decommissioning.

We provide the best practices for identifying and managing risks and hazards to personal safety, assets, environment and reputation both in engineering and operations. We can lead, facilitate or contribute to risk management activities such as:

- Hazard Identification Analysis (HAZID)
- Hazard and Operability Analysis (HAZOP)
- Quantitative Risk Analysis (QRA)
- Safety case studies
- Risk assessments
- Failure Mode, Effect and Criticality Analysis (FMECA)
- Carry out inspections
- Provide people who can work within a customer's team to manage risk within a project

Engineering

AqualisBraemar LOC provides a unique solutions-based approach to engineering. Our engineers aim to work with our customers as a one-stop-shop to find efficient solutions to their engineering projects.

Due to our independent status, focus is on cost-effective solutions, fit for purpose and tailoring to suit the specific needs and constraints of our customer. Our offshore engineering expertise covers the life-cycle of an offshore facility from concept and basic design through installation, on to ageing platform integrity management and finally, decommissioning. We are involved in both the shallow and deep water ends of the offshore oil & gas industry and operate from the major centres of the offshore industry.

Our experienced team can provide unique solutions for many platform types including Mobile Offshore Drilling Units (MODU), Wind Turbine Installation Vessels and Liftboats, Mobile Offshore Production Units (MOPU) including FPSO, FSO, as well as other offshore installations and floating structures. Our capability covers the marine systems, structural, geotechnical and naval architectural disciplines.

Solutions range from:

- Concept designs
- FEED and pre-FEED
- Basic designs
- MODU Upgrades, modification engineering and conversion to production platforms
- Advanced engineering studies including hydrodynamic, non-linear response, stochastic and time-domain analysis
- Our combined teams include structural engineers, marine engineers and naval architects

Transportation & Installation

Our multi-disciplined teams of Engineers, Surveyors and Master Mariners have many years of experience in the offshore industry.

We specialise in complex marine operations and can provide valuable early planning and advice to optimise the solutions with regard to vessel and equipment selection, structural design and offshore procedures. Subsequent engineering comprises analysis and design associated with all temporary phases of a marine operation, from loadout and transportation to installation or discharge of high-value offshore assets.

Such engineering includes:

- Vessel ballasting
- Global and local vessel strength
- Vessel motions and stability
- Vessel/cargo interaction
- Grillage and seafastening design
- Design of fendering and installation aids
- Dynamic lifting and rigging
- Hydrodynamic analysis
- Jacket launch and upending
- Dynamic analysis for floatover installations
- Towing analysis and design
- Geotechnical analysis
- Production of appropriate documentation

Our service then extends to offshore operation supervision and support from our qualified and experienced Marine Superintendents and Project Engineers. We draw on the services of external companies where supplementary skills or input are required, for example, metocean data for transportation assessment and planning. These services are tailored to suit our customers' requirements and can be supplied as conceptual/feasibility studies, detailed engineering and operation, or verification.

We have formed strategic alliances with vessel partners, enabling us to provide package solutions for T&I projects such as:

- Platform installations, including topside float overs
- Tow, positioning and hook-up of floating structures
- With these services we provide associated engineering, preparation of procedures and offshore operations management.

Rig Inspection

We offer a wide range of rig inspection services to the offshore oil & gas industry. Our engineers offer years of practical experience in rig inspection, providing regulatory compliance and equipment operability assurance to our customers. Our rig inspection teams develop and execute bespoke rig inspection acceptance programs specifically tailored to our customers' needs.

We specialise in the following services:

- Rig inspection and assurance
- Rig selection
- Rig stacking & reactivation assurance
- New build delivery assurance
- Rig preservation inspection
- Focused rig inspections of the following equipment:
  - Well control equipment inspections
  - API standard 53 compliance audits & gap analysis
  - Cyber-based drilling equipment inspections
  - Integrated Control Management System (ICMS) inspections and testing
  - ROV inspection & assurance
  - Drilling rig equipment Factory Acceptance Testing (FAT) witnessing
- Cyber Security Assessments

Our aim is to provide independent technical reviews of drilling rigs' regulatory compliance and equipment operability to ensure incident-free drilling campaigns with maximum productive time.

Construction Supervision

AqualisBraemar LOC provides teams to work with the customer throughout the construction or conversion of an offshore asset. The project team monitors the project to ensure that it is carried out in accordance with the contract, the specifications, customers' expectations, flag and class requirements.

The project team consists of key personnel with the necessary skills to ensure that the construction meets the build schedule. AqualisBraemar LOC provides a group of engineers and inspectors of various disciplines to be utilised at different stages of the project. In addition, dedicated planning and document control functions are provided throughout the construction phase.

Key project control activities include:

- Development and implementation of project procedures
- Review of machinery and equipment purchase orders and specifications
- Development and implementation of project execution plans
- Monitoring of work progress and testing activity
- Monitoring of quality control of each activity throughout the construction
- Attendance at formal safety meetings
- Attendance at Factory Acceptance Testing (FAT)
- Audits of subcontractors' facilities
- Attendance during sea trials and inclining experiments
- Reporting to the customer on a weekly and monthly basis
- Tracking of site queries, observing safety policy, monitoring quality control measures
- Maintaining electrical & mechanical completion and commissioning records and database
- Monitoring and reporting on extras and credits

Dynamic Positioning & Critical Systems

AqualisBraemar LOC provides an experienced multidisciplinary team of engineering and operational resources to support the Dynamic Positioning (DP) industry. We deliver dynamic positioning services & critical systems consultancy, including DP FMEA (Failure Mode and Effects Analysis), DP audit, DP Assurance and DP project management.

Our services encompass all aspects of the DP system, from initial design consulting, procedures and documentation, proving trials, audits, incident investigation, life extension studies, maintenance and management.

We aim to assist our customers to operate and validate according to their units' specific industrial mission, including drilling units, project and construction vessels, DSV's, accommodation units, shuttle tankers and OSVs. Whether identifying the critical activity mode or verifying the worst case failure mode through FME(C)A, AqualisBraemar LOC aims to provide customers with independent technical reviews to enhance safe operations.

DP Services Include:

- FME(C)A
- DP FMECA proving and annual trials
- DP design review/redundancy analysis
- DP condition & suitability surveys
- DP Capability & gap analysis
- Development of ASOG, WSOG & CAMO
- DP incident investigation
- DP manuals and procedures
- DP operator competence assessment and verification
- DP project management & sea trials management
- Planning for DP conversions
- Dive Auditing and FMEA work
- Dive system FMEA
- Dive system FMEA proving trials
- Dive system auditing
- ROV auditing
- Critical systems FMEAs
- LNG code FMEAs
- Cargo control systems
- HAZID/HAZOP
- LNG bunker barges
- Analyses of cranes, bilge and ballast systems, pipelay systems and other critical systems

AqualisBraemar LOC combines world-class Dynamic Positioning with world-class Rig Inspection services. We are the only Rig Inspection service provider with dedicated DP Practitioners. Our established DP inspection Practitioners bring years of experience with both offshore drilling rigs and offshore vessels.

Technical Due Diligence

With our assistance, owners and financial institutions can obtain an objective expert view on the actual project performance or asset value, as an important input to the decision-making process related to loans, consolidation or acquisitions.

AqualisBraemar LOC is well placed to perform solid, independent technical due diligence services with its combination of engineers and master mariners. The engineers will have been involved from the first concepts to sailaway, including yard contract negotiations, the operational phase, yard stays for repairs, upgrades, modifications and special periodic surveys. The mariners will have been in charge of vessels, rig moves, and major marine operations, including vessel inspection/survey.

- Assessment of vessel requirement vs capabilities
- Design review, professional peer review
- Assessment of owner, project management team and project plans/ schedule
- CAPEX/OPEX budget evaluation
- Identify delay risks and other project risks
- Pre- and post- contract reviews
- Yard evaluation and inspection
- Verification of project progress/payment milestone audits
- Suitability survey, condition survey, assessment of vessel function
- Lifetime assessments
- Assessment of equipment preservation and reactivation

The above services are performed for the following vessels:

- Drilling units: Semi-submersibles, jack-ups, drillships and tender barges
- Production units: Ship-shaped, semi-submersibles and jack-ups
- Accommodation units: Semi-submersibles, jack-ups and tender barges
- Offshore service vessels: Anchor handlers, supply vessels, cable layers, crane vessels, liftboats, tugs, etc.
- Other vessels: Shuttle tankers, oil tankers, floating storage units, wind turbine installation vessels, barges, cargo vessels

Marine

The following service line description represents the services offered during 2020 prior to the LOC merger.

AqualisBraemar LOC is a specialised marine and engineering consultancy, focusing on the shipping and insurance markets worldwide. Our multidisciplinary engineering and marine teams are recognised in the industry for their competence and experience. We work closely with all stakeholders in the marine industry including shipowners, underwriters, brokers, P&I clubs, financiers, lawyers, average adjusters, charterers and relevant authorities & industry bodies. We deliver worldwide emergency casualty, accident or incident response and international marine survey services.

We specialises in the following marine market services:

- Hull & Machinery surveys
- P&I surveys
- Salvage & wreck removal consultancy
- Loss of hire, War risk, ship repairs & builder liability, marine liability and other marine insurance surveys
- Casualty investigations
- Expert witness provision
- Pre risk surveys including Joint Hull (JH) shipyard, vessel and management office surveys
- Technical due diligence services on behalf of financial interests
- Cargo & damage surveys
- Ports & harbours consultancy
- Dedicated yacht team

AqualisBraemar LOC provides customers with global support via an extensive office network. We aim to be your reliable long-term partner.

Our team comprises:

- Dedicated case handling by GSS team
- Marine Engineers
- Master Mariners
- Naval Architects
- Salvage Masters & SCRs
- Marine Surveyors
- Risk Managers/Engineers
- Mechanical Engineers
- Civil Engineers
- Control System Engineers
- Subsea Engineers
- Electrical and Electro Technical Engineers

Marine Insurance Surveys

AqualisBraemar LOC is well known in the marine insurance market as the market leader in hull & machinery surveys. With a global footprint of almost 200 locations we are well placed to respond to marine incidents promptly to better serve our customer's needs. Many of the key international marine and P&I underwriters rely on our services with brokers and assured supporting our services and having us included in many slips. We offer support to the wider industry by active involvement in industry bodies such as the LMA, JH committee, JMCC and IUMI.

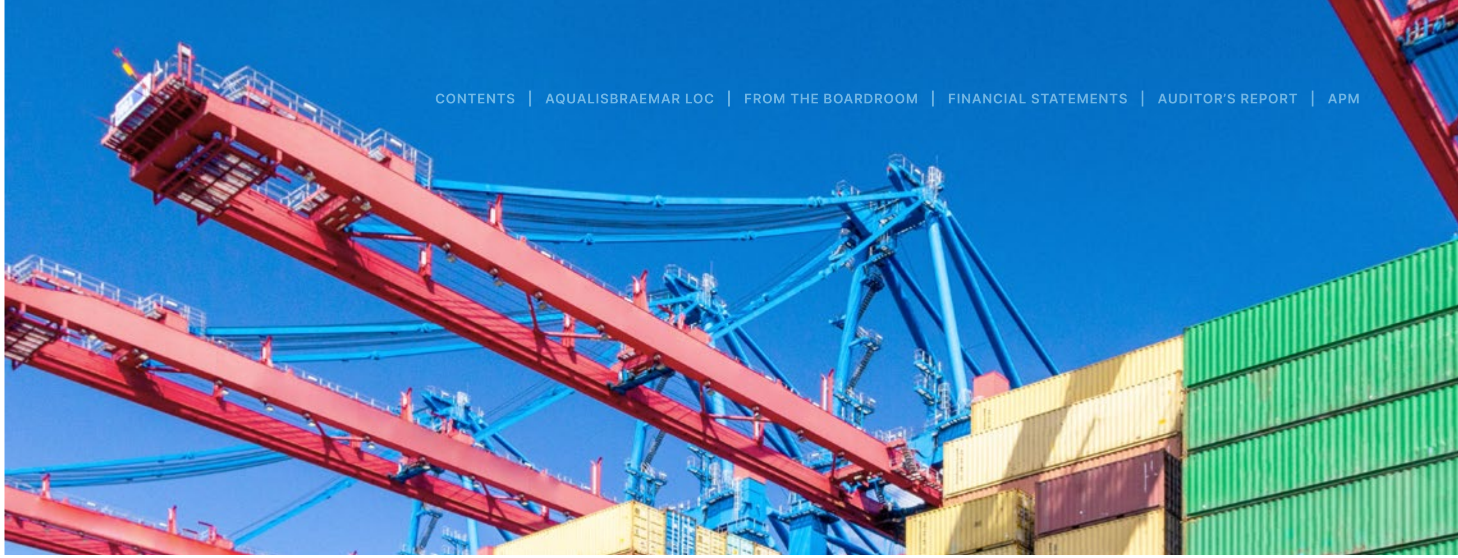
With over 150 years of experience in the field we bring tradition and history combined with innovation and a modern approach to the marine claims and pre risk process.

Marine insurance services offered:

- Hull & machinery surveys
- P&I surveys
- Dedicated yacht team
- Cargo interests' surveys
- Loss of hire surveys
- Ship repairs liability surveys
- Ship builders liability surveys
- Product liability surveys
- Marine liability surveys
- Damage to fixed and floating objects including collision assessment
- Litigation & Expert witness
- Port risks
- Voyage risks
- Loss prevention services
- Personal injury
- Damage surveys of high value equipment and cargo

Joint Hull Surveys:

Our staff have been involved in the development and refining of the Joint Hull Committee's pre risk program over the years. From the previous vessel and management JH115 wordings to the refinement of this through JH2013 onto the current updated JH2019 version focusing on vessel condition, on board vessel management and shore-based management processes. We also have significant experience in conducting JH143 shipyard audits having conducted over 400 such assessments around the world with a dedicated offering covering new yacht builds.



Marine Consultancy

We offer a wide range of marine consultancy to the wider marine and marine insurance markets. Our mariners have many years of experience associated with a variety of vessel types with many bringing further commercial experience as salvage masters, superintendents, shipyard managers, classification surveyors etc.

We offer:

- Provision of Marine Advisors
- Dedicated yacht team
- Dedicated ports and harbour consultancy capabilities
- Salvage and wreck removal services
- SCR provision
- Dry transportation consultancy and operations
- Vessel inspections
- Rules & regulations compliance
- Inclining experiments
- Pilotage operations
- Suitability surveys and audits
- Pre-charter audits/surveys
- Pre-purchase surveys
- Mooring plans

Technical Due Diligence

With our assistance, owners and financial institutions can obtain an objective expert view on the actual project performance or asset value, as an important input to the decision-making process related to loans, consolidation or acquisitions.

AqualisBraemar LOC is well placed to perform solid, independent technical due diligence services with its combination of engineers and master mariners. The engineers will have been involved from the first concepts to sail away, including yard contract negotiations, the operational phase, yard stays for repairs, upgrades, modifications and special periodic surveys. The mariners will have been in charge of vessels, rig moves, and major marine operations including vessel inspection/survey. Our teams can also support the sale and purchase, refinancing or restructuring of fleets and shipping companies.

Technical due diligence services offered:

- Assessment of vessel requirement vs. capabilities
- Design review, professional peer review
- Assessment of owner, project management team and project plans/schedule
- CAPEX/OPEX budget evaluation
- Identify delay risks and other project risks
- Pre- and post- contract reviews
- Yard evaluation and inspection
- Verification of project progress/payment milestone audits
- Suitability survey, condition survey, assessment of vessel function
- Lifetime assessments
- Assessment of equipment preservation and re-activation

The above services are performed for the following vessels:

- Passenger vessels
- Fishing vessels
- Drilling units: Semi-submersibles, jack-ups, drillships and tender barges
- Production units: Ship-shaped, semi-submersibles and jack-ups
- Accommodation units: Semi-submersibles, jack-ups and tender barges
- Offshore service vessels: Anchor handlers, supply vessels, cable layers, crane vessels, liftboats, tugs, etc.
- Other vessels: Shuttle tankers, oil tankers, floating storage units, wind turbine installation vessels, barges, cargo vessels

Aqualisbraemar LOC Yacht Services

Superyachts are a dynamic sector of the marine industry with their own unique challenges. AqualisBraemar LOC combines first-class multidisciplinary expertise, a truly worldwide presence, early response capability and proven reliability to deliver a distinctive bespoke service with exceptional technical content.

Yacht services offered:

- Damage surveys and casualty investigations
- New construction, conversion, refit and repair and project
- Management
- Sale and purchase services
- Yacht safety and loss prevention
- Yacht-specific JH143 shipyard audits

Ports & Harbours

Our Ports & Harbour team specialise in providing Port Capacity and Operational Simulation studies. Utilising our dual purpose software package BRAEVURA ©, we are able to accurately model existing and future traffic flows using AIS data to predict port capacity, berth utilisations and to assess the effects on marine traffic of proposed modifications such as the introduction of new berths, vessel types or navigation rules.

Adjusting

The following service line description represents the services offered during 2020 prior to the LOC merger.

Our team of loss adjusters are recognised as industry leaders by insurance and reinsurance markets worldwide. Any claim assigned is evaluated in terms of its technical challenges, specific engineering discipline(s), insurance conditions, geography, language and cultural nuances.

Classes of insurance handled include:

- Energy
- Marine
- Mining & heavy industry
- Pollution liability
- Power & utilities
- Renewables

Our in-house technical disciplines include:

- Civil engineers
- Drilling engineers
- DP engineers
- Electrical engineers
- Geotechnical engineers
- Marine engineers
- Master mariners
- Mechanical engineers
- Naval architects
- Process engineers
- Quantity surveyors
- Structural engineers
- Subsea engineers
- Wind engineers

Philosophy

We provide the most professional loss adjusting and other expert service, supplying integrated capabilities of the highest calibre, to meet the diverse demands of specialist insurance markets and their customers worldwide. AqualisBraemar LOC is becoming the benchmark for professional service levels in their sector by continuing to invest in its people and infrastructure through a combination of selective recruitment, formal training, systems development, mentoring and peer support, as well as providing the local talent on the doorstep of our customers, to service their immediate and long-term requirements. We believe our services are most effective when all parties trust and rely upon professional independence.

Our Services

AqualisBraemar LOCprovide Energy, Marine and Property Insurers, Brokers and Assureds with the highest quality professional Loss Adjusting and Surveying services, enabling Insurers to reach amicable and equitable settlement of claims made by their Assureds.

This service includes:

- Immediate response, including site visits by relevant technical personnel
- Timely clear, concise communication and regular formal reporting
- Accurate reserve information revised as appropriate throughout the engagement
- Full investigation of circumstances and cause
- Advice on the suitability and cost of remedial measures
- Review of contracts with relevance to insurable interest, indemnification and subrogation
- Complete policy review, identifying terms and conditions relevant to the claim
- Review of recovery potential
- Adjustment, taking full account of policy wording, law and relevant practice
- Impartiality

Expert Witness & Consultancy

Additionally, using the skillsets available within our organisation, AqualisBraemar LOC's team also have significant experience in the provision of Expert Witness services to customers, assisting them in the resolution of disputes.

AqualisBraemar LOC also offers consultancy services to insurers, legal terms, finance houses and banks, oil majors, vessel owners and managers, regulatory bodies and other organisations that require experienced, knowledgeable and reliable expertise, delivered with integrity.

Members of the Board

Glen Rødland | Chairman

Glen Rødland is an independent investor and is the chairperson and board member in SeaDrill Ltd, Prosafe SE and Axactor SE, as well as AqualisBraemar LOC. He was a senior partner at HitecVision for four years, and for ten years was a partner and co-investor of Direct Active Investments in Ferncliff TIH AS. Mr Rødland has worked for 15 years with portfolio management, financial analysis, and investment banking for DNB (Vital) and Swedbank (formerly First Securities and Elcon Securities). In addition, Mr Rødland has also worked in the bulk shipping company JEBSENS and as a management consultant in PWC. He has MBA and Post Graduate studies in Finance from NHH and UCLA. Mr Rødland is a Norwegian citizen and resides in Bærum, Norway.

