ABL Group

Q2 report 2023

HIGHLIGHTS Q2 2023

- Revenues of USD 67.9 million (Q2 22: USD 41.4 million)
- Operating profit of USD 4.4 million (Q2 22: USD 3.9 million)
- Adjusted EBIT of USD 5.3 million (Q2 22: USD 4.4 million)
- Net cash of USD 14.6 million (Q1 23: USD 16.3 million)
- Acquisition of AGR completed in April
- Semi-annual dividend of NOK 0.35 per share paid in June

Reuben Segal, CEO of ABL Group ASA ("ABL Group" or the "Company") commented:
"The second quarter of 2023 represents another step change in the development of ABL Group. The acquisition of AGR accounted for a large element of year-on-year growth at 64% but organic growth of 47% in renewables consultancy OWC confirms we are well placed to access active energy markets.

I retain a positive outlook for ABL Group for the second half of 2023. Whilst our activity in the maritime sector will remain relatively flat, clients' increased expenditure on oil & gas projects provides activity for 2023 and beyond. We remain confident in the offshore wind market following the record high level of investment commitments announced year to date, and are pleased to have secured the acquisition of Delta Wind Partners to strengthen our market presence across the life cycle of projects."

KEY FIGURES

USD thousands (except shares, backlog, employees)	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
FINANCIALS					
Total revenue	67,938	41,367	113,115	81,010	167,897
EBITDA(1)	5,745	4,625	9,316	8,241	15,856
Adjusted EBITDA(1)	6,321	5,097	10,636	9,169	18,175
Operating profit (loss) (EBIT)(1)	4,397	3,868	7,105	6,673	12,514
Adjusted EBIT(1)	5,296	4,428	8,902	7,779	15,262
Profit (loss) after taxes(1)	2,714	2,145	2,616	5,118	6,253
Adjusted profit (loss) after taxes(1)	3,613	2,621	4,412	6,140	7,113
Basic earnings per share (USD)	0.02	0.02	0.02	0.05	0.06
Adjusted basic earnings per share (USD)	0.03	0.03	0.04	0.06	0.07
Weighted average number of outstanding shares (thousands)	119,343	96,923	112,097	96,923	99,850
Cash and cash equivalents at the end of the period	26,390	18,711	26,390	18,711	30,974
OPERATIONS					
Order backlog at the end of the period (