Reuben Segal | Board member

Reuben Segal is the Chief Operating Officer of AqualisBraemar LOC and has over 20 years' experience in the offshore and shipping sectors covering both engineering design and ship surveying. Mr Segal is a naval architect and has extensive recent global business development experience with focus on design and construction of offshore oil and gas assets, including MODU and MOPU units from FEED through to yard delivery. He holds a master's degree in engineering from the University of Newcastle. Mr Segal is a British citizen and resides in Dubai, UAE.

Yvonne L. Sandvold | Board member

Yvonne L. Sandvold is the Chairman of the Board and Chief Operating Officer of Frognerbygg AS and Chief Executive Officer of YLS Næringseiendom. She has extensive experience from the Norwegian real estate industry. Ms Sandvold currently serves on the board of several private and public companies. She is a Licenced Psychologist/ Cand.psychol. from the University of Oslo. Ms Sandvold is a Norwegian citizen and resides in Oslo, Norway.

Synne Syrrist | Board member

Synne Syrrist is an independent business consultant and has extensive experience as a non-executive director of both private and public companies. Ms Syrrist was previously a partner and financial analyst at First Securities. She currently serves on the board of several public companies, including Awilco LNG ASA, Awilco Drilling Ltd and Eidesvik Offshore ASA. She holds an MSc from the Norwegian University of Science and Technology and is qualified as an authorised financial analyst at the Norwegian School of Economics and Business Administration. Ms Syrrist is a Norwegian citizen and resides in Oslo, Norway.

Ronald Series | Board member

Ronald Series is the chairman of DX (Group) plc and Braemar Shipping Services plc. Mr Series was previously the senior independent director of Clipper Logistics plc and held senior management positions at Lonmin plc, the platinum group metals producer, Viridian Group Limited, the energy company, and Dubai World, the global investment company.

Executive Management

David Wells | Chief Executive Officer and Director, UK

David Wells, a Master Mariner, was a founding member of Aqualis. Mr Wells has more than 30 years' experience in the offshore consultancy sector with particular focus on offshore operations, MWS and marine consultancy. He is a specialist on jack up rig move operations, location approvals and all aspects of rig moving. Mr Wells was previously a specialist consultant to the offshore market, and has held senior Global and Regional MD roles for a major leading global oil & gas consultancy. His focus during the latter was on Middle East and Africa and Indian sub-continental regions where he managed seven offices and a multi-cultural staff of some 200 employees. Mr Wells resides in London, UK.

Dean Zuzic | Chief Financial Officer

Dean Zuzic is an experienced CFO who has more than 30 years' finance and management experience. He has held CFO roles at Oslo-listed seismic players TGS-NOPEC Geophysical Company ASA and Spectrum ASA. Prior to this, Zuzic held CFO positions at Norwegian recycling group Norsk Gjenvinning, home textile retailer Kid Interior and Nordic retail group Plantasjen. He started his career with McKinsey & Company and has also worked as an equity analyst.

Reuben Segal | Chief Operating Officer

Reuben Segal has over 20 years' experience in the offshore and shipping sectors, covering both engineering design and ship surveying. He is a naval architect and has extensive recent global business development experience with focus on design and construction of offshore oil & gas assets, including MODU and MOPU units from FEED through to yard delivery. Mr Segal holds a master's degree in Engineering from the University of Newcastle. Mr Segal resides in Dubai, UAE.

R V Ahilan | Chief Energy Transition Officer

Dr Ahilan is a Chartered Engineer with over 30 years' of industry experience, 25 years of which has been at board level. Previously he was CEO of LOC and has held leadership roles in DNV GL, GL Garrad Hassan and Noble Denton. With expertise in hydrodynamics, he has led projects which have set standards and safety factors in jack-up site assessment, mooring systems and marine transportation. He is an Advisory Board Member of WavEC Offshore Renewables and a Trustee of the charity Marine Technology Trust and was Non-Executive Director a vertical axis wind turbine company. He holds a BSc (Leeds) and MS (Caltech) in Civil Engineering, a PhD (Cantab) in Engineering Fluid Mechanics, an MBA (Imperial) and is a Fellow of the Royal Academy of Engineering.

Svein O. Staalen | General Counsel

Svein O. Staalen has over 20 years professional experience from law firms and in-house legal positions, with particular experience from maritime and energy industries. He holds a Master's of Law degree from the University of Oslo and a Diploma in English Commercial Law from the College of Law, London. Mr Staalen is a Norwegian citizen and resides in Bærum, Norway.

Sustainability Report

AqualisBraemar LOC finishes 2020 a larger group than when we started the year, that brings greater opportunity, impact and responsibility. At AqualisBraemar LOC we recognise that for our business to be successful in the age of climate crisis and energy transition, we must redefine what we do in an genuine way to put sustainability at the centre of all strategy and operations.

We published our first Sustainability Report in our 2019 Annual Report, this was really a statement and vision. A statement of intent with 5 key principals to guide and drive our journey. An outcome of this has been our commitment to achieve 50% renewables or energy transition driven revenues by 2025 and creating the foundation for our Environmental, Social and Governance ("ESG") reporting.

This Sustainability Report will describe our actions to continually improve the integration of the United Nation Global Compact and its principles into our business strategy, culture and daily operations. By including this in our Annual Report to shareholders, we also show our commitment to share this information with our stakeholders using our primary channels of communication.

We launched a comprehensive process to establish best practice ESG reporting and to instill sustainability into the culture and forward strategy of the group last year calling it AqualisBraemar2030, I am delighted that I can rename this as ABL2030 and present our first Sustainability Report.

David Wells

David Wells | Chief Executive Officer

The Report

In February 2020 we became a signatory of the United Nations Global Compact and published our first Communication of Progress in February 2021. AqualisBraemar LOC re-affirms our commitment to the ten principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. This report is shaped by the Sustainable Development Goals (SDGs) introduced by the United Nations in 2015.

WE SUPPORT

UN GLOBAL COMPACT

In 2020 we performed our first materiality assessment to explore our priorities on sustainability. We explored and evaluated the aspects of our business that have the biggest environmental, social and governance impact.

The seven materiality topics that we considered to have most impact on and the most importance to AqualisBraemar LOC and our stakeholders are:

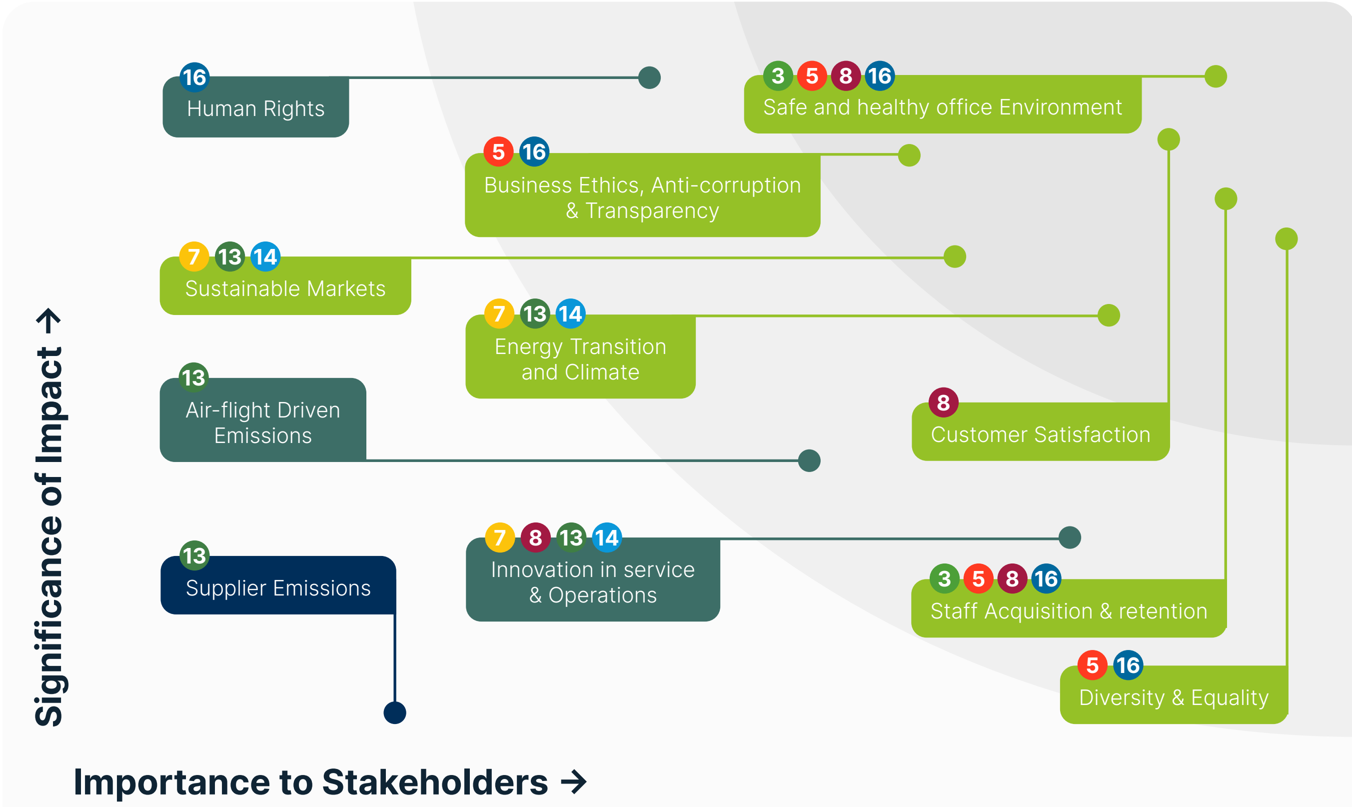
- Safe and healthy attendances
- Business ethics, anti-corruption, and transparency
- Staff acquisition and retention
- Customer satisfaction
- Diversity and equality
- Sustainable markets
- Energy Transition and climate

After our initial benchmarking materiality assessment we consider these seven SDGs have the highest importance to AqualisBraemar LOC and our stakeholders. We further grouped the SDGs we have key focus on into two groups:

- Employee focused, so **how we do business**
- Business focused, so **where we do business**

Guiding purpose in this initiative is:

Energy and the oceans are at the centre of our business; the sustainability of both is vital for the future of our company and the world in which we operate and live.



Our Employee Focus
How we do business

Our Business Focus
Where we do business

Human Rights

As a global company AqualisBraemar LOC recognises the importance of human rights and take these very seriously. As a signatory of the United Nations Global Compact, we are committed to ensuring that we are not complicit in human rights abuses through our business operations, supply chain or stakeholder relationships. Although we take pride in the policies that we have put in place, we recognise that through our ESG journey there will be additional review and monitoring work for us to do, where we can make improvements for the good of our stakeholders. We value that our employees are a big part in driving the business forward.

Line management is accountable for policy implementation within regions and our Group functions, of HR and compliance, support management in the communication and training of these. We will, and have a process in place to, investigate all suspected violations of our policies in a fair manner.

Our newly issued Human Rights Statement is aligned with the Group's Code of Business Conduct. Our Corporate Code of Conduct advocates high standards of honesty, integrity and ethical behaviour in our daily business and expects all representatives of our company to conduct their daily business in a safe, fair, honest, respectful and ethical manner.

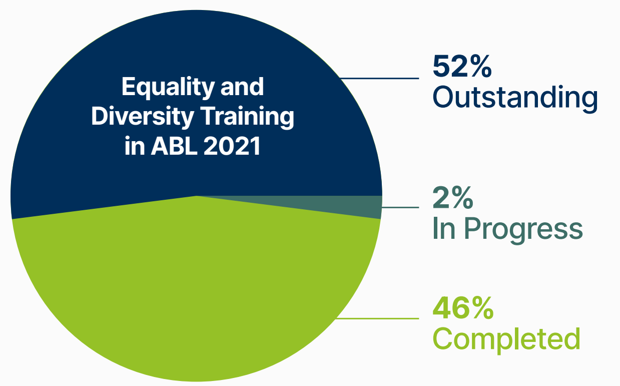
By early 2021 AqualisBraemar LOC had reviewed and revised its core policies, these were rolled out to staff and our contractors, requiring a read and understand acknowledgement. One of the main documents updated, was the Human Rights Policy Statement – not only drawing attention to the position the company takes, but also, committing both AqualisBraemar LOC and staff to ensuring appropriate due diligence is exercised at various levels. Furthermore, AqualisBraemar LOC revised its Workplace Harassment Policy – which together with our code of conduct is extended to all our subcontractors and suppliers. Any gender- biased violence occurring in and around the workplace is encouraged to be expressed and followed up upon by Senior staff.

In November 2020 we rolled out Equality and Diversity Training to all AqualisBraemar staff (please note statistics reflect pre-merger number of the employees).

In June 2020, our CEO made a pledge to all staff re-stating the company values and the importance of giving equal opportunities to all. Our Equal Opportunities Policy was revised and re- issued to all staff in January 2021, confirming AqualisBraemar LOC's values and emphasizing that non-compliance will lead to disciplinary proceedings.

During 2020 AqualisBraemar celebrated International Women in Engineering Day (INWED20). It is a campaign that brings together engineers and their supporters from across the world, joining to raise awareness of the opportunities and achievements of women engineers. We wanted to take this opportunity to praise the excellent work that our female engineers do across the globe and celebrate their efforts to shape our world into a better, safer, more innovative, and exciting place to be. We also enrolled a female member of staff into GWEC's development program Women in Wind, which will promote diversity not only in the workplace but in the industry that we work in as well as helping the development of our employees.

For 2021 AqualisBraemar LOC intends to review and assess topics around the gender pay gap and look at our recruitment strategies to make sure we are upholding fair employment practices. We will be reviewing our internal appraisal review system and would like to further educate line management in recognising development needs for our employees, especially if more businesses adopt a more flexible approach. This will help with setting further goals for SDG 5 – Gender Equality. The Group has a number of Family Friendly Polices across our regions and one of our targets will be to review these polices and investigate where we can make them a universal policy.



Labour

AqualisBraemar LOC value the diversity and inclusion of the people with whom we work and we are committed to equal opportunities. We prohibit discrimination, harassment, and oppose against forced labor of adults and children. We are committed to safe and healthy working conditions and the dignity of the individuals. Workplace Integrity means fostering and protecting a corporate environment that is inclusive, safe, and professional.

Our ABL2030 guiding purpose, created and committed to in 2020, is that energy and the oceans are at the centre of our business; the sustainability of both is vital for the future of our company and the world in which we operate and live. Our purpose not only makes environmental sustainability a responsibility for us in the way we do business, but also recognises that our business impacts the wider world and that we need to take responsibility for that too. In July, our teams across the globe took part in a sports challenge completing 5000 miles and raising funds to support Sailor's Society, charity supporting seafarers and seamen across the world. We raised over £1,400 and the funds were used to provide mental health, chaplaincy and additional support for the families ashore.

AqualisBraemar LOC has a defined set of Group Policies including, but not limited to Equal Opportunities Policy, Integrated Management System Policy, and Whistle Blowing Policy. These are stored on Company's Intranet and have been rolled out to all employees as well as subcontractors. Any breach of our Group policies is taken seriously and investigated appropriately and fairly. Our Group Legal Counsel is a nominated Compliance Officer for the company and is responsible for investigating any internal non- compliances in line with our procedures.

We believe that a motivated and satisfied workforce is a key enabler of individual and business performance. As the business grows, we will be able to provide further career and development opportunities. We encourage our staff to participate in accredited training programs to further their understanding of the business and their roles.

We have rolled out a specific online training course to the wider group around stress in the workplace and diversity and inclusion to encourage awareness. We have also developed a new training and competence procedure globally. We maintain that the newly adoptive way of homeworking will not hinder any employees' chances of further development and career opportunities within the organisation.

2020 was a difficult year with much of our staff having to adapt to new ways of working and sometimes in unusual and difficult conditions. From this way of working, we have understood and realised that our workforce can be far more flexible, and our job roles are adaptable. Flexible work arrangements support our employees in their efforts to balance work commitments with their individual living circumstances and needs. We have therefore implemented more structured polices around flexible working and working from home.

We took a pro-active approach to the COVID-19 pandemic to ensure the health and safety of our employees and stakeholders. Our staff were encouraged to stay at home where possible, to host virtual meetings and restrict travel. We put in place a comprehensive "Return to Work" guide with a safety video and developed team bubbles so only a certain number of people occupied the office at any one time. We reminded staff of new office procedures to maintain hygiene.

We are aware of the inequalities in the engineering sector and continually work on attracting more female talent as well as ensuring the working conditions provided are flexible and approachable to enable women thrive professionally as well as in caregiver roles. Our enhanced maternity package has seen 5 members of staff taking the maternity leave in 2020. Being a predominantly male dominated business, we also recognize the role that fathers have as parents, having 7 paternity leaves taken in 2020.

Employee Diversity in 2020

Staff Population
25.25%
Group Board
40%

Staff Population
74.75%
Group Board
60%

We do not limit people's opportunity to contribute or advance based on age, childcare responsibilities, disability, ethnicity, gender, gender expression, sexual orientation, religion, pregnancy, or other protected personal characteristics. Our workforce is built of 45 nationalities and our continual global presence provides equal opportunities across all of our companies.

Staff turnover and support is crucial to our success. In 2020, 11 of our staff members reached their 10-year anniversary with the company and 2 reached their 20- year milestone. Our company benefits are regularly reviewed to remain attractive to existing and new employees.

Going forward into 2021 we aim to put in measures to monitor and report on the demographics of our management and employees by diversity factors and review initiatives on how to improve.

Due to new ways of working moving forwards our company aim to put more focus on our wellbeing programs. We would like to look at the promotion of physical fitness, promotion of a healthy work life balance and stress management. We believe this will have a positive impact towards SDG 3 – Good Health & Wellbeing.

Environment

Under sections 3-3a and 3-3c of the Norwegian Accounting Act, AqualisBraemar LOC is required to report on its corporate responsibility. AqualisBraemar LOC recognises that Health, Safety and Environmental (HSE) matters are an integral part of its business performance and exemplary performance in the areas of HSE is essential to fulfil our vision and meet the expectations of our stakeholders.

Our ABL2030 guiding purpose, created and committed to in our 2020 Annual Report, is that energy and the oceans are at the centre of our business; the sustainability of both is vital for the future of our company and the world in which we operate and live. Our purpose not only makes environmental sustainability a responsibility for us in the way we do business, but also recognises that our business impacts the wider world and that we need to take responsibility for that too.

Though we are a company without any operating assets, we take our environmental responsibilities very seriously and our Integrated Management System (IMS), which is certified by LRQA, requires that all projects are reviewed for potentially adverse environmental risks.

Our ABL2030 strategy includes three guiding principles that puts environmental sustainability at the core of our business:

Principle 3. Explore opportunities to allow the company & our people engage in efforts to promote greater environmental responsibility in line with the 1992 Rio Earth Summit

Principle 4. Work towards a company-wide net zero carbon target to stay ahead of our markets & contribute to a net zero world

Principle 5. Continue to grow, innovate & develop new services to both accelerate & de-risk the energy transition & create business value

One of our ABL2030 principles is "4. Work towards a company-wide net zero carbon target to stay ahead of our markets & contribute to a net zero world". To achieve this we have set a goal for 2021 is to measure a baseline carbon emissions audit of the whole group, so we can then establish a Group wide carbon neutral policy to reduce our greenhouse gas (GHG) emissions which will include appropriate science-based targets, strategies on how we will achieve these targets and an appropriate carbon footprint reporting and carbon accounting to enable measurement. We have identified a Group team to undertake this task.

Another ABL2030 principle is "5. Continue to grow, innovate & develop new services to both accelerate & de-risk the energy transition & create business value". We recognise that the biggest contribution we can make to tackling climate change is by helping our customers to develop and execute sustainable operations, programmes and projects or investments. As such we have set a goal of developing 2 new services that help achieve this, that can therefore deliver both a positive impact on the UNGC's SGDs and climate change and deliver sustainable business value for our staff and shareholders. We are currently in the process of developing and investing in two new services that will be launched over 2021. One of the new services has a positively impact SDG 14 Life Below Water in the area of reducing risks of environmental damage and the other will positively impact SDG 13 Climate Action around measuring and reducing emissions.

A major part of our Group is in the development and realisation of offshore wind and solar projects globally. Our consultancy services allow our customers to develop, finance and construct projects across the globe bringing clean secure offshore energy to coastal nations from Europe to Asia to the Americas and this has a positive impact on SDG 7 Affordable and Clean Energy.

In January 2021 we updated our OHS Policy – after internal discussions and changes we established that Integrated Quality, Health, Safety and Environmental Policy was more representative of our business and the processes. Our Integrated Management System Manual is a comprehensive document establishing processes and policies required to fulfill our legal requirements, customer expectations and most importantly to ensure health and wellbeing of our employees. Our Management System was subject to Global external certification audit in line with the requirements of ISO 45001: 2018 and ISO 9001: 2015, and it's intended to extend the scope to include the ISO 14001: 2015 across all offices by the end of 2021. Overall, the auditors across the globe were impressed with how well established and managed the system was especially during the pandemic.

AqualisBraemar LOC Group Combined Health, Safety and Environmental Statistics for 2020 can be found in Table 1.

Table 1. AqualisBraemar LOC Group Combined Statistics 2020

AqualisBraemar LOC Group Combined Statistics	2020
Total group man- hours	1.839,231
Fatality Incidents:	0
Total Recordable Injury Cases (TRIC)	4
Lost Time Injuries (LTI)	1
Lost Time Occupational Illnesses (LTOI)	0
First Aid Cases	6
Environmental Pollution Cases	0
Property Damage Cases	0

Overall, AqualisBraemar LOC Group had noted an increase in slips, trips and falls incidents and our aim in 2021 is to reduce number of these incidents through internal training and coaching. As the incidents appear to happen during routine tasks, AqualisBraemar LOC will focus on greater reporting of observations and low risk near miss incidents to increase staff awareness and remain more vigilant. In 2021, we are planning to introduce HELP (Hazard Elimination and Learning Program) system, to increase the learning and reporting from the site attendances. Furthermore, in 2021, we would like to focus on increasing environmental awareness and responsibilities of our staff and planned number of sessions for the group combined, aligned with our management system scope.

The year 2020 will always be remembered by all due to the global pandemic. It had profound changes on the way number of businesses operate.

It was great opportunity for AqualisBraemar LOC to focus on our global footprint and availability of local based staff across 250 location. Arguable, in the times where job security was an issue, we continued to growth to be able to support our customers with limited environmental impact. As working from home became a new norm, the mental health and well-being of our teams became more important than ever. In July, we rolled out a RoSPA approved Work-related stress training course – focusing not only on the coping mechanisms, but the skills required to ensure staff is able to spot the triggers and changes in their peers. As employee participation and consultation was key in ensuring we look after our staff, we successfully maintained meetings of our QHSE Committees throughout 2020. We hope to continue with this initiative in 2021.

Anti-corruption

The Board of Directors has approved and implemented corporate governance principles endorsing and complying with the Norwegian Accounting Act (§ 3-3b) and the Norwegian Code of Practice for Corporate Governance (Code of Practice) issued by the Norwegian Corporate Governance Board.

AqualisBraemar LOC is committed to conducting its business in a manner that adheres to the highest industry standards and strictly in accordance with applicable laws and regulations in the regions and countries where were operate.

The Group advocates high standards of honesty, integrity and ethical behavior in its daily business and expects all representatives of ABL to conduct their daily business in a safe, fair, honest, respectful, and ethical manner.

AqualisBraemar LOC has a corporate compliance officer, employees are provided training on compliance and are instructed to report suspected violations of the Group's code. All staff must complete e-learning modules that support our policies. Our goal is continuous improvement, and we are focusing on improving anti-corruption monitoring and reporting.

In 2020, total of 565 user were registered on the Ethics and Compliance training platform. On average, each employee spent 1.5hr completing the anti-bribery and corruption training. In line with our Training Matrix (ABL-HRP-011 Annex C), all new starters are signed up for the training with immediate effect following the appointment. From then on, the training is repeated every 3 years.

The AqualisBraemar LOC Way of Doing Business – Corporate Code of Ethics and Business Conduct was updated on 21st of December 2020 and issued to all staff.

This handbook is also shared with our contractors via annual Contractor QHSE Package. Both staff and contractors must acknowledge the reading and understanding of the requirements. The Code of Conduct gives general instructions on employee's responsibilities in preventing bribery and corruption

In October 2020, our colleagues spent a day at a local biodiversity site, supporting a charity that aims at providing space, knowledge and support to help communities grow, cook and enjoy nutritious food.

in business dealings, including reporting of suspected Violations. The Code of Conduct is further supported by our internal SOP 16 Regulatory Compliance. This focuses further on our compliance requirements with the international law, including sanction laws described in SOP15.

Our Code of Conduct states that our staff have the options to report to their line manager, our general Counsel or group operations director. We have recently created and published a Whistleblowing Policy that supports all grievances or suspected wrongdoing instances. This includes bribery, fraud or other criminal activity, miscarriages of justice, health and safety risks, damage to the environment, issues in the workplace and/or any breach of legal or professional obligations. This policy covers all employees, officers, consultants, freelancers, contractors, work experience or internship workers, volunteers, casual workers and agency workers of Aqualis Braemar LOC. We stress confidentiality will be protected where appropriate and that we will not penalise or discriminate against anyone who provides information to the company relating to what they believe is corrupt or unethical practices.

Regarding taxation, our policy is full compliancy with all relevant domestic and international laws, rules and regulations. Management of our tax affairs is also consistent with our ethics policy and code of business conduct, which are built around fairness, openness, and honesty. As a listed company we must also demonstrate full compliancy in these areas.

2021 Goals

AqualisBraemar LOC remain committed to the UN Global Compact and its universal sustainability principles and it's Social Development Goals (SDG). We are committed to incorporating the Global Compact's principles on human rights, labor, environment and anti-corruption into our strategy, culture, and operations.

We have outlined our key SDGs, the table below summarises our key Topics and 2021 actions against the appropriate SDG.

	ABL Key Topics	Actions 2021		ABL Key Topics	Actions 2021
3 GOOD HEALTH AND WELL-BEING	**Health & Safety in office/attendance**	• Review Mental Health coverage and training • Review Substance abuse • Encouraging all staff to take a health check assessment • Post pandemic a more flexible working pattern will be established • Develop Mentoring programme across the business streams	13 CLIMATE ACTION	**Sustainable Business Model** **Innovation** **Air Flight Driven Emissions** **Suppliers Emissions**	• Audit the whole group to determine a baseline CO2 emission for the group and put in place a carbon accounting system • Roll out ISO 14001: 2015 across all offices in by the end of 2021 • Develop our clean shipping service line
5 GENDER EQUALITY	**Diversity and Equality** **Human Rights**	• Review and amend our non-discrimination policy • Review and assess topics around gender pay gap • Review and suggest improvement of recruitment policies • Review our internal appraisal system and assess possible line management training needs	14 LIFE BELOW WATER	**Diversity and Equality** **Human Rights**	• Launch 2 new services in either renewables or sustainability sectors
7 AFFORDABLE AND CLEAN ENERGY	**Energy Transition & Climate**	• Launch 2 new services in either renewables or sustainability sectors • Grow renewables business by 40%	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Business Ethics & Anti-Corruption**	• Roll out relevant 3 year Ethics and Compliance re-training to staff • Review the need to incorporate additional training to staff in countries that score low on Corruption Perceptions Indexes
8 DECENT WORK AND ECONOMIC GROWTH	**Human Rights** **Health & Safety in office/ attendance Diversity and Equality**	• Develop a Formal Human Rights Policy • Zero lost-time injuries, medical treatment cases or restricted work cases in the office or attendance environments	17 PARTNERSHIPS FOR THE GOALS	**All SDGs will contribute to Number 17 in some way**	• Align our ongoing sustainability reporting metrics to the SDGs • Set specific improvement goals • Conduct internal trainings across our organization to educate our employees about ESG • Supporting initiatives to promote transparency and anti-corruption, e.g., UN Global Compact • Support initiatives to promote human rights in our business areas, e.g., Neptune Declaration

Corporate Governance

Corporate Governance regulates the relationship between the Group's management, its Board of Directors and the shareholders of the AqualisBraemar LOC ASA (the Company). The Company believes that good corporate governance is an important component of sustainable business conduct and long-term value creation.

1. Implementation and reporting of Corporate Governance

In accordance with the Norwegian Code of Practice for Corporate Governance (NCPCG), the Board of Directors of the Company has prepared a Corporate Governance policy document. AqualisBraemar LOC aspires to follow the NCPCG as closely as possible. Through its board and management, the Company conducts a review and evaluation of its principles for corporate governance on an annual basis.

The Company's compliance with the Code is detailed in this report and section numbers refer to the Code's articles. The Company's' Corporate Governance guidelines are published in full at the Company's website. Adherence to the code is based on the "comply or explain" principle, which means that a company must comply with the recommendations of the code or explain why it has chosen an alternative approach to specific recommendations.

The Company is complying with the NCPCG with the exception of the following:

- Reuben Segal, the Chief Operating Officer of the Company, is also a member of the Board of Directors. The background for this is that Mr. Segal is a significant shareholder in the Company, and also represents the interest of other employees who hold shares in the Company.

2. Business

The Company is a Norwegian public company which offers adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries.

The Group's strategy is to offer its specialist consultancy services through a growing network of global offices.

The scope of the Company's business is defined in its Articles of Association, published on the Company's website. The Company's objectives and strategies are presented in the Directors' report.

3. Equity and dividends

Equity

The Company's consolidated equity at 31 December 2020 was USD 65.3 million, representing an equity ratio of 56%. The Board aims to maintain an equity ratio that remains satisfactory in light of the Company's goals, strategy and risk profile.

Shares and share capital

At the end of 2020 the Company had 92,547,583 ordinary shares outstanding with a par value of NOK 0.10 per share (see note 26 to the Financial Statements). The Company has one share class, and each share carries one vote. At 31 December 2020, the Company had 2,127 shareholders, and foreign registered shareholders held 37.16% of the shares of the Company.

Increases in share capital

The Board will only propose increases in the share capital when this is beneficial over the long term for the shareholders of the Company.

The Board has authorisation to increase the share capital in the Company as approved by the shareholders and publicly registered in the Norwegian Register of Business Enterprises (Brønnøysund), both a general authorization, an authorization related to the subsequent offering after LOC transaction and an authorization to be utilized in connection with the employee incentive program. The Company has further issued warrants as also registered in the Norwegian Register of Business Enterprises (Brønnøysund). The Board has authorisation to purchase the Company's own shares, limited to 10% of the total shares outstanding.

Dividend policy

The Company's intention is to pay a semi-annual dividend in support of its objective to maximise capital efficiency. The majority of the Company's free cash flow is intended to be distributed, subject to maintaining a robust cash buffer to satisfy commitments and support working capital requirements, planned capital expenditure, growth opportunities and uncertain future market prospects.

In addition to paying a cash dividend, the Company may buy back its own shares as part of its plan to distribute capital to shareholders.

4. Equal treatment of shareholders and transactions with close associates

The Company has only one class of shares and there are no voting restrictions. Any potential purchase of own shares shall be carried out via a stock exchange at market prices.

Where the Board resolves to carry out an increase in share capital on the basis of an authority given to the Board, and waive the pre-emption rights of existing shareholders, the justification will be publicly disclosed in connection with the increase in share capital.

Transactions with related parties shall be at arm's length and at fair value which, in the absence of any other pertinent factors, shall be at market value. All material transactions with related parties shall be valued by an independent third party, unless assessed and resolved upon by the General Meeting. Transactions with related parties are described in note 21 to the AqualisBraemar LOC group consolidated financial statements.

5. Freely negotiable shares

There are no limitations on trading of shares and voting rights in the Company and each share gives the right to one vote at the Company's General Meeting.

6. General Meeting

Annual General Meeting

The General Meeting is the Company's supreme body and elects the members of the Board.

The call for the General Meeting

The Company observes the minimum notice period set out in the Norwegian Public Limited Companies Act, i.e. providing 21 days' notice. The call for the General Meeting is issued in writing via mail, or electronically through VPS, to all shareholders with registered addresses. Transmitted with the summons are documents, which have sufficient detail for the shareholders to take a position on all the cases to be considered. However, documents relating to matters which shall be considered at a general meeting need not be sent to the shareholders if the documents have been made available to the shareholders on the Company's website. The summons also addresses the shareholder's right to propose resolutions to the matters to be resolved upon at the General Meeting, and gives information regarding the required steps necessary to exercise the shareholder's rights. The summons and the said documents are made available on the Company's website at least 21 days prior to the relevant General Meeting.

Voting at the General Meeting

Any shareholder is entitled to vote at the General Meeting, and to cast a vote, a shareholder must attend or give a proxy to someone who is attending. The proxy form will be distributed with the summons to the General Meeting. A proxy will only be accepted if submitted by mail, fax, or e-mail (provided the proxy is a scanned document with signature), or registered directly through VPS. For shareholders who cannot attend the General Meeting, the Board will nominate the Chairman and/or the CEO to vote on behalf of shareholders as their proxy. To the extent possible, the Company uses a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

The attendance at the General Meeting

The Board and the management of the Company seek to facilitate the largest possible attendance at the General Meeting. The Chairman of the Board and the Company's Auditor will always attend the General Meeting. Other members of the Board and the Election Committee will also attend whenever practical.

Chairman of the meeting and minutes

The Chairman of the Board, or another person nominated by the Board, will declare the General Meeting open. Considering the Company's organisation and shareholder structure the Company considers it unnecessary to appoint an independent chairman for the General Meeting, and this task will for practical purposes normally be performed by the Chairman of the Board.

7. Election Committee

The Election Committee is elected by the General Meeting. In addition, the Chairman of the Election Committee is also appointed by the General Meeting. The members of the Election Committee should be selected to ensure there is a broad representation of shareholders' interests.

The Election Committee's task is to propose candidates for election to the Board of Directors and to suggest remuneration for the Board. The recommendations shall be justified. The Election Committee currently consists of two members, who shall be shareholders or representatives of the shareholders, and no more than one member of the Election Committee shall be a member of the Board. Further information on the duties of the Election Committee can be found in the Instructions to the Election Committee, which has been approved by the General Meeting and made available on the Company's website.

The Company is not aware of the existence of any agreements or business partnerships between the Company and any third parties in which members of its Election Committee have direct or indirect interests. The Election Committee's composition is designed to maintain its independence from the Company's administration.

The Election Committee currently consists of the following members:

- **Bjørn Stray, Chairman (up for election in 2022)**
- **Lars Løken (up for election in 2022)**

Further information on the membership is available on the Company's webpage.

8. The Board of Directors – composition and independence

The Chairman and the other members of the Board are elected for a period of two years at a time and currently comprises five members. All members of the Board may be re-elected for a period of up to two years at a time.

The Chairman of the Board, Glen Rødland, owns approx. 16.0% of shares in the Company, through Gross Management AS which is owned 100% by Mr Rødland.

Reuben Segal is both a member of the Company's Board of Directors and a member of the Company's executive management team as Chief Operating Officer.

In electing members to the Board, it is emphasised that the Board has the required competence to independently evaluate the cases presented by the Executive Management as well as the Company's operations. It is considered important that the Board functions well as a body of colleagues.

The female representation among Board members is 40%.

The current composition of the Board, including Board members' shareholding in the Company per 31 December 2020 is detailed below.

9. The work of the Board

The Board's work follows an annual plan and it conducts an annual self-evaluation of its performance and expertise, which is made available to the Election Committee. The annual plan is devised after each Annual General Meeting, and includes the number of meetings to be held and specific tasks to be handled at the meetings. Typical tasks that are handled by the Board during the year include an annual strategic review, review and approval of the following year's budget, evaluation of management and competence required, and continuous financial and risk reviews based on budget or prognosis. The Board has held 18 meetings and calls during the period between 1 January 2020 and 31 December 2020.

Audit Committee

The Company has in the past had the full Board constituted as the Audit Committee. Going forward the Board is of the opinion that an Audit Committee consisting of at least two board members, of which at least one independent member with auditing or accounting experience. The Audit Committee performs a qualitative review of the quarterly and annual reports of the company and participates in the quality assurance of guidelines, policies, and other governing instruments pertaining to the Company. The committee supports the Board in safeguarding that the company has sound risk management and internal controls over financial reporting.

Remuneration Committee

The Remuneration Committee, appointed by the Board, makes proposals to the Board on the employment terms and conditions and total remuneration of the CEO, and other members of the Executive Management, as well as the details of the employee share scheme. These proposals are also relevant for other management entitled to variable salary payments. Currently, the Company's full Board constitutes the Remuneration Committee.

10. Risk management and internal control

The Board and the Executive Management shall at all times see to it that the Company has adequate systems and internal control routines to handle any risks relevant to the Company and its business, including that the Company's ethical guidelines, corporate values and guidelines for corporate social responsibility are maintained and safeguarded.

The Board carries out an annual detailed review of the Company's most important areas of exposure to risk and its internal control systems.

The risk areas, changes in risk levels and how the risk is being managed, are on the agenda at each regular Board meeting.

The Company offers adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries. These services are provided in compliance with relevant international and local laws and regulations governing this industry. The Company has adopted a Corporate Code of Conduct and a QHSE system governing daily business practices.

11. Remuneration of the Board of Directors

Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the business. The remuneration needs to be sufficient to attract both Norwegian and foreign Board members with the right expertise and competence. The compensation shall be a fixed annual amount and shall be determined by the Annual General Meeting based on a proposal from the Election Committee.

For more information on remuneration of the Board see note 21 to the AqualisBraemar LOC group consolidated financial statements.

12. Remuneration of the Executive Management

The Board decides the salary and other compensation of the CEO, pursuant to relevant laws and regulations, having references to the main principles for the compensation policy of the Company as well as market norms and performance of the individual.

For more information on remuneration of the CEO and other members of Executive Management, see note 21 to the AqualisBraemar LOC group consolidated financial statements and the statement regarding the determination of salary and other remuneration for Executive Management in note 22, as well as the new proposed guidelines for remuneration to Executive Management.

Name	Position in the Board	Member since (year)	Up for election (year)	Committee membership	Shareholding in AqualisBraemar LOC*
Glen Rødland	Chairman	2014	2022	Audit Remuneration	14,790,351 [1]
Yvonne L. Sandvold	Member	2013	2021	Remuneration	-
Reuben Segal	Member	2014	2022	Remuneration	1,798,003 [2]
Ronald Series	Member	2019	2021	Remuneration	-
Synne Syrrist	Member	2013	2021	Audit Remuneration	-

*** At 31st of December 2020**

[1] The shares are held through Gross Management AS, an entity owned 100% by Mr. Rødland

[2] The shares are held through AmAn Marine Limited, an entity controlled by Mr. Segal under nominee account LGT Bank AG.

13. Information and communication

The Company is strongly committed to maintaining an open dialogue with its shareholders, potential investors, analysts, investment banks and the financial markets in general. Our goal is for the share price to reflect the underlying value of the Company by providing all price-relevant information to the market on a timely basis.

The Board of Directors and the Executive Management of the Company assign considerable importance to giving the shareholders and the financial market in general timely, relevant and current information about the Company and its activities, while maintaining sound commercial judgement in respect of any information, which, if revealed to competitors, could adversely influence the value of the Company.

The CEO and CFO are responsible for the Company's investor relations activities and all communication with the capital markets, and all information is provided in accordance with the laws and regulations imposed by the Norwegian Securities Trading Act and the Oslo Stock Exchange.

Regular information is published in the form of Annual Reports and interim reports and presentations. the Company distributes all information relevant to the share price to the Oslo Stock Exchange in accordance with applicable regulations. Such information is distributed without delay and simultaneously to the capital market, the media and on the Company website.

The Company publishes all information concerning the General Meetings, quarterly reports and presentations and other presentations on the Company website, as soon as they are made publically available.

The Executive Management holds regular meetings with shareholders and other investors, and presents at domestic and international investor conferences.

14. Take-overs

The Board shall not without specific reasons attempt to hinder or exacerbate any attempt to submit a takeover bid for the Company's activities or shares, hereunder make use of any proxy for the issue of new shares in the Company. In situations of takeover or restructuring, it is the Board's particular responsibility to ascertain that all shareholders' values and interests are protected. If a take-over offer is made, the Board will issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board will arrange a valuation from an independent expert that shall be made public no later than the disclosure of the Board's recommendation.

15. Auditor

PricewaterhouseCoopers AS was appointed as the Company's Auditor on 15 May 2018. The Auditor each year presents a plan for the implementation of the audit work, and following the annual statutory audit presents a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The Auditor participates in the Board meeting that approves the annual financial statements, and otherwise when required. The Auditor meets with the Board, without the Company's Executive Management being present, at least once a year.

Remuneration to the Auditor is disclosed in note 6 to the Financial Statements.

The full Corporate Governance Policy is published on AqualisBraemar LOC's website: **www.abl-group.com**

Board of Directors' Report

Background

Aqualis Offshore Holding ASA was incorporated and listed on Oslo Stock Exchange in 2014, and subsequently changed its name to Aqualis ASA (ticker "AQUA"). Aqualis ASA completed the acquisition of three business lines (collectively "Braemar Technical Services" or "BTS") from Braemar Shipping Services Ltd in 2019 and subsequently changed the name of to AqualisBraemar ASA. AqualisBraemar ASA completed the acquisition of LOC Group on 21 December 2020 and subsequently changed the name to AqualisBraemar LOC ASA.

AqualisBraemar LOC ASA and its subsidiaries are together "AqualisBraemar LOC", "AqualisBraemar LOC Group", "Company" or the "Group".

Key figures and events in 2020

- Revenues of USD 77.0 million in 2020 vs USD 54.8 million in 2019
- Operating profit (EBIT) of USD 2.9 million in 2020 vs loss of USD 0.3 million in 2019
- Adjusted EBIT[1] of USD 4.8 million in 2020 vs USD 1.3 million in 2019
- Profit after taxes of USD 1.5 million in 2020 vs USD 9.0 million in 2019
- Adjusted profit after taxes[1] of USD 3.3 million in 2020 vs USD 0.2 million in 2019
- Net cash flow from operating activities of USD 8.5 million in 2020 vs outflow of USD 2.7 million in 2019
- Total dividend of NOK 0.4 per share paid during 2020, corresponding to USD 3.0 million
- Completed acquisition of LOC Group in December, roughly doubling the size of the group
- Continued strong growth in renewables segment – organic revenue growth of 59% year-on-year
- Set strategic target to achieve 50% of revenues from renewables and sustainability oriented services by 2025
- Solid financial position with cash balance of USD 30.6 million at 31 December 2020
- 884 full-time equivalent employees[2] at 31 December 2020

[1] Alternative Performance Measures
[2] Including subcontractors

Strategy And Objectives

AqualisBraemar LOC focuses on the provision of high end consultancy to the global energy, shipping and insurance industries. The services can be categorised in four business streams:

- **Renewables** – Independent engineering and consultancy services to offshore wind industry
- **Offshore** – Engineering and consultancy services to the offshore oil and gas industry
- **Marine** – Worldwide emergency incident response and surveys to marine insurance industry and asset owners
- **Adjusting** – Loss adjusting and dispute resolution to the onshore and offshore energy insurance markets

The Group's strategy is to offer its specialist marine and engineering consultancy services through a network of global offices. The Group has established a presence in most major marine and offshore energy centres. This global presence allows the business to provide local expertise and swift response times to customer demands.

2020 was another transformative year for AqualisBraemar LOC. Following on from 2019's acquisition of Braemar Technical Services, 2020's acquisition of LOC roughly doubled the size of the company in terms of employees and revenues for the second time in two years. These transactions were part of the Company's long-term plan to consolidate the offshore energy and marine consulting space. The combined group of the former Aqualis, BTS and LOC can provide a significantly broader and deeper suite of services to our customers across an increased geographical footprint.

Importantly, the LOC acquisition also increased the Group's renewables footprint and reaffirmed our commitment to the energy transition. The Group's strategic target is for 50% of revenues to come from renewables and sustainability-oriented services in 2025. This share has increased from approximately 6% in 2017 to the current run rate of approximately 20%, and we are committed to continuing that trajectory.

To ensure flexibility to adapt more quickly to market changes, AqualisBraemar uses a significant number of subcontractors, particularly in the Offshore and Renewables markets.

The overall subcontractor share has been reduced following the integration of Braemar Technical Services and LOC, but the Group aims to further increase the subcontractor share going forward.

AqualisBraemar LOC will continue to be active in the consolidation/restructuring of our industry. The acquisitions of 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 shareholders, not on increasing the size of the company as such. All M&A and other investments need to be value accretive.

Organisation

The business is operated primarily through a regional structure, giving shorter reporting lines, improved local presence towards customers, and improved utilisation through flexible use of technical staff across business streams. OWC is managed and reported as a separate segment, as projects are more global in nature due to the market being almost exclusive to Europe historically. Our five reporting segments during 2020 were: Europe, Middle East, Asia Pacific, Americas and Renewables (OWC).

For 2020, the business was secondarily organised across four business streams, Renewables, Marine, Offshore and Adjusting – each with separate global managing directors ensuring consistency of delivery and access to global competency.

The integration of LOC will involve some organizational changes. Inter alia, the secondary organisation of business streams will be reorganised by our three primary markets: Renewables, Maritime and Oil & Gas. Adjusting, which continues to be a growth area for the Group, delivers services to all three markets.

During 2020, the Group opened offices for OWC in Japan, Korea and Poland to service the growing international offshore wind market. We also opened new offices for Adjusting in Malaysia, Mexico and Russia. Following the combination with LOC, the Group is co-locating and consolidating offices in 18 shared locations including London, Dubai, Singapore and Houston.

Financial Review

Financial statements

The consolidated financial statements of AqualisBraemar LOC are prepared in accordance with International Financial Reporting Standards as adapted by the European Union. A financial review of the Group for 2020 is provided below.

Profit and loss

Total operating revenues increased by 41% to USD 77.0 million compared to USD 54.8 million in 2019. The increase is mainly attributable to full year effect of the acquisition of BTS. Completion of the LOC Group acquisition took place on 21 December 2020 and was consolidated from the date of acquisition.

Staff costs and other operating expenses increased by 33% to USD 72.6 million compared to USD 54.4 million in 2019. The increase is in line with the increase in revenue.

EBIT amounted to a profit of USD 2.9 million compared to a loss of USD 0.3 million in 2019. Adjusted EBIT was USD 4.8 million in 2020 vs USD 1.3 million in 2019.

Revenue in all segments increased substantially in 2020, due to the full year effect of the consolidation of BTS, as well as strong organic growth in our renewables segment.

Profit after taxes amounted to USD 1.5 million in 2020 compared to a profit of USD 9.0 million in 2019. The decrease is mainly attributable to gain from bargain purchase of USD 11.0 million which was included in 2019. Adjusted profit after taxes was USD 3.3 million in 2020 vs USD 0.2 million in 2019.

Cash flow, liquidity and financial position

Net cash flow from operating activities was USD 8.4 million in 2020. This was mainly due to decrease in working capital and effects related to net exchange differences. Net cash outflow for investing activities was USD 14.8 million in 2020 and was primarily related to the acquisition of LOC. While net cash inflow from financing activities was USD 25.8 million in 2020. In connection with the acquisition of LOC, a private placement with net proceeds of USD 15.3 million and a new bank facility with net proceeds of USD 14.6 million were completed in December 2020. A total dividend of USD 3.0 million representing NOK 0.40 per share was paid to the shareholders in 2020. At 31 December 2020, cash balance amounted to USD 30.6 million compared with USD 10.9 million at 31 December 2019.

At 31 December 2020, total assets amounted to USD 119.0 million compared with USD 63.6 million as of 31 December 2019. The shareholders' equity was USD 64.6 million at 31 December 2020, corresponding to an equity ratio of 54%. The shareholders' equity was USD 47.4 million at 31 December 2019, corresponding to an equity ratio of 75%. AqualisBraemar LOC had USD 15.1 million of interest bearing bank debt as of 31 December 2020.

The Board of Directors proposes a dividend equal to 0.25 NOK per share to be paid during the first half of 2021, and for dividends to remain on a semi-annual schedule.

AqualisBraemar LOC ASA

AqualisBraemar LOC ASA prepares its financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. AqualisBraemar LOC ASA is an ultimate holding company for the Group's operations.

AqualisBraemar LOC ASA reported loss after taxes in 2020 of NOK 0.1 million compared with loss after taxes of NOK 0.8 million in 2019. Total assets as of 31 December 2020 were NOK 621.6 million compared with NOK 372.1 million in 2019. The company's cash balance at 31 December 2020 was NOK 31.2 million vs NOK 24.2 million at 31 December 2019. Net cash flow from operating activities was NOK 0.6 million in 2020. Net cash outflow used in investing activities was NOK 222.0 million in 2020 and primarily related to loan given to group companies. Net cash inflow from financing activities was NOK 228.4 million mainly comprised of proceeds from share issues as well as the new bank loan facilities and payment of dividends. For tax purposes, the distribution of dividend was considered repayment of paid.

AqualisBraemar LOC ASA is exposed to credit risk related to loans to subsidiaries. The loans to subsidiaries do not have a specific due date.

The total shareholder's equity at 31 December 2020 was NOK 470.6 million with a corresponding equity ratio of 75.7%. The Board proposes that the loss after tax of NOK 0.1 million and the distribution of dividend for 2020 equal to NOK 0.20 per share amounting to NOK 14.0 million are covered by transfer from other paid-up capital.

AqualisBraemar LOC ASA has its headquarter in Oslo, Norway with three permanent employees at the end of 2020.

Going Concern

Based on AqualisBraemar LOC's cash position at 31 December 2020, and the estimated net cash flow for 2021, AqualisBraemar LOC has the necessary funds to meet its obligations for the next 12 months.

In accordance with the Norwegian accounting act § 3-3a, the Board of Directors confirm that the Financial Statements have been prepared under the assumption of going concern and that this assumption is valid.

Risk Factors

Risk exposure and Risk management

AqualisBraemar LOC's regular business activities routinely encounter and address various types of risks some of which may cause our future results to be different than we presently anticipate. A disciplined approach to risk is important and the Group proactively manages such risks.

AqualisBraemar LOC's Board is committed to effective risk management in pursuit of the Group's strategic objectives with the aim of growing shareholder value. Further, the Board realises that proactive risk management is both an essential element of good corporate governance and an enabler in realising opportunities.

The Executive Management is responsible for the governance of risk with support from members of the management team. They review and monitors the effectiveness of the risk management processes within the Group in accordance with corporate risk governance requirements.

Risk registers are tabled at Company and Board meetings under the categories of economic, financial, political, operational, strategic, legal and human resources risks. Action plans are monitored and discussed to reduce the risks to acceptable levels.

Operational risk

Operational Risk typically involves the risk of loss resulting from inadequate internal processes, people and systems or from external events, including political and legal risks. The Executive Management regularly analyses its operations and potential risk factors with a focus on the most significant risks facing the Group and takes appropriate measures to reduce risk exposure.

AqualisBraemar LOC places a strong emphasis on Quality, Health & Safety Assurance and has management systems implemented, in line with the requirements for its business operations.

Credit risk

Credit risk is primarily related to trade receivables. In trade receivables, credit risk include geographic, industry and customer concentration and risks related to collection. AqualisBraemar LOC is tightly managing its receivables as the oil & gas industry is still facing challenging market conditions. Market and customer specific developments affect credit risk.

Interest rate risk

With gross interest bearing bank debt of USD 15.1 million at 31 December 2020, the Group is exposed to interest rate risk. The interest on the Group's bank debt is based on floating interest rates with a fixed margin on top.

Liquidity risk

The Group's policy is to maintain satisfactory liquidity at the corporate level. The Group has a solid cash position which exceeds the interesting-bearing debt at year-end. The Group had cash and cash equivalents of USD 30.6 million, and 15.1 million of interest bearing bank debt, at 31 December 2020. Based on the year-end cash balance, available liquidity resources and the current structure and terms of the Group's liabilities, it is the Board's opinion that the Group has adequate funding and liquidity to support its operations and investment program.

Foreign currency risk

AqualisBraemar operates internationally and is exposed to currency risk primarily to fluctuations in USD, NOK, SGD, GBP and AED, arising from commercial transactions and assets and liabilities in currencies other than the entity's functional currency, AqualisBraemar LOC's net investments in foreign subsidiaries and its foreign currency denominated cash deposits. During the year 2020, the Group had a net foreign exchange loss of USD 0.6 million.

Further details on financial risk can be found in note 23 to the consolidated financial statements.

Corporate Governance

The statement of corporate governance is included as a separate document in the annual report. Corporate governance is important to ensure that our business is operated in a way that protects the long-term interest of all stakeholders. The Board of Directors has approved and implemented corporate governance principles endorsing and complying with the Norwegian Accounting Act (§ 3-3b) and the Norwegian Code of Practice for Corporate Governance (Code of Practice) issued by the Norwegian Corporate Governance Board. AqualisBraemar LOC's compliance with the Code of Practice is described in detail in the report on Corporate Governance which is included in the Annual Report on page 31.

Social and Environmental Responsibility

In Q1 2020 we initiated a comprehensive process to establish best practice Environmental, Social and Governance ("ESG") reporting and to instil sustainability into the culture and forward strategy of the Group. We have called this project AqualisBraemar2030, now renamed as ABL2030, recognising that though the journey may be long, we must build the foundations this decade.

For an update on our social and environmental responsibility please see our Sustainability Report on page 25.

Markets and Outlook

Outlooks are inherently uncertain and are subject to inter alia changes in market conditions and operational performance.

AqualisBraemar LOC's financial performance in 2021 is expected to 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 36 million in 2018 to a proforma revenue of USD 140 million 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 will consolidate offices in 18 locations worldwide and implementing one ERP system and management system in the group. Cost synergies from the LOC acquisition are expected to amount to USD 3.5 million on a running basis. Some integration costs must be expected, especially during the first half of 2021.

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. For 2021 we expect a gradual normalization in terms of Covid-19 related disruptions, while both shipping and O&G markets are flattening out and gradually improving. An oil price of USD 60/bbl is expected to lead to more activity from the second half of the year.

Finally, as our Renewables segment grows its relative size of our revenue (18% of revenue in 2020 in total) 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 decision 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. The current oil price above USD 60/bbl combined with a normalization of oil consumption during 2021 and 2022 is expected to normalize the business volume for the ABL's O&G segment. However, 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.

Oslo, 30 April 2021

Glen Rødland
Chairman of the Board

Yvonne L. Sandvold
Board member

Reuben Segal
Board member

Ronald Series
Board member

Synne Syrrist
Board member

David Wells
CEO

Responsibility Statement

We confirm that, to the best of our knowledge, the 2020 consolidated financial statements have been prepared in accordance with IFRS as adopted by EU, gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-5.

Oslo, 30 April 2021

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CEO

Consolidated Financial Statements

Consolidated statement of income

Amounts in USD thousands	Notes	2020	2019
Revenue	4	77,015	54,792
Total revenue		**77,015**	**54,792**
Staff costs	5	(41,495)	(28,536)
Other operating expenses	6	(31,096)	(25,900)
Depreciation, amortisation and impairment	11,12	(1,477)	(690)
Operating profit (loss) (EBIT)		**2,946**	**(332)**
Gain on bargain purchase	7	-	11,026
Finance income	8	399	79
Finance expenses	8	(271)	(625)
Net foreign exchange gain (loss)	8	(568)	(248)
Profit (loss) before income tax		**2,507**	**9,900**
Income tax expenses	9	(993)	(863)
Profit (loss) after tax		**1,513**	**9,037**

Consolidated statement of other comprehensive income

Amounts in USD thousands	Notes	2020	2019
Profit (loss) after tax		**1,513**	**9,037**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences		1,626	137
Income tax effect	9	30	(46)
Other comprehensive income for the period, net of tax		**1,657**	**91**
Total comprehensive income for the period		**3,170**	**9,128**
Total comprehensive income for the period is attributable to:			
Equity holders of the parent company		3,170	9,128
Non-controlling interests		-	-
		3,170	**9,128**
Earnings per share (USD): basic	10	**0.02**	**0.16**
Earnings per share (USD): diluted	10	**0.02**	**0.13**

Consolidated balance sheet

Amounts in USD thousands	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,213	559
Right-of-use assets	12	4,707	2,376
Goodwill and intangible assets	13	26,665	12,974
Deferred tax assets	9	1,395	447
Total non-current assets		**33,980**	**16,356**
Current assets			
Trade and other receivables	14	41,498	24,252
Contract assets	4	12,916	12,019
Cash and cash equivalents	15	30,642	10,930
Total current assets		**85,056**	**47,201**
Total assets		**119,036**	**63,557**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	1,276	1,018
Treasury shares	16	(41)	(41)
Share premium	16	67,080	55,051
Consideration shares	7	1,459	-
Share-based compensation reserve	16	897	580
Retained earnings		5,413	3,900
Foreign currency translation reserve		(11,487)	(13,144)
Total		**64,597**	**47,364**
Non-controlling interests	7	721	-
Total equity		**65,319**	**47,364**
Non-current liabilities			
Deferred tax liabilities	9	682	409
Long term borrowings	17	6,414	-
Lease liabilities	12	2,340	1,214
Provisions	18	3,214	2,809
Other payables		1,933	-
Total non-current liabilities		**14,584**	**4,432**

Amounts in USD thousands	Notes	31 December 2020	31 December 2019
Current liabilities			
Trade and other payables	19	25,207	9,487
Contract liabilities	4	757	719
Short term borrowings	17	8,669	-
Lease liabilities	12	2,552	1,184
Income tax payable	9	907	371
Provisions	18	1,042	-
Total current liabilities		**39,134**	**11,761**
Total liabilities		**53,718**	**16,193**
Total equity and liabilities		**119,036**	**63,557**

Oslo, 30 April 2021

Glen Rødland
Chairman of the Board

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Board member

Reuben Segal
Board member

Ronald Series
Board member

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Board member

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CEO

Consolidated statement of changes in equity

Amounts in USD thousands	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 2019		690	-	42,670	-	567	(5,137)	(13,235)	25,555	-	25,555
Other comprehensive income		-	-	-	-	-	9,037	91	9,128	-	9,128
Cash-settled capital increase (net of transaction costs)		153	-	5,659	-	-	-	-	5,812	-	5,812
Issue of shares on acquisition	16	175	-	6,722	-	-	-	-	6,897	-	6,897
Acquisition of treasury shares	16	-	(41)	-	-	-	-	-	(41)	-	(41)
Share-based payment expenses	16	-	-	-	-	13	-	-	13	-	13
At 31 December 2019		1,018	(41)	55,051	-	580	3,900	(13,144)	47,364	-	47,364
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)	16	258	-	15,058	-	-	-	-	15,317	-	15,317
Shares to be issued as part of the consideration on a acquisition of subsidiary	7	-	-	-	1,459	-	-	-	1,459	-	1,459
Dividends paid	16	-	-	(3,030)	-	-	-	-	(3,030)	-	(3,030)
Share-based payment expenses	16	-	-	-	-	317	-	-	317	-	317
Non-controlling interests on acquisition of subsidiary	7	-	-	-	-	-	-	-	-	721	721
At 31 December 2020		**1,276**	**(41)**	**67,080**	**1,459**	**897**	**5,413**	**(11,487)**	**64,598**	**721**	**65,319**

Consolidated statement of cash flows

Amounts in USD thousands	Notes	2020	2019
Cash flow from operating activities			
Profit (loss) before taxes		2,507	9,900
Non-cash adjustment to reconcile profit before tax to cash flow:			
Non-cash employee benefits expense - share-based payments	16	317	13
Depreciation, amortisation and impairment	11,12	1,477	690
Increase (Decrease) in fair value of consideration warrants	8	(130)	575
Gain on bargain purchase		-	(11,026)
Changes in working capital:			
Changes in trade and other receivables		2,201	1,119
Changes in trade and other payables		2,499	(2,531)
Interest received		(18)	(46)
Income taxes paid		(1,190)	(847)
Net exchange differences		811	(512)
Cash flow from (used in) operating activities		**8,474**	**(2,665)**
Cash flow from investing activities			
Payments for property, plant and equipment		(150)	(182)
Interest received		18	46
Net cash acquired (paid) on acquisition of subsidiaries		(14,619)	3,000
Cash flow from (used in) investing activities		**(14,751)**	**2,864**
Cash flow from financing activities			
Dividends paid to company's shareholders	16	(3,030)	-
Principal elements of lease payments		(1,096)	(501)
Proceeds from loans and borrowings		14,621	-
Proceeds from issuance of shares capital	16	15,317	5,812
Payments for shares bought back		-	(41)
Cash flow from (used in) financing activities		**25,811**	**5,270**
Net change in cash and cash equivalents		**19,534**	**5,469**
Cash and cash equivalents at the beginning of the period		10,930	5,454
Effect of movements in exchange rates		177	7
Cash and cash equivalents at the end of the period		**30,642**	**10,930**

Notes to the Consolidated Financial Statements

Note 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 Olav Vs gate 6, 0161 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 67 offices across in 39 locations in Europe, Africa, Americas, Middle East, Asia and Australia.

For all periods up to and including the year ended 31 December 2020, the consolidated financial statements of the Group are a continuation of the group values transferred from Weifa ASA in the spin-off of the marine and offshore business wherein all the shares in subsidiaries were transferred to Aqualis ASA on 24 July 2014. The ownership of the subsidiaries and the related excess values from the acquisitions are consequently continued in the consolidated financial statements of the Group.

Note 2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of AqualisBraemar LOC ASA and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and the additional requirements of the Norwegian Accounting Act as of 31 December 2020. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

These 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.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

(iii) New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7

The amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted by the group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of AqualisBraemar LOC ASA.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Board of Directors, considered to be the Group's Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit and a broad range of key performance indicators in addition to segment profitability.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollars (USD). The functional currency of the parent company is Norwegian Krone (NOK). The parent company financial statements are presented in NOK.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the consolidated statement of income on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the reporting date.

2.5 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability is subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period ends as soon as the Group receives the necessary information about the facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

2.6 Revenue recognition

(i) Rendering of services

The Group offers adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries under variable and fixed-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered.

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. Payment for services is not due from the customers until the services are complete and therefore contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date. If the payments exceed the services rendered, a contract liability is recognised.

Revenue from contracts priced on a variable basis is recognised at the contractual rates as labour hours and direct expenses are incurred.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total estimated labour hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(ii) Interest income

Interest income is recognised using the effective interest rate method.

2.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Investment allowances and similar tax incentives

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime or other investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated income statement in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

- Fixtures and office equipment: 2- 5 years
- Vehicles: 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognised.

2.9 Leases

The group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 5 years, but may have extension options.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.10 Intangible assets

(i) Goodwill

Goodwill is measured as described in note 2.5. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes (note 13).

(i) Customer relations

The customer contracts were acquired as part of a business combination (see note 7 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives of 10 years.

2.11 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Financial assets

The Group classifies its financial assets at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

2.13 Trade receivables

Trade receivables are amounts receivable from customers for billing in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment losses. The Group measures the loss allowance for trade receivables based on the expected credit loss model using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement within other operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the consolidated income statement.

2.14 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.15 Balance sheet classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.18 Employee benefits

(i) Pension obligations

The Group currently has defined contribution plans only. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Other employees' benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. These liabilities are presented as a current liability and included in trade and other payables.

In some countries, the group also has liabilities for end of service benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The provision relating to end of service benefits is disclosed as a non-current liability.

(iii) Bonus plans

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the employee option plan. Information relating to these schemes is set out in note 16.

Employee options

The fair value of options granted under the employee option plan is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g.
- profitability, sales growth targets and remaining an employee of the entity over a specified
- time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save
- or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non -market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of arrangement fees) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.20 Contingent consideration

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability is subsequently remeasured to fair value, with changes in fair value recognised in income statement.

2.21 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments (treasury shares), for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.22 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

2.24 Events after the balance sheet date

New information on the Group's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the Group's position at the balance sheet date, but which will affect the Group's position in the future, are stated if significant.

2.25 Prior-year information

The presentation of certain prior year information has been reclassified to conform to the current year presentation.

Note 3. Significant accounting estimates and judgements

In applying the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (which are presented below separately), that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Control over subsidiaries

Note 26 describes that certain subsidiaries in UAE, Qatar and Malaysia are subsidiary of the Group even though the Group has only 49% ownership interest. The remaining ownership interests are held by local sponsors in accordance with statutory regulations of those countries.

The directors of the Company assessed whether or not the Group has control over those subsidiaries based on whether the Group has the practical ability to direct the relevant activities of subsidiaries unilaterally. In making their judgement, the directors considered the Group's absolute size of holding in those subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders.

Through trust agreements with the respective local sponsors, the Group controls 100% of the financial and ownership rights of those entities. The Group has ownership over all the assets of both entities, with all dividends, proceeds of sale etc. belonging solely to the Group.

After assessment, the directors concluded that the Group has full power of the investee, is fully exposed to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns, those entities have been fully consolidated in the consolidated financial statements of the Group, and the 51% owned by the local sponsors have not been treated as a non-controlling interest.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(ii) Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use for calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 13 to the consolidated financial statements.

(iv) Employee compensation plans

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 16 to the consolidated financial statements.

(v) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments; the probability that they will enter bankruptcy or other financial reorganization, and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or general changes in the economic conditions that correlate with defaults.

The Group measures the loss allowance on amounts due from customer at an amount equal to lifetime expected credit losses (ECL). When measuring ECL, the group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Further details of the key assumptions applied in the impairment assessment are given in Note 23 to the consolidated financial statements.

Note 4. Revenue from contracts with customers

The group derives revenue from contracts with customers for the consultancy services over time provided to the energy, shipping and insurance industries and includes reimbursement of expenses and related services. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (note 25). It excludes dividends, interest income and intra-group transactions.

Amounts in USD thousands	2020	2019
Consultancy services	74,930	53,095
Reimbursement of expenses	1,828	1,697
Other	256	180
Total	**77,015**	**54,972**

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers.

Amounts in USD thousands	31 December 2020	31 December 2019
Contract assets		
Contract assets related to contracts with customers	13,062	12,189
Loss allowance	(146)	(171)
Total	**12,916**	**12,019**
Contract liabilities		
Contract liabilities related to contracts with customers	**757**	**719**

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Trade receivables and contract assets have increased as a result of an acquisition of the subsidiary (note 7). The group also recognised a loss allowance for contract assets in accordance with IFRS 9, refer note 23 for further information. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time. The amount of USD 0.7 million included in contract liabilities at 31 December 2019 has been recognised as revenue in 2020 (2019: USD 0.4 million).

The vast majority of the Group's consulting service contracts are billed based on the time incurred. As permitted under IFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed, for which the practical expedient applies.

Whilst the Group incurs costs that are necessary to facilitate a sale, those costs would have been incurred even if the customer decided not to execute the contract and therefore have not been capitalised.

Note 5. Staff costs

Amounts in USD thousands	2020	2019
Salaries and wages	34,831	24,257
Payroll and social security costs	2,856	1,765
Employee's end of service and pension benefits	887	426
Share-based payments	317	13
Other personnel costs	2,604	2,075
Total	**41,495**	**28,536**
Average number of employees	**352**	**230**

The Group currently has defined contribution plans only.The Group's obligations are limited to annual contributions. AqualisBraemar LOC meets the Norwegian requirements for mandatory occupational pension (*"obligatorisk tjenestepensjon"*).

Note 6. Other operating expenses

Amounts in USD thousands	2020	2019
Subcontractors cost	19,090	14,803
Office lease and maintenance expenses	1,270	1,240
Insurance cost	1,018	698
Cost of recharged expenses	1,857	1,677
Transaction costs related to acquisition	1,393	1,129
General and administrative expenses	6,468	6,353
Total	**31,096**	**25,900**
Remuneration to auditors [1]		
Audit	411	215
Other assurance services	7	40
Other services	164	139
Total	**582**	**394**

[1] All fees are exclusive of VAT

Note 7. Business combination

Acquisition of LOC Group

On 23 November 2020, the Company entered into a share purchase agreement regarding the acquisition of 100% of the shares in Neptune Midco 1 Limited, being the ultimate parent company of the "LOC Group". Completion of the acquisition transaction took place on 21 December 2020.

The acquisition is an important step to implement the Company's stated strategy of growth through continued expansion in the rapidly growing offshore renewables industry. LOC Group has a strong and highly complementary footprint within the same industry, and is a perfect fit for the Company and its strategy, and will support the Company's ambition of consistently returning capital to its shareholders. The acquisition is expected to increase the Group's market share and reduce costs through economies of scale.

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:

Amounts in USD thousands	
Purchase Consideration	
Cash Consideration	29,413
Contingent consideration warrants	1,459
Total purchase consideration	**30,873**

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

(i) USD 20,200 thousand net cash consideration to previous shareholders adjusted for permitted leakage and certain other elements between signing and closing – adjusted final cash consideration was of USD 16,876 thousand

(ii) USD 12,537 thousand in repayment of external bank loans

(iii) GBP 1 for 100% of the equity in the target company

(iv) 1 million warrants, conditional on the Company's share price 18 months after completion being above NOK 7.5 and

(v) 1 million warrants, conditional on the Company's share price 36 months after completion being above NOK 10.0.

The warrants were issued on completion of the transaction and will be exercisable in a short period following the expiry of the 18 months and 36 months periods. The warrant condition thresholds are measured against the 60-day value weighted average price prior to the expiry of these periods. The exercise price will be NOK 0.10 per warrant, being the nominal value per share of the Company.

The total fair value of the warrants of USD 1,459 thousand was estimated using an asset-or-nothing call option derived from the Black & Scholes option pricing model at the date of the acquisition. The fair value of the warrants was based on the share price of the Company on 21 December 2020 of NOK 8.90 per share, which was the closing share price on the completion day of the acquisition. However, due to the rapid increase in the share price immediately after the announcement of the transaction on 23 November 2020, daily share prices prior to 22 November 2020 were used in the calculation of the stock's volatility.

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

Amounts in USD thousands	
Fair value of net assets acquired	
Property, plant and equipment	771
Right-of-use assets	3,472
Deferred tax assets	918
Trade and other receivables	16,938
Contract assets	3,019
Cash and cash equivalents	14,807
Trade and other payables	(14,156)
Short term borrowings	(454)
Lease liabilities	(3,610)
Income tax payable	(461)
Deferred tax liabilities	(16)
Provisions	(2,636)
Net identifiable assets acquired	**18,593**
Non-controlling interests	(618)
Goodwill	-
Net assets acquired	**17,974**

The Company identified USD 3,561 thousand in value which can be allocated to the customer relations, offset by deferred tax of USD 534 thousand. 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.

Amounts in USD thousands	
Excess value	
Fair value of identifiable net assets acquired	17,974
Less: purchase consideration	(30,873)
Excess value	**12,898**

Amounts in USD thousands	
Excess value allocated to:	
Goodwill	9,974
Customer relations	3,561
Non-controlling interest customer relations	(103)
Deferred tax	(534)
Total	**12,898**

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.

The fair value of receivables acquired (which principally comprise of trade receivables and contract assets) was USD 17.3 million. The total gross contractual amount due was USD 18.7 million, with a loss allowance of USD 1.4 million.

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.

Amounts in USD thousands	
Net cash flow on acquisition of subsidiaries	
Cash acquired	14,807
Cash paid	(29,413)
Net cash outflow - investing activities	**(14,606)**

Impact of acquisitions on the results of the group

LOC Group was consolidated as of 31st December 2020, and as such did not have an impact on the AqualisBraemar LOC's group results for the year ended 31 December 2020.

The Group incurred acquisition-related costs of USD 1.4 million on legal fees and due diligence that were not directly attributable to the issue of shares. These costs have been included in other operating expenses in the consolidated income statement.

If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and net profit after tax for the year ended 31 December 2020 would have been USD 139.5 million and USD 1.8 million respectively.

Acquisition of Nikitin I Partneri LLC

On 31 March 2020, the Company acquired 100% of the voting shares in Nikitin I Partneri LLC, a company incorporated in Russia (subsequently renamed to "AqualisBraemar LLC"). The acquisition was financed in cash. For AqualisBraemar LOC, the acquisition enhances our service offering in the Russian energy, marine and loss adjusting market, initially focusing on loss adjusting services. The acquisition in excess of net book value of the equity, USD 32 thousand has been allocated to goodwill.

Amounts in USD thousands	
Net cash flow on acquisition of subsidiaries	
Cash acquired	9
Cash paid	(22)
Net cash outflow - investing activities	**(13)**

Acquisition of BTS

In 2019, the Company had acquired 100% of the shares in Braemar Technical Services Holdings Limited ("BTS") (subsequently renamed to "AqualisBraemar Technical Services Holdings Limited"), a specialized consultancy group consists of 3 business streams (Offshore, Marine and Adjusting) out of Braemar Shipping Services PLC's "(Braemar") technical division.

The acquisition was completed by issuing shares and performance based warrants. As the purchase consideration was lower than the fair value of the acquired net assets, the purchase price allocation resulted in a gain from bargain purchase of USD 11.1 million recognised in the consolidated income statement for the year ended 31 December 2019.
The performance based warrants are expected to be issued in the next financial year and the fair value of the warrants are estimated using the Black and Scholes formula at 31 December 2020 (refer note 18).

Note 8. Financial items

Amounts in USD thousands	2020	2019
Finance income		
Interest income	18	46
Change in fair value of warrants (note 18)	328	-
Other finance income	53	33
Total	**399**	**79**
Finance expenses		
Interest on obligations under finance leases	89	49
Change in fair value of warrants (note 18)	-	1
Other finance expenses	182	575
Total	**271**	**625**
Net foreign exchange gain (loss)		
Net foreign exchange gain (loss)	(568)	(248)
Total	**(568)**	**(248)**

Net foreign exchange gain includes unrealised foreign currency gain related to bank accounts in the company and its subsidiaries, which have bank accounts in different currencies than their functional currencies.

Long term loans to subsidiaries have been assessed to be a part of the net investments in the subsidiaries. In compliance with IAS 21, the unrealised currency effects related to these loans have been recognised in foreign currency translation reserve in the consolidated statement of other comprehensive income.

Note 9. Taxes

Amounts in USD thousands	2020	2019
Income tax expenses recognised in profit or loss		
Current year income tax expenses	693	326
Withholding taxes	562	499
Changes in deferred tax	(262)	38
Total	**993**	**863**
Income tax effect recognised in other comprehensive income	30	(46)
Total	**30**	**(46)**
Deferred tax assets		
Short-term timing differences	1,395	447
Total deferred tax assets	**1,395**	**447**
Movement in the deferred tax assets		
At 1 January	447	7
Movement to income statement	23	(128)
Increase as a result of a business combination	918	554
Exchange differences	8	14
At 31 December	**1,395**	**447**
Deferred tax liabilities		
Long-term timing differences	682	409
Total deferred tax liabilities	**682**	**409**

Amounts in USD thousands	2020	2019
Movement in the deferred tax liabilities		
At 1 January	409	314
Movement to income statement	(239)	(90)
Increase as a result of a business combination	550	188
Movement to reserve	(30)	-
Exchange differences	(8)	(3)
At 31 December	**682**	**409**
Reconciliation of the effective tax rate:		
Profit before income tax	**2,507**	**9,900**
Income tax using the Group's domestic tax rate of 22% (2019 - 22%)	**551**	**2,178**
Effect of non-deductible expenses or non-taxable income	258	(1,946)
Effect of tax rates in other countries	(371)	(214)
Deferred tax assets not recognised	390	552
Withholding taxes	562	499
Utilisation or recognition of previously unrecognised tax losses	(798)	(261)
Income tax related to prior years	402	55
Income tax expense recognised in profit or loss	**994**	**863**

The Group has recognized deferred tax assets in respect of carry forward losses of its various subsidiaries as at 31 December 2020 and 2019. Management's projections of future taxable income and tax optimization strategies support the assumption that it is probable that sufficient taxable income will be available to utilise these deferred tax assets.

Deferred tax assets on the tax losses relating to certain subsidiaries have not been recognized by the Group, due to uncertainty of its recoverability. The use of these tax losses is subject to the certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred taxes on unrealised foreign exchange gain or loss relating to long terms loans considered as net investment in subsidiaries are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve. Other than these, the change in deferred tax assets and liabilities is primarily recorded in the consolidated income statement.

Deferred tax asset and deferred tax liabilities are presented separately due to different tax regimes.

Goodwill is not deductible for tax purposes. No tax charge is expected on the gain on bargain purchase.

Note 10. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the year, based on the following data:

Amounts in USD thousands	2020	2019
Profit (loss) after tax	1,513	9,037
Earnings per share (USD): basic	0.02	0.16
Earnings per share (USD): diluted	0.02	0.13
Weighted average number of shares (thousands)	71,323	56,052

The following instruments that could potentially dilute basic earnings per share in the future, have been included in the calculation of diluted earnings per share.

Number of instruments (in thousands)	2020	2019
Employee share options (note 16)	8,315	8,755
Performance based warrants (note 7)	1,000	5,974
Conditional warrants (note 7)	2,000	-
Total number of options and warrants	**11,315**	**14,729**

Note 11. Property, plant and equipment

Amounts in USD thousands	Fixtures and office equipment	Vehicle	Total
Cost			
At 1 January 2019	**1,566**	**58**	**1,624**
Additions	182	-	182
Acquisition of subsidiary	376	0	376
Exchange differences	(197)	(2)	(199)
At 31 December 2019	**1,927**	**56**	**1,983**
Additions	146	4	150
Acquisition of subsidiary	749	22	771
Exchange differences	(530)	5	(525)
At 31 December 2020	**2,291**	**88**	**2,379**
Accumulated depreciation			
At 1 January 2019	**1,474**	**9**	**1,483**
Charge for the year	148	12	160
Exchange differences	(217)	(2)	(218)
At 31 December 2019	**1,405**	**19**	**1,424**
Charge for the year	274	12	286
Exchange differences	(546)	3	(543)
At 31 December 2020	**1,133**	**34**	**1,166**
Net book value at 31 December 2020	**1,159**	**54**	**1,213**
Net book value at 31 December 2019	**522**	**38**	**559**

Note 12. Leases

The balance sheet shows the following amounts relating to leases:

Amounts in USD thousands	31 December 2020	31 December 2019
Right-of-use assets		
Buildings	4,685	2,345
Office equipment	22	31
	4,707	**2,376**
Lease liabilities		
Current	2,552	1,184
Non-current	2,340	1,214
	4,892	**2,398**

Additions to the right-of-use assets during the 2020 financial year were USD 3.5 million

The consolidated income statement shows the following amounts relating to leases:

Amounts in USD thousands	2020	2019
Depreciation charge of right-of-use assets		
Buildings	1,182	526
Office equipment	9	4
	1,191	**530**
Interest expense (included in finance expenses)	**89**	**49**
Expense relating to short-term leases (included in other operating expenses)	**1,147**	**837**

Movement in the Right-of-use assets

Amounts in USD thousands	Buildings	Office equipment	Total
At 1 January 2019	99	-	99
Additions	2,772	35	2,807
Amortisation	(526)	(4)	(530)
At 31 December 2019	**2,345**	**31**	**2,376**
Acquisition of subsidiary	3,472	-	3,472
Amortisation	(1,182)	(9)	(1,191)
Exchange differences	50	-	50
At 31 December 2020	**4,685**	**22**	**4,707**

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable short-term and low value operating leases are as follows:

Amounts in USD thousands	31 December 2020	31 December 2019
Lease commitments		
Next 1 year	240	206
2 to 5 years	48	8
Future minimum lease payments	**288**	**214**

Note 13. Goodwill and intangible assets

Amounts in USD thousands	Goodwill	Customer relations	Total
Cost			
At 1 January 2019	18,633	-	18,633
Effect of movements in exchange rates	48	-	48
At 31 December 2019	**18,681**	**-**	**18,681**
At 1 January 2020	18,681	-	18,681
Acquired through business combinations	10,006	3,561	13,567
Effect of movements in exchange rates	148	-	148
At 31 December 2020	**28,835**	**3,561**	**32,396**
Amortisation and impairment			
At 1 January 2019	**5,769**	**-**	5,769
Effect of movements in exchange rates	**(62)**	**-**	(62)
At 31 December 2019	**5,707**	**-**	**5,707**
At 1 January 2020	**5,707**	**-**	**5,707**
Effect of movements in exchange rates	**24**	**-**	24
At 31 December 2020	**5,731**	**-**	**5,731**
Net book value at 31 December 2020	**23,104**	**3,561**	**26,665**
Net book value at 31 December 2019	**12,974**	**-**	**12,974**
Useful life	Tested for impairment	10 years	

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:

Amounts in USD thousands	31 December 2020	31 December 2019
Cash Generating Units (CGUs)		
Middle East	5,729	5,729
Asia Pacific	5,896	5,795
Europe	32	-
Americas	149	174
OWC	1,324	1,276
Unallocated (LOC acquisition)	9,974	-
Total	**23,104**	**12,974**

Goodwill arising from the acquisitions is attributable to workforce of the acquired businesses (refer note 7). The goodwill amounts have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

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

The COVID-19 pandemic and the challenging commodity price environment in 2020 has created unprecedented uncertainty with negative impact on both activity and financial performance at AqualisBraemar LOC group. These events have also impacted the market outlook. The company has completed an assessment of impairment indicators and performed an impairment test for those assets and cash generating units (CGUs) where impairment indicators have been identified.

Cash flow projections and assumptions

A 3 year forecast of discounted cash flows plus a terminal value (Gordon's growth model) was used to determine net present value of each CGU. Discounted cash flows were calculated before tax.

Cash flows have been used over a period of three years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business. After three years a terminal value is calculated using a long-term growth rate of 1.0% (2019: 1.5%).

Cash flow estimates covering the period 2021-2023 are based primarily on the company budget for 2021 and projected forecast for the following years. The forecast assumes that the overall market conditions will improve in 2021 and expected to be normalized from 2022. Based on the uncertainty in the offshore oil & gas market and due to COVID 19, it is challenging to build a forecast.

The projected cash flows are based on the expected development in the total overall market, the CGUs performance and that AqualisBraemar LOC group over time will reach a margin level in line with what other businesses within the industry historically has achieved. These are reasonable assumptions based on the development of the business so far, and the management's expectations for the long term development of the market and the company.

The estimated terminal long-term growth is mainly dependent on overall market growth for demand for our services and the CGU's ability to recruit the right personnel and its ability to create revenue growth through then proper utilisation of human resources.

Discount rate

The discount rate used is pre-tax and reflects the specific risks to the relevant cash generating unit. The discount rate for each CGU is derived as the weighted average cost of capital (WACC) for a similar business in the same business environment. The input data is gathered from representative sources and this is used for management's best estimate of WACCs. The same assumptions were used for all CGUs with the exception of country specific risk which were differentiated based on country. All parameters were set to reflect the long term period of the assets and time horizon of the forecast period of the cash flows.

Key inputs in determining the WACC:

- Risk free rate: USD 10yr government yield
- Beta: Based on selected peer group consisting of companies with statistical data for the last 5 years (0.99)
- Capital structure: Equity ratio of 85%

The net cash flows were discounted using a pre-tax discount rate of 6.8% to 10.3% (2019: 7.8% to 11.3%) as follows:

Amounts in USD thousands	2020	2019
Cash Generating Units (CGUs)		
Middle East	7.4%	8.4%
Asia Pacific	6.8%	7.8%
Europe	7.4%	8.4%
Americas (Excluding Brazil)	6.8%	7.8%
Brazil	10.3%	11.3%
OWC	7.4%	8.4%

Impairment test results and conclusion

Overall the test performed indicated the value in use exceeds the carrying amounts for all CGUs. As a result of the above, no impairment has been recorded during the year (2019: Nil) and the carrying amount of goodwill at 31 December 2020 was USD 23.1 million (2019: USD 13.0 million).

Sensitivity to impairment

Sensitivity calculations are done for all CGUs that are tested for impairment. To test the sensitivity of the results of the impairment review, the calculations have been re-performed using the following assumptions:

- An increase of pre-tax discount rate of 2.0%
- A reduction in the EBIT margin of 2.0% for the terminal year
- A reduction of terminal growth rate to 0.5%

The results showed that a combined changed in all the three assumptions in the sensitivity analysis would result in an write down of a total of USD 1.6 million related to Asia Pacific region.

Note 14. Trade and other receivables

Amounts in USD thousands	31 December 2020	31 December 2019
Trade receivables	33,787	20,659
Loss allowance	(932)	(860)
	32,855	**19,799**
Prepayments	2,878	1,671
Deposits	481	398
Other receivables	5,283	2,384
Total	**41,498**	**24,252**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 to 90 days and are therefore all classified as current, terms associated with the settlement vary across the Group. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 23.

Deposits includes USD 0.2 million (2019: USD 0.2 million) which are under lien marked as margin money deposits.

Note 15. Cash and cash equivalents

Amounts in USD thousands	31 December 2020	31 December 2019
Cash at bank and in hand	30,642	10,930
Total	**30,642**	**10,930**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents largely comprise bank balances denominated in US Dollars, Norwegian Krone, British Pound, and other currencies for the purpose of settling current liabilities.

The Group has restricted cash at banks of USD 2.3 million at 31 December 2020 (2019: USD 0.6 million) held in the bank accounts of certain entities where there is requirement to hold a certain amount of cash to cover future obligations and are therefore not available for general use by the other entities within the group.

Note 16. Equity

Amounts in USD thousands	Number of shares (thousands)	Share capital	Share premium	Total
At 1 January 2019	**42,293**	**690**	**42,670**	**43,360**
Cash-settled capital increase (net of transaction costs)	13,258	153	5,659	5,812
Issue of shares on acquisition (note 7)	14,866	175	6,722	6,897
At 31 December 2019	**70,416**	**1,018**	**55,051**	**56,069**
Cash-settled capital increase (net of transaction costs)	22,131	258	15,058	15,316
Dividends paid	-	-	(3,030)	(3,030)
At 31 December 2020	**92,548**	**1,276**	**67,080**	**68,355**

Each ordinary shares have a par value of NOK 0.10 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

The company does not have a limited amount of authorised capital.

In December 2020, 22,131,148 ordinary shares were issued as a result of the business acquisition (note 7). The Company incurred USD 0.4 million (2019: USD 0.4 million) towards transaction costs that were directly attributable to the issuance of shares.

Treasury shares

Treasury shares represents the cost of the 100,000 shares of the Company purchased in December 2019 in the open market that are held by the Company for the purpose of meeting its obligations in respect of an employee's share purchase program. The weighted average purchase price for the 100,000 shares was NOK 3.69 per share.

Dividends

The Board of Directors in their meeting on 26 February 2020 proposed distribution of dividend of NOK 0.20 per share. The distribution of dividend was approved in AGM held on 10 June 2020 and paid to the shareholders on 24 June 2020. Further cash dividend of NOK 0.20 per share was approved by the Board of Directors on 28 October 2020 and distributed on 10 November 2020. Total dividend of USD 3 million was paid to the shareholders in 2020. For tax purposes, the distribution of dividend was considered repayment of paid in capital.

Share-based compensation reserve

The share-based compensation reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set out below.

Employee share option plan

Under the 2019 Long Term Incentive Plan ("LTIP"), the Company had granted a total of 8,505,000 share options to selected employees, where each option will give the holder the right to acquire one share in AqualisBraemar LOC ASA. The options were granted without consideration. The grant of options was based on the authorization granted by the annual general meeting on 11 June 2019 to issue new shares in connection with the Company's employee incentive program.

Subject to certain conditions, the option holders are obligated to reinvest 25 percent of the pre-tax net gain on the options in AqualisBraemar LOC shares, and to hold these shares for up to three years following exercise. One third of these shares will be released from this obligation for every year following exercise.

The Board of Directors may choose to settle the options by way of cash settlement in lieu of issuing new shares. Exercise terms may be reasonably adjusted by the Board of Directors in the event of dividend payments, share splits or certain other events relating to the equity share capital of the Company.

Set out below are summaries of options granted under the plan:

	2020		2019	
Amounts in USD thousands	**Number of share options**	**Weighted average exercise price NOK**	**Number of share options**	**Weighted average exercise price NOK**
At 1 January	8,755	4.02	250	5.63
Granted during the year	-	-	8,630	4.00
Exercised during the year	(125)	5.34	-	-
Expired during the year	-	-	(125)	5.63
Forfeited during the year	(315)	3.76	-	-
At 31 December	**8,315**	**3.59**	**8,755**	**4.02**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price NOK	31 December 2019	31 December 2018
04/07/17	29/05/21	6.75	-	125
01/07/19	29/05/21	4.82	125	125
20/12/19	11/03/23	3.57	8,190	8,505
			8,315	**8,755**
Weighted average remaining contractual life of options outstanding at end of period			2.17	3.15

These fair values for share options granted during the year were calculated using The Black-Scholes-Merton option pricing model. The inputs into the model were as follows:

Amounts in NOK	2020	2019
Weighted average share price	-	3.69
Weighted average exercise price	-	4.02
Expected volatility	-	45%
Expected life	-	2.47
Risk free rate	-	1.3%
Expected dividend yield	-	0%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The Group recognised total expenses of USD 317 thousands and USD 13 thousands arising from share-based payment in 2020 and 2019 respectively.

Note 17. Bank borrowings

Amounts in USD thousands	31 December 2020		31 December 2019	
	Current	Non-current	Current	Non-current
Bank loans	8,207	6,414	-	-
Other bank borrowings	462	-	-	-
Total	**8,669**	**6,414**	**-**	**-**

To finance the acquisition of the LOC Group (refer note 7), in December 2020, the Company entered into a USD 15 million senior secured term loan facilities agreement with Nordea Bank Abp, filial i Norge. The loan facilities consists of two parts, (i) a term loan of USD 10 million, and (ii) a revolving credit facility of USD 5 million to be renewed annually, both with a maturity of three years and with the following financial covenants:

- Minimum EBITDA of USD 7 million on a rolling 12-month basis; and
- NIBD (Net Interest Bearing Debt) < 0 at all times.

Financial covenants are to be measured first time with respect to the financial quarter ending 30 June 2021, and thereafter on the last day of each financial quarter.

The interest on both loans is the relevant LIBOR (1, 3 or 6 months at the borrower's discretion) plus a margin of 320 basis points. The term loan is to be repaid through 12 equal instalments on the last day of each financial quarter, the first time on 31 March 2021. For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The arrangement fees for loan facilities of USD 0.38 million have been netted against the loan proceeds.

The Group's obligations under the Nordea Facility Agreement are guaranteed by the Company and certain material group companies.

Note 18. Provisions

Amounts in USD thousands	31 December 2020		31 December 2019	
	Current	Non-current	Current	Non-current
Provision for employees' end of service benefits	-	2,224	-	1,289
Provision for deferred consideration (note 7)	1,042	-	-	1,520
Other provisions	-	990	**-**	**-**
Total	**1,042**	**3,214**	**-**	**2,809**

Provision for employees' end of service benefits

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2020 and 2019, using the projected unit credit method, in respect of employees' end of service benefits payable under the Labour Laws of the countries in which the Group operates. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. The obligation for end of service benefits is not funded.

Provision for deferred consideration

Provision for deferred consideration comprise of fair value of the performance based warrants issued as part of the BTS acquisition (refer note 7). Provision at 31 December 2020 is expected to be fully utilised in the next financial year.

Note 19. Trade and other payables

Amounts in USD thousands	31 December 2020	31 December 2019
Trade payables	7,331	3,372
Accrued employee benefits	4,137	940
Taxation and social security contributions	5,139	418
Other accrued expenses and payables	8,600	4,757
Total	**25,207**	**9,487**

Trade payables have an average term of three to six months. These amounts are non-interest bearing.

Note 20. Fair values of financial assets and financial liabilities

		Carrying amount		Fair value	
Amounts in USD thousands	Measurement category	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets					
Trade and other receivables	Amortised cost	41,498	24,252	41,498	24,252
Contract assets	Amortised cost	12,916	12,019	12,916	12,019
Cash and cash equivalents	Amortised cost	30,642	10,930	30,642	10,930
Total		**85,055**	**47,201**	**85,056**	**47,201**
Financial liabilities					
Trade and other payables	Amortised cost	25,207	9,487	25,207	9,487
Contract liabilities	Amortised cost	757	719	757	719
Bank borrowings	Amortised cost	15,083	-	15,083	-
Total		**41,047**	**10,206**	**41,047**	**10,206**

The financial assets principally consist of cash and cash equivalents and trade and other receivables arising directly from operations. The financial liabilities principally consist of a trade and other payables and bank borrowings arising directly from operations.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and bank deposits, trade and other current receivables and trade and other current payables and bank borrowings approximate their carrying amounts due to the short-terms maturities of these instruments.

Note 21. Related Party

Related party relationships are those involving control, joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions within the group have been based on arm's length principle. There has been no significant transactions with related parties in 2020.

Compensation to Board of Directors

Amounts in USD thousands	2020	2019
Glen Rødland, Chairman	37	23
Yvonne Litsheim Sandvold	19	15
Synne Syrrist	19	15
Reuben Segal	-	-
Ronald Series	14	-
James Kidwell	3	-
Total	**92**	**53**

Compensation to Executive Management

2020 Amounts in USD thousands	Salary	Bonus	Pension	Other	Total
David Wells, CEO	275	5	53	58	390
Dean Zuzic, CFO	89	-	6	1	95
Kim Boman, CFO	162	3	19	2	185
Reuben Segal, COO	238	4	-	124	367
Svein Staalen, General Counsel	199	-	18	3	220
Total	**961**	**12**	**95**	**188**	**1,257**

2019 Amounts in USD thousands	Salary	Bonus	Pension	Other	Total
David Wells, CEO	273	10	53	62	398
Kim Boman, CFO	170	8	20	2	200
Reuben Segal, COO	233	-	-	126	359
Total	**676**	**18**	**73**	**190**	**957**

The Board of Directors have prepared a statement on the establishment of wages and other remuneration for the Managing Director and other senior employees for 2020 (note 22). Please also see new Guidelines on the salaries and other remuneration to executive personnel according to new section 6-16 (a) of the Norwegian Public Limited Liability Companies Act (attached to the notice to the Annual General Meeting).

At 31 December 2020 there are no loan or prepayments to Board of Directors, Executive Management or any other related parties.

There are no additional options issued, except for the options mentioned in note 16.

Shares and options owned by members of the Board of Directors and Executive Management at 31 December 2020

Name	Number of options	Number of shares
Board of Directors		
Glen Rødland, Chairman	-	14,790,351 [1]
Yvonne Litsheim Sandvold	-	-
Synne Syrrist	-	-
Reuben Segal	135,000	1,798,003 [2]
Ronald Series	-	-
James Kidwell	-	-
Executive Management		
David Wells, CEO	-	1,126,998 [3]
Dean Zuzic, CFO	-	-
Reuben Segal, COO	as above	as above
Svein Staalen, General Counsel	-	202,864
Total	**135,000**	**17,918,216**

[1] The shares are held through Gross Management AS company owned 100% by Mr. Rødland
[2] The shares are held through AmAn Marine Limited (under nominee account LGT Bank AG)
[3] The shares are held through Alsto Consultancy Ltd and Banque Pictet & Cie SA

Note 22. Statement regarding the determination of salary and other remuneration to executive management

In this statement, executive management means CEO, CFO and other executives who are employed at the same level in the organisation.

The Company's salary policy for executive management – main principles for 2020

Due to the international scope of its business, AqualisBraemar LOC ASA has to compete on the international market when it comes to salaries for executive management. In order to reach the strategic ambition of becoming one of the leading participants within its line of consultancy business, AqualisBraemar LOC ASA is dependent on offering salaries allowing the Company to be able to recruit and keep skilled managers. In order to ensure the best possible leadership the Company must offer a satisfactory salary, which is internationally competitive.

Salaries and other remuneration

It is the Company's policy that management remuneration shall primarily take the form of a fixed monthly salary, reflecting the level of the position and experience of the person concerned. In principle pension plans, where offered, shall be on the same basis for management as is generally agreed for other employees. The Company has a bonus plan in place for its employees.

In 2019 the Company implemented a long-term incentive plan (the "LTIP") aimed to align the interests of the participating employees with those of the Company's shareholders. Under the LTIP, the Company has granted share options to selected employees, where each option will give the holder the right to acquire one share in AqualisBraemar LOC ASA. The options are granted without consideration. The grant of options is subject to authorization as granted by the shareholders to issue new shares in connection with the Company's employee incentive program. The authorisation is proposed to be renewed at this year's annual general meeting.

Specific conditions and limits with regards to the bonus and share purchase plans are regulated by the overall allocation parameters approved by the Board.

Termination payment agreements, where provided, will be seen in connection with confidentiality clauses and non-compete clauses in the employment contract of each employee, in such a way that they basically compensate for limitations in the employee's opportunities to seek new employment. When agreements extend beyond such limitations, other income shall normally be deducted from payments made under termination payment agreements.

Deviations from the above described principles may be done under special circumstances, i.e. in relation to employment in international competition.

The executive employee remuneration principles adopted for 2020 have been observed and has supported ABL in retaining highly skilled personnel. The Board of Directors has not identified any significant negative consequences resulting from agreements on salaries and remuneration.

Note 23. Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk. These risks are evaluated by management on an ongoing basis to assess and manage critical exposures. The Group's liquidity and market risks are managed as part of the Group's treasury activities. Treasury operations are conducted within a framework of established policies and procedures.

Market risk – foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency), the Group's net investments in foreign subsidiaries, and the Group's foreign currency denominated cash deposits. The operating revenue, and thus the trade receivables, of the Group is primarily denominated in USD, while operating expenses are generally denominated in the functional currency of the Group's entities.

The bank accounts in currencies other than the functional currencies will expose the group to foreign currency risk. The major part of the bank accounts are in USD, NOK, GBP, TWD and CNY. Changes in the USD exchange rate will have following effect on the profit and loss of the group:

Changes in currency exchange rates Amount in USD thousands	+5% changes in rates	-5% changes in rates
31 December 2020		
US Dollars (USD)	372	(336)
31 December 2019		
US Dollars (USD)	84	(84)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents and the bank borrowings. Both risks are considered to have limited effect on the Group's financial statements

Liquidity risk

Liquidity risk is the potential loss arising from the Group's inability to meet its contractual obligations when due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group monitors its risk to a shortage of funds using cash flow forecasts. The Group is in a build-up phase and currently the strategy is to fund the growth of the business through existing cash reserves and from shareholder's equity. The Group had cash and cash equivalents of USD 30.6 million at 31 December 2020 (2019: USD 10.9 million). Based on the current cash position, the Group assesses the liquidity risk to be low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Amounts in USD thousands	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 to 5 years
31 December 2020				
Trade and other payables	25,207	25,207	25,207	-
Bank borrowings	15,083	15,462	8,795	6,667
Lease liabilities	4,892	5,171	2,729	2,442
31 December 2019				
Trade and other payables	9,487	9,487	9,487	-
Lease liabilities	2,398	2,558	1,280	1,278

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks. Credit risk is managed on a Group basis.

Credit risk with respect to trade receivables and contract assets is limited by the large base and geographic diversity of the customer base. Customer credit risk is managed by each subsidiary in the Group, subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed on an individual basis, taking into account its financial position, trading history with the group and existence of previous financial difficulties and outstanding customer receivables are regularly monitored.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due with reference to past default experience of the debtor, an analysis of the debtor's current financial position and general current and forecast economic conditions of the industry in which the debtors operate. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

An impairment analyses is performed at each reporting date using a provision matrix to measure expected credit losses. The expected loss rates are based on the days past due for grouping of various customer segments and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information including the default risk associated with the industry and country in which customers operate affecting the ability of the customers to settle the receivables.

Specific debts are provided for where recovery is deemed uncertain, which will be assessed on a case-by-case basis whenever debts are older than the due date, but always when debts are older than usual for the industry in which each business in the Group operates.

The ageing profile of trade receivables and contract assets balance as at 31 December 2020 is as follows:

Amounts in USD thousands	31 December 2020	31 December 2019
Trade receivables		
Up to 3 months	22,644	12,942
3 to 6 months	4,327	3,809
6 to12 months	4,406	2,502
Over 12 months	2,410	1,406
Total	**33,787**	**20,659**
Contract assets	13,062	12,189
Total	**46,849**	**32,848**

As at 31 December 2020 certain trade receivables of USD 0.6 million (2019: USD 0.5 million) which were over 12 months were treated as impaired and have been provided for. On that basis, at 31 December 2020 the lifetime expected loss provision for unimpaired trade receivables and contract assets is as follows:

Amounts in USD thousands	Up to 3 months	3 to 6 months	6 to 12 months	Over 12 months	Total trade receivables	Contract assets	Total
31 December 2020							
Carrying amount	22,644	4,327	4,406	2,410	33,787	13,062	46,849
Expected loss rate	0.5%	1.1%	2.3%	28.2%		1.1%	2.3%
Loss allowance	107	46	99	679	931	146	1,077
31 December 2019							
Carrying amount	12,942	3,809	2,502	1,406	20,660	12,189	32,850
Expected loss rate	1.0%	2.1%	3.5%	39.8%		1.4%	3.1%
Loss allowance	133	80	88	559	861	171	1,032

Trade receivables and contract assets are written off when there is information indicating that the debtor is in severe financial difficulty and there is no reasonable expectation of recovery. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement in the loss allowance in respect of trade receivables and contract assets during the year was as follows:

	Trade receivables		Contract assets	
Amounts in USD thousands	2020	2019	2020	2019
At 1 January	859	442	171	-
Net remeasurement of loss allowance	318	418	9	171
Amounts written-off	(247)	-	(33)	-
At 31 December	**931**	**859**	**146**	**171**

The credit risk on deposits with banks is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date is the carrying value cash deposits with bank of USD 30.6 million (2019: USD 10.9 million).

Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure so as to maintain investor and market confidence and to provide returns to shareholders that will support the future development of the business. In order to maintain or adjust the capital structure if required in response to changes in economic conditions, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group considers its capital as consisting of ordinary shares and retained earnings.

The Board monitors underlying business performance to determine the ongoing use of capital, namely executive and staff schemes (and whether to fund this through cash or share incentives), acquisition appraisals ahead of potential business combinations, investment in property, plant and equipment; and the level of dividends.

Note 24. Contingencies

Bank guarantees

As at 31 December 2020, performance and financial bank guarantees amounting to USD 1.5 million (2019: USD 0.5 million) were issued by the Group's bankers in the ordinary course of business.

Note 25. Segment information

The Group's businesses are managed by four geographical regions aside from Offshore Wind Consultants ("OWC"), performance of which is monitored separately. This is the basis for the five reportable segment of the Group. The internal management reports provided by management to the Group's Board of Directors, which is the groups decision maker, is in accordance with this structure. These segments comprise of entities within the geographical regions and OWC and forms the basis for the segment reporting presented below.

The following is summary of revenues and operating profit (loss) (EBIT) for entities in four geographical regions and OWC. Eliminations reflects the eliminations of intra-group revenue to the extent that these arise within the regions and OWC.

Amounts in USD thousands	2020	2019
Revenue		
Middle East	22,365	19,954
Asia Pacific	22,249	14,958
Europe	14,269	8,243
Americas	13,183	9,905
OWC	14,162	8,900
Eliminations	(9,214)	(7,168)
Total	**77,015**	**54,792**
Operating profit (loss) (EBIT)		
Middle East	1,707	1,084
Asia Pacific	1,907	253
Europe	829	(404)
Americas	225	(135)
OWC	1,365	948
Corporate group	(3,087)	(2,079)
Total	**2,946**	**(333)**

The following segment assets information provided to the Board of Directors for reportable segment consist primarily of trade receivables, contract assets and cash and cash equivalents for entities in different geographical areas and OWC.

	31 December 2020		31 December 2019	
Amounts in USD thousands	Trade receivables	Contract assets	Trade receivables	Contract assets
Middle East	6,408	1,991	5,648	2,577
Asia Pacific	8,400	4,401	6,207	3,435
Europe	9,961	2,411	3,719	2,325
Americas	7,606	2,803	3,868	1,961
OWC	481	1,309	356	1,721
Total	**32,856**	**12,916**	**19,799**	**12,019**

Cash and cash equivalents	31 December 2020	31 December 2019
Middle East	2,183	1,576
Asia Pacific	7,269	2,819
Europe	7,334	1,184
Americas	4,863	1,335
OWC	2,193	784
Corporate group	6,800	3,233
Total	**30,642**	**10,930**

Information about other segment assets and liabilities is not reported to or used by the Board of Directors and, accordingly, no measures of other segment assets and liabilities are reported.

Note 26. List of subsidiaries

The Group's principal subsidiaries at 31 December 2020 are set out below. Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. All entities primarily operate in their country of incorporation.

Name of entity	Place of business / country of incorporation	Principal activities	Ownership interest 2020	Ownership interest 2019	Voting power 2020	Voting power 2019
Aqualis Offshore Australia Pty Ltd	Australia	Adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries	100%	100%	100%	100%
Aqualis Offshore Serviços Ltda	Brazil		100%	100%	100%	100%
AqualisBraemar Shanghai Co., Ltd	China		100%	100%	100%	100%
AqualisBraemar Holding Limited [1]	United Kingdom		100%	100%	100%	100%
AqualisBraemar Korea Limited	Republic of Korea		100%	100%	100%	100%
Aqualis Offshore Malaysia Sdn Bhd [2]	Malaysia		49%	49%	100%	100%
AqualisBraemar S. De R.L. De C.V.	Mexico		100%	100%	100%	100%
Aqualis Offshore AS	Norway		100%	100%	100%	100%
AqualisBraemar Marine Services LLC [2]	Qatar		49%	49%	100%	100%
Aqualis Offshore PTE Ltd	Singapore		100%	100%	100%	100%
Aqualis Braemar Marine Services LLC [2]	United Arab Emirates		49%	49%	100%	100%
Aqualis Offshore UK Ltd	United Kingdom		100%	100%	100%	100%
AqualisBraemar Inc.	United States		100%	100%	100%	100%
Braemar Technical Services (Canada) Limited	Canada		100%	100%	100%	100%
Braemar Technical Services LLC [2]	United Arab Emirates		49%	49%	100%	100%
PT AqualisBraemar Adjusting Indonesia	Indonesia		80%	80%	80%	80%
Braemar Technical Services (Adjusting) Pte Limited	Singapore		100%	100%	100%	100%
AqualisBraemar Technical Services (Adjusting) Ltd.	United Kingdom		100%	100%	100%	100%
Braemar Technical Services Inc.	United States		100%	100%	100%	100%
Braemar Salvage Association (Shanghai) Limited	China		100%	100%	100%	100%
AqualisBraemar LLC	Russia		100%	0%	100%	0%
Braemar Technical Services Pte Limited	Singapore		100%	100%	100%	100%
AqualisBraemar (Pty) Ltd.	South Africa		100%	100%	100%	100%
Braemar Teknik Servis Denizcilik Limited Sirketi	Turkey		100%	100%	100%	100%

Name of entity	Place of business / country of incorporation	Principal activities	Ownership interest 2020	Ownership interest 2019	Voting power 2020	Voting power 2019
AqualisBraemar Technical Services Limited	United Kingdom	Adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries	100%	100%	100%	100%
Asian Energy Services Pte Limited	Singapore		100%	100%	100%	100%
AqualisBraemar Pty Ltd	Australia		100%	100%	100%	100%
Braemar Technical Services (Offshore) Shanghai Pte Limited	China		100%	100%	100%	100%
AqualisBraemar India Private Limited	India		100%	100%	100%	100%
PT AqualisBraemar Offshore Indonesia	Indonesia		100%	100%	100%	100%
AqualisBraemar Sdn Bhd	Malaysia		100%	100%	100%	100%
AqualisBraemar Technical Services Pte Ltd.	Nevis		100%	100%	100%	100%
AqualisBraemar Pte Ltd	Singapore		100%	100%	100%	100%
AqualisBraemar (Thailand) Limited	Thailand		100%	100%	100%	100%
AqualisBraemar Vietnam Company Ltd.	Vietnam		100%	100%	100%	100%
AqualisBraemar Technical Services Holdings Limited [1]	United Kingdom		100%	100%	100%	100%
OWC (Aqualis) GmbH	Germany		100%	100%	100%	100%
Offshore Wind Consultants Taiwan Co. Limited	Taiwan		100%	100%	100%	100%
Offshore Wind Consultants Limited [1]	United Kingdom		100%	100%	100%	100%
OWC Japan Ltd.	Japan		100%	0%	100%	0%
Offshore Wind Consultants sp. z o.o	Poland		100%	0%	100%	0%
Innosea Limited	United Kingdom		71%	0%	71%	0%
Innosea SAS	France		71%	0%	71%	0%
LOC (Egypt) for Consultancy Service SAE [2]	Egypt		60%	0%	60%	0%
LOC (Germany) GmBH	Germany		100%	0%	100%	0%
LOC (Guernsey) Limited	Guernsey		100%	0%	100%	0%
LOC (Kazakhstan) LLP	Kazakhstan		100%	0%	100%	0%
LOC (Netherlands) BV	Netherlands		100%	0%	100%	0%
LOC (Tianjin) Co. Ltd.	China		100%	0%	100%	0%
LOC (Tianjin) Risk Technology Service Co. Ltd.	China		100%	0%	100%	0%
LOC Group Limited	United Kingdom		100%	0%	100%	0%
LOC (Laem Chabang) Co. Ltd.	Thailand		100%	0%	100%	0%

Name of entity	Place of business / country of incorporation	Principal activities	Ownership interest 2020	Ownership interest 2019	Voting power 2020	Voting power 2019
London Offshore Consultants (Aberdeen) Limited	United Kingdom	Adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries	100%	0%	100%	0%
London Offshore Consultants (France) SARL	France		100%	0%	100%	0%
London Offshore Consultants (Guernsey) Limited	Guernsey		99%	0%	99%	0%
London Offshore Consultants Holdings Ltd.	United Kingdom		100%	0%	100%	0%
London Offshore Consultants (India) Private Limited	India		100%	0%	100%	0%
London Offshore Consultants (Malaysia) SDN BHD(2)	Malaysia		49%	0%	49%	0%
London Offshore Consultants (Nigeria) Limited	Nigeria		100%	0%	100%	0%
London Offshore Consultants (Qatar) LLC(2)	Qatar		49%	0%	49%	0%
London Offshore Consultants Inc	United States		100%	0%	100%	0%
London Offshore Consultants (Korea) Ltd.	Republic of Korea		100%	0%	100%	0%
London Offshore Consultants Limited	United Kingdom		100%	0%	100%	0%
London Offshore Consultants (Mexico) SA de CV	Mexico		100%	0%	100%	0%
London Offshore Consultants Norge AS	Norway		100%	0%	100%	0%
London Offshore Consultants Pte Limited	Singapore		100%	0%	100%	0%
London Offshore Consultants WLL [2]	United Arab Emirates		49%	0%	49%	0%
Longitude Consultancy Holdings Limited	United Kingdom		100%	0%	100%	0%
Longitude Consultants Inc.	United States		100%	0%	100%	0%
Longitude Consulting Engineers Limited	United Kingdom		100%	0%	100%	0%
Longitude Engineering de Mexico SA de CV	Mexico		100%	0%	100%	0%
Longitude Engineers PTE Limited	Singapore		100%	0%	100%	0%
Neptune Bidco Limited	United Kingdom		100%	0%	100%	0%
Neptune Midco 1 Limited [1]	United Kingdom		100%	0%	100%	0%
Neptune Midco 2 Limited	United Kingdom		100%	0%	100%	0%
London Offshore Consultants Brasil Ltda.	Brazil		100%	0%	100%	0%
London Offshore Consultants (Hong Kong) Ltd.	Hong Kong		100%	0%	100%	0%

Name of entity	Place of business / country of incorporation	Principal activities	Ownership interest 2020	Ownership interest 2019	Voting power 2020	Voting power 2019
London Offshore Consultants (Canada) Ltd.	Canada	Adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries	100%	0%	100%	0%
London Offshore Consultants (Australia) Pty Ltd.	Australia		100%	0%	100%	0%
LOC JLA Inc.	United States		100%	0%	100%	0%
John LeBourhis & Associates	United States		100%	0%	100%	0%

[1] Investments held directly by AqualisBraemar LOC ASA

[2] The remaining legal ownership in each case is registered in the name of a local sponsors in accordance with statutory regulations of those countries, who has assigned all the economic benefits attached to their shareholdings to the Group entity. The Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity via management agreements and, accordingly, these entities are consolidated as wholly owned subsidiaries in these consolidated financial statements (Note 3).

Note 27. Shareholder information

The list of top 20 shareholders below is based on the shareholder register as per 31 December 2020. Actual shareholding may deviate due to the use of nominee accounts.

Name of shareholder	No. of shares	% ownership
Braemar Shipping Services PLC	19,240,621	20.8%
Gross Management AS	14,790,351	16.0%
Holmen Spesialfond	9,240,763	10.0%
Bjørn Stray	4,047,743	4.4%
Melesio Invest AS	3,721,016	4.0%
MP Pensjon PK	2,326,128	2.5%
LGT Bank AG	1,798,003	1.9%
Langebru AS	1,575,410	1.7%
Badreddin Diab	1,517,695	1.6%
Saxo Bank A/S	1,498,490	1.6%
Oma Invest AS	1,379,508	1.5%
Ginko AS	1,328,480	1.4%
Amphytron Invest Ii AS	1,240,339	1.3%
Catilina Invest AS	1,240,339	1.3%
Banque Pictet & Cie SA	1,126,998	1.2%
Philip Alan Lenox	1,005,583	1.1%
ACME Capital AS	1,000,000	1.1%
Magne Gislerød	800,000	0.9%
Sportsmagasinet AS	790,976	0.9%
Rajapillai Veluppillai Ahilan	737,705	0.8%
Total	**70,406,148**	**76.1%**

At 31 December 2020, the Company had 2,127 shareholders (2019: 1,450), and 37.2% (2019: 46.6%) of the shares of the Company were held by foreign registered shareholders.

Note 28. Events after the reporting period

Acquisition of East Point Geo Ltd.

Subsequent to balance sheet date, the Company acquired East Point Geo Ltd. (EPG), an independent geoscience consultancy providing support for major offshore and onshore engineering projects. EPG is headquartered in Norwich, UK, with an additional office in Oxford, UK. The transaction completes AqualisBraemar LOC's geoscience offering to clients, and provides additional growth opportunities particularly within renewables. For EPG, AqualisBraemar LOC's global footprint and established brand will enable accelerated growth. The transaction values EPG at an enterprise value of GBP 750 thousand settled with a combination of cash, sellers' credit and up to 664,083 shares in AqualisBraemar LOC ASA. Settlement of the consideration shares will take place 3 to 7 years after closing of the transaction.

Parent Company Financial Statements and Notes

Income statement

Amounts in NOK thousands	Notes	2020	2019
Revenues	2	9,104	2,819
Total revenue		9,104	**2,819**
Staff costs	3	(11,072)	(3,399)
Other operating expenses	4	(4,682)	(2,340)
Depreciation		(4)	-
Operating profit (loss) (EBIT)		**(6,653)**	**(2,920)**
Finance income	5	8,630	5,059
Finance expenses	5	(175)	(5,195)
Net foreign exchange gain (loss)	5	(4,130)	2,219
Profit (loss) before income tax		**(2,328)**	**(837)**
Income tax income (expense)	6	2,236	57
Profit (loss) after tax		**(93)**	**(780)**

Balance Sheet

Amounts in NOK thousands	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipments	16	28	-
Investment in subsidiaries	7	221,293	197,818
Non-current portion of receivables	8	358,450	147,215
Total non-current assets		**579,771**	**345,033**
Current assets			
Trade and other receivables	9	10,573	2,848
Cash and cash equivalents	10	31,213	24,187
Total current assets		**41,786**	**27,035**
Total assets		**621,556**	**372,068**
EQUITY AND LIABILITIES			
Equity			
Share capital	11, 12	9,255	7,042
Treasury shares	12	(372)	(372)
Consideration shares	12	12,769	-
Other paid-up capital	12	448,950	333,694
Total equity		**470,602**	**340,363**
Non-current liabilities			
Deferred tax liabilities	6	432	2,668
Bank borrowings	15	55,506	-
Provisions	13	-	13,364
Total non-current liabilities		**55,939**	**16,032**

Amounts in NOK thousands	Notes	31 December 2020	31 December 2019
Current liabilities			
Trade and other payables	14	16,732	1,590
Bank borrowings	15	69,383	-
Provisions	13	8,900	-
Dividend payable	12	-	14,083
Total current liabilities		**95,015**	**15,673**
Total liabilities		**150,954**	**31,705**
Total equity and liabilities		**621,556**	**372,068**

Oslo, 30 April 2021

Glen Rødland
Chairman of the Board

Yvonne L. Sandvold
Board member

Reuben Segal
Board member

Ronald Series
Board member

Synne Syrrist
Board member

David Wells
CEO

Statement of Cash Flows

Amounts in NOK thousands	Notes	2020	2019
Cash flow from operating activities			
Profit (loss) before income tax		(2,328)	(837)
Non-cash adjustment to reconcile profit before tax to cash flow:			
Provision for deferred consideration	13	(4,464)	5,191
Depreciation		4	-
Changes in working capital:			
Changes in trade and other receivables		(7,725)	(2,502)
Changes in trade and other payables		15,143	751
Cash flow from (used in) operating activities		**630**	**2,603**
Cash flow from investing activities			
Net loans to group companies		(211,234)	(39,501)
Investment in subsidiary	7	(10,706)	(3,283)
Payment for property, plant and equipment		(32)	-
Cash flow from (used in) investing activities		**(221,972)**	**(42,784)**
Cash flow from financing activities			
Proceeds from issuance of shares (net of transaction costs)	12	131,605	49,267
Proceeds from borrowings from bank (net of arrangement fees)		124,889	-
Dividends paid		(28,127)	-
Payments for shares bought back		-	(372)
Cash flow used in from (used in) financing activities		**228,368**	**48,895**
Net change in cash and cash equivalents		**7,026**	**8,714**
Cash and cash equivalents at beginning of year		24,187	15,473
Cash and cash equivalents at end of year		**31,213**	**24,187**

Notes to the Financial Statements

Note 1. Accounting principles

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 Company is principally an investment holding company. Its other activities include provision of management services to related companies.

The principal activities of the subsidiaries are disclosed in Note 26 to the AqualisBraemar LOC group's consolidated financial statements.

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into Norwegian Krone ("NOK") using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated at applicable rate of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of arrangement fees) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Contingent consideration

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability is subsequently remeasured to fair value, with changes in fair value recognised in income statement.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

- Office equipment: 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the normal operating cycle. Other balance sheet items are classified as non-current.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognised at nominal value.

Investment in subsidiaries

Investment in subsidiaries is valued at cost of the shares in the subsidiary less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the carrying value of the investment.

Other receivables

Other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the receivables.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less. Deposits held by the bank against guarantees provided to the customers are classified and accounted for in other current assets.

Note 2. Revenues

Amounts in NOK thousands	2020	2019
Corporate group management fees	9,104	2,819
Total	**9,104**	**2,819**

Note 3. Staff costs

Amounts in NOK thousands	2020	2019
Salaries	9,272	2,789
Payroll and social security	1,745	213
Other personnel costs	55	397
Total	**11,072**	**3,399**

At 31 December 2020 the Company had 3 employees (2019: 3 employees). Salaries includes compensation to the board members. AqualisBraemar LOC ASA meets the Norwegian requirements for mandatory occupational pension ("obligatorisk tjenestepensjon"). Please refer to note 21 and 22 in AqualisBraemar LOC group consolidated financial statements for further information regarding the remuneration to board members and executive management.

Note 4. Other operating expenses

Amounts in NOK thousands	2020	2019
Professional fees	1,980	653
Share of central costs	552	523
Office rental cost	192	141
Other costs	1,958	1,023
Total other operating expenses	**4,682**	**2,340**

Remuneration to the Auditors [1]

Amounts in NOK thousands	2020	2019
Audit	773	373
Other assurance services	70	356
Other services	1,546	1,219
Total	**2,389**	**1,949**

[1] All fees are exclusive of VAT.

The remuneration to the auditors includes NOK 989 thousand which were directly attributable to the investment in subsidiaries and NOK 16 thousand which were directly attributable to the issue of the share have been netted against the proceeds from the share issue.

Note 5. Financial items

Amounts in NOK thousands	2020	2019
Finance income		
Interest income on loans to related parties	4,120	4,867
Interest income from bank deposits	47	192
Change in fair value of warrants (note 13)	4,464	-
Total	**8,630**	**5,059**
Finance expenses		
Interest expenses	175	-
Change in fair value of warrants (note 13)	-	5,191
Other finance expenses	-	4
Total	**175**	**5,195**
Net foreign exchange gain (loss)		
Net foreign exchange gain (loss)	(4,130)	2,219
Total net foreign exchange gain (loss)	**(4,130)**	**2,219**

Net foreign exchange gain includes unrealised foreign currency effect related to bank accounts other than NOK and unrealised foreign currency on long term loans to subsidiaries in the Company.

Loans to subsidiaries have been assessed to be a part of the net investments in the subsidiaries as these are long term in nature and settlement is neighter planned nor likely in the foreseeable future. These are eliminated upon consolidation and exchange differences arising from the translation are recognised in other comprehensive income. Refer to note 8 in AqualisBraemar LOC group consolidated financial statements for further information.

Note 6. Taxes

Amounts in NOK thousands	31 December 2020	31 December 2019
Income tax expense recognised in profit or loss		
Changes in deferred tax	(2,236)	(57)
Total income tax expense (income)	**(2,236)**	**(57)**
Tax base calculation		
Profit before income tax	(2,328)	(837)
Permanent differences	(7,834)	576
Changes in temporary differences	2,767	(1,899)
Total tax base	**(7,395)**	**(2,160)**
Temporary differences		
Short term receivables	(5,095)	(5,095)
Provisions	(1,568)	-
Long term receivables in foreign currency	21,446	22,653
Property, plant and equipment	(9)	(16)
Total	**14,774**	**17,542**
Accumulated losses carried forward	(11,323)	(5,415)
Base for deferred tax liability	**3,451**	**12,127**
Deferred tax liabilities	432	2,668
Total deferred tax liabilities	**432**	**2,668**

Norway corporation tax rate for 2020 was 22% (2019: 22%). For 2021, there is no change in corporation tax rate. Deferred tax liability as of 31 December 2020 has been calculated based on this rate.

Reconciliation of the effective tax rate:

Amounts in NOK thousands	2020	2019
Profit (loss) before income tax	**(2,328)**	**(837)**
Income tax using the Company's domestic tax rate of 22% (2019 - 22%)	(512)	(184)
Effect of permanent difference	(1,723)	127
Income tax (income) expense recognised in profit or loss	**(2,236)**	**(57)**
Effective tax rate	**96.0%**	**6.9%**

Note 7. Investments in subsidiaries

The subsidiaries directly owned by the Company at 31 December 2020 are set out below. Unless otherwise indicated, all shareholdings owned by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. Figures presented below in functional currency thousands.

Name of subsidiaries	Registered office	Functional currency	Share capital	Equity as of 31.12.2020	Net profit for the year	Net carrying value NOK '000
AqualisBraemar Holding Limited	UK	GBP	4,462	(3,289)	(296)	118,678
Offshore Wind Consultants Limited (OWC)	UK	GBP	0.1	1,237	312	8,668
AqualisBraemar Technical Services Holdings Limited (BTS)	UK	GBP	0	10,373	191	70,472
Neptune Midco 1 Limited (LOC Group)	UK	GBP	42,641	47,749	4,816	23,475
Total						**221,293**

On 21 December 2020, the Company acquired 100% of the shares in Neptune Midco 1 Limited ("LOC Group"), a specialised consultancy group out of LOC Group Holdings Limited. The acquisition is expected to increase the group's market share and reduce costs through economies of scale. Refer to note 7 in AqualisBraemar LOC group consolidated financial statements for further information regarding the acquisition.

On 21 June 2019, the Company had acquired 100% of the shares in Braemar Technical Services Holdings Limited ("BTS") (subsequently renamed to "AqualisBraemar Technical Services Holdings Limited"), a specialised consultancy group consists of 3 business streams (Offshore, Marine and Adjusting) out of Braemar Shipping Services PLC's "(Braemar") technical division. The acquisition was completed by issuing shares and performance based warrants, if certain financial targets related to EBITDA and gross profit are met during a two-year period commencing 1 April 2019 until 31 March 2021. Subsequent to completion of LOC Group acquisition, the Company agreed minimum one million warrants regardless of performance criteria. The fair value of the warrants of NOK 8.9 million was estimated using the Black and Scholes formula at 31 December 2020 (note 13).

Note 8. Related party

For the purposes of the Company's financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the group consolidated financial statements, the Company's balances with the related parties included in the balance sheet are as follows:

Amounts in NOK thousands	31 December 2020	31 December 2019
Loans to group companies		
Neptune Midco 1 Limited (LOC Group)	267,863	-
AqualisBraemar Holding Limited	57,417	66,639
Aqualis Offshore UK Limited	9,635	9,695
AqualisBraemar Technical Services Holdings Limited (BTS)	8,316	27,749
AqualisBraemar Inc.	8,142	8,193
Aqualis Offshore Serviços Ltda	2,290	2,048
OWC Japan Ltd.	1,287	-
AqualisBraemar Korea Limited	1,211	1,522
Aqualis Offshore AS	899	252
AqualisBraemar S. De R.L. De C.V.	886	891
OWC (Aqualis) GmbH	503	506
Aqualis Braemar Marine Services LLC, UAE	-	27,984
AqualisBraemar Marine Services LLC	-	1,736
Total	**358,450**	**147,215**
Non-current portion	358,450	147,215
Current portion	-	-
Total	**358,450**	**147,215**

As at 31 December 2020, loan balance of NOK 1,624 thousand (2019 – NOK 1,624 thousand) were impaired.

The loans to Group companies carry an annual interest rate of 2% over 3 months USD LIBOR. Loans to subsidiaries have a long term perspective and does not have a specific repayment date.

Amounts in NOK thousands	31 December 2020	31 December 2019
Due from related parties		
AqualisBraemar Holding Limited	9,199	2,814
	9,199	**2,814**
Due to related parties		
AqualisBraemar Holding Limited	129	144
	129	**144**

Amount due from and due to group companies are unsecured, non-interest bearing and are repayable on demand and are included in trade and other receivables (note 9) and trade and other payables respectively (note 14).

Transactions with related parties are made at terms agreed between the parties. For the year ended 31 December 2020, transactions with related parties included in profit and loss are as follows:

Amounts in NOK thousands	2020	2019
Corporate group management services (note 2)	9,104	2,819
Interest income on loans (note 5)	4,120	4,867
Share of central costs (note 4)	552	523

Note 9. Trade and other receivables

Amounts in NOK thousands	31 December 2020	31 December 2019
Due from related parties (note 8)	9,199	2,814
Other receivables	1,374	34
Total	**10,573**	**2,848**

Other receivables are non-interest bearing and are generally on terms of 30 to 45 days.

Note 10. Cash and cash equivalents

Amounts in NOK thousands	31 December 2020	31 December 2019
Cash and bank balances	31,213	24,187
Total	**31,213**	**24,187**

Amounts in thousands	31 December 2020		31 December 2019	
Distributed in following currencies:	Currency	NOK	Currency	NOK
US Dollars	2,208	18,857	1,671	14,687
Norwegian Krone	1,315	11,233	6,947	6,947
Euro	131	1,123	259	2,553
Total		**31,213**		**24,187**

The Company has restricted cash at banks of NOK 485 thousand at 31 December 2020 (2019: NOK 213 thousand). These are subject to regulatory restrictions and are therefore not available for general use by the other entities within the group.

Note 11. Share capital

Amounts in NOK thousands	Number of shares	Share capital
At 1 January 2019	42,293,239	4,229
Cash-settled capital increase (net of transaction costs)	13,257,575	1,326
Issue of shares on acquisition	14,865,621	1,487
At 31 December 2019	**70,416,435**	**7,042**
At 1 January 2020	70,416,435	7,042
Cash-settled capital increase (net of transaction costs)	22,131,148	2,213
At 31 December 2020	**92,547,583**	**9,255**

Each share has a par value of NOK 0.10 per share.

Share-based payments

The company has established share option plan that entitle employees to purchase share in the company. Under these plan, holders of vested options are entitled to purchase shares at the market price of the shares at grant date. Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Refer note 16 in AqualisBraemar LOC group consolidated financial statements for more information.

Refer to note 27 in AqualisBraemar LOC group consolidated financial statements for further information regarding the company's largest shareholders.

Note 12. Equity

Amounts in NOK thousands	Share capital	Treasury shares	Consideration shares	Other paid-up capital	Total equity
At 1 January 2019	4,229	-	-	243,086	247,315
Cash-settled capital increase (net of transaction costs)	1,326	-	-	47,941	49,267
Issue of shares on acquisition	1,487	-	-	57,530	59,017
Acquisition of treasury shares	-	(372)	-	-	(372)
Dividends	-	-	-	(14,083)	(14,083)
Profit after taxes	-	-	-	(780)	(780)
At 31 December 2019	**7,042**	**(372)**	**-**	**333,694**	**340,363**
At 1 January 2020	7,042	(372)	-	333,694	340,363
Cash-settled capital increase (net of transaction costs)	2,213	-	-	129,392	131,605
Shares to be issued as part of the consideration on a acquisition of subsidiary	-	-	12,769	-	12,769
Dividends	-	-	-	(14,043)	(14,043)
Profit after taxes	-	-	-	(93)	(93)
At 31 December 2020	**9,255**	**(372)**	**12,769**	**448,950**	**470,602**

The Board of Directors in their meeting on 26 February 2020 proposed distribution of dividend of NOK 0.20 per share. The distribution of dividend was approved in AGM held on 10 June 2020 and paid to the shareholders on 24 June 2020 . Further cash dividend of NOK 0.20 per share was approved by the Board of Directors on 28 October 2020 and distributed on 10 November 2020. In 2020, total dividend of NOK 28,127 thousands was paid to the shareholders. For tax purposes, the distribution of dividend was considered repayment of paid in capital.

The Company incurred NOK 3,395 thousands (2019: NOK 3,233 thousands) towards transaction costs that were directly attributable to the issuance of shares.

Refer to note 7, 16 in AqualisBraemar LOC group consolidated financial statements for further information regarding the issurance of new shares on acquisition and buy back of treasury shares.

Note 13. Provisions

Provisions comprise of fair value of the performance based warrants issued as part of the BTS acquisition (refer note 7). Provision at 31 December 2020 is expected to be fully utilised in the next financial year.

Note 14. Trade and other payables

Amounts in NOK thousands	31 December 2020	31 December 2019
Trade payables	10,429	234
Due to related parties (note 8)	129	144
Accruals and other payables	6,174	1,212
Total	**16,732**	**1,590**

Trade payables are non- interest bearing and are normally settled on 30 days term.

Note 15. Bank Borrowings

Amounts in NOK thousands	31 December 2020		31 December 2019	
	Current	Non-current	Current	Non-current
Bank loans	69,383	55,506	-	-
Total	**69,383**	**55,506**	**-**	**-**

To finance the acquisition of the LOC Group (refer note 7), in December 2020, the Company entered into a USD 15 million senior secured term loan facilities agreement with Nordea Bank Abp, filial i Norge. The loan facilities consists of two parts, (i) a term loan of USD 10 million, and (ii) a revolving credit facility of USD 5 million to be renewed annually, both with a maturity of three years and with the following financial covenants:

- Minimum EBITDA of USD 7 million on a rolling 12-month basis; and
- NIBD (Net Interest Bearing Debt) < 0 at all times.

Financial covenants are to be measured first time with respect to the financial quarter ending 30 June 2021, and thereafter on the last day of each financial quarter.

The interest on both loans is the relevant LIBOR (1, 3 or 6 months at the borrower's discretion) plus a margin of 320 basis points. The term loan is to be repaid through 12 equal instalments on the last day of each financial quarter, the first time on 31 March 2021.

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The arrangement fees for loan facilities of NOK 3.24 million have been netted against the loan proceeds.

The Group's obligations under the facility agreement is guaranteed by the Company and certain material group companies.

Note 16. Property, plant and equipments

2020 Amounts in NOK thousands	Office equipment	Total
Cost		
As at 1 January 2020	-	-
Additions	32	32
As at 31 December 2020	**32**	**32**
Depreciation and impairment		
As at 1 January 2020	-	-
Depreciation charge for the year	4	4
As at 31 December 2020	**4**	**4**
Net book value at 31 December 2020	**28**	**28**
Useful life	**5 years**	

Note 17. Events after the reporting period

Acquisition of East Point Geo Ltd.

Subsequent to balance sheet date, the Company acquired East Point Geo Ltd. Refer to note 28 in AqualisBraemar LOC group consolidated financial statements for further information.

To the General Meeting of AqualisBraemar LOC ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AqualisBraemar LOC ASA, which comprise:

- The financial statements of the parent company AqualisBraemar LOC ASA (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of AqualisBraemar LOC ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the

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Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Groups business activities are largely unchanged compared to last year. Due to the accounting consequences of the acquisition of Neptun Midco 1 Ltd we considered this issue to be key to our audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
Business Combinations – acquisition of Neptune Midco 1 Limited	
In December 2020, the group completed the purchase of the Neptune Midco 1 Limited group (LOC group). The acquisition was substantial as the consolidated revenues are expected to be approximately doubled by the business combination. The total assets acquired accounted for approximately 40% of the consolidated balance sheet as at 31 December 2020. The business combination led to a recognition of goodwill of USD 9,974 thousands. The allocation of the purchase price involves significant management judgements, which may have a material impact on the carrying value of the Group's assets and liabilities and future earnings. See note 2 (Accounting policies) and note 7 (Business combination) where the business combination is disclosed and managements assumptions with regards to allocation of purchase price is explained.	We evaluated and challenged managements' purchase price allocation ("PPA") and the process by which this was performed. Management engaged an external valuation firm for assistance with the PPA. We assessed the third party's competence, capacity and objectivity. Our procedures included inquiry of the third party and performing the procedures described below related to the PPA report issued to management of AqualisBraemar LOC ASA. We assessed managements' accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards were met. We evaluated the estimates by challenging managements' assumptions, especially related to the fair value of the trade receivables and other current assets. For certain key assumptions in arriving at the estimated fair value, we specifically used the sources of data and performed, among other, the procedures outlined below: • Tested the valuation of trade receivables and contract assets by reviewing the aging and management's assumptions for collecting the balances. • Reviewed the recognition and measurement of lease agreements. • Reviewed the recognition and measurement of customer relations. • Reviewed the completeness of accruals and other liabilities.

- Assessed other evidence collected by performing audit procedures on subsequent periods.
- Assessed the reliability of data, models and formulas used in the calculation of values.

The results of our testing were satisfactory.

Finally, we considered the appropriateness of the financial statements' disclosures in note 2 and 7 to the consolidated financial statements and found them appropriate.

Assessment of impairment of goodwill

The carrying value of goodwill has increased during 2020 due to acquisitions and amounted to USD 23,104 thousands as of 31 December 2020, which is about 19,4% of the assets in the balance sheet.

Goodwill should be tested for impairment annually, or when there are indicators of impairment. An impairment test of the goodwill, exclusive goodwill acquired in December 2020, was performed at year-end 2020. The test did not result in an impairment charge being recognized.

The impairment test involved significant management judgement; and a potential impairment loss may have material impact on the carrying value of the Group's assets. The judgement was mainly related to estimating future cash flows and the discount rate. The future cash flow estimate was sensitive to the applied growth rate and the EBITDA margin.

See note 13 (Intangible assets) where the impairment model and key assumptions are disclosed.

We evaluated and challenged management's impairment model. We corroborated the elements in the model to the requirements in IFRS and found no material inconsistencies. Further, we tested whether the model performed mathematical calculations as expected.

We challenged management's use of assumptions in the future cash flow estimate. We found that income estimates were based on a detailed budgeting process. We tested managements' budgeting accuracy by comparing budgeted growth rate and EBITDA margin against actuals. When we found deviations, we assessed management's explanations and corroborated with other evidence available to us. In order to challenge each of the assumptions in the forecast, we held discussions with management. The future cash flows were also compared to budgets approved by the Board of Directors. Based on our testing and discussions with management, we found management's budgeting for the purpose of this impairment test, to be reliable.

In order to evaluate the assumptions used to build the discount rate, we used external market data and observable data from comparable companies. We found the assumptions to be reasonable based on our knowledge and available evidence. We considered the adequacy of the disclosures made on impairment test of goodwill and found them appropriate.

Finally, we considered the appropriateness of the financial statements' disclosures in note 13 to the consolidated financial statements and found them appropriate.

Independent Auditor's Report - AqualisBraemar LOC ASA

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report - AqualisBraemar LOC ASA

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 April 2021
PricewaterhouseCoopers AS

Anders Ellefsen
State Authorised Public Accountant (Norway)

Alternative Performance Measures (APM)

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.

Amounts in USD thousands	2020	2019
Operating profit (loss) (EBIT)	**2,946**	**(332)**
Depreciation, amortisation and impairment	1,477	690
Transaction costs related to acquisition	1,393	1,129
Restructuring and integration costs	185	528
Share of net profit (loss) from associates	318	-
Adjusted EBITDA	**6,320**	**2,015**

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.

Amounts in USD thousands	2020	2019
Operating profit (loss) (EBIT)	**2,946**	**(332)**
Transaction costs related to acquisition	1,393	1,129
Restructuring and integration costs	185	528
Share of net profit (loss) from associates	318	-
Adjusted EBIT	**4,843**	**1,325**

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.

Amounts in USD thousands	2020	2019
Profit (loss) after taxes	**1,513**	**9,037**
Transaction costs related to M&A	1,393	1,129
Restructuring and integration costs	185	528
Other special items (incl. share-based expenses)	318	-
Fair value adjustments	(130)	575
Gain on bargain purchase	-	(11,026)
Other finance income	-	-
Adjusted profit (loss) after taxes	**3,280**	**243**

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.

Amounts in USD thousands	2020	2019
Adjusted profit (loss) after taxes	**3,280**	**243**
Average total equity	34,240	36,459
ROE	**9.6%**	**0.7%**

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.

Amounts in USD thousands	2020	2019
Adjusted EBIT	**4,843**	**1,325**
Total assets	119,036	63,557
Less: Non-interest bearing current liabilities	(28,653)	(10,578)
Capital employed	90,383	52,979
Average capital employed	**71,681**	**39,781**
ROCE	**6.8%**	**3.3%**

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.

Amounts in USD thousands	31 December 2020	31 December 2019
Working capital		
Trade and other receivables	41,498	24,252
Contract assets	12,916	12,019
Trade and other payables	(25,207)	(9,487)
Contract liabilities	(907)	(719)
Income tax payable	(757)	(371)
Net working captial	**27,543**	**25,694**
Average quarterly revenue over 2 quarters	35,062	18,371
Working capital ratio	**79%**	**140%**

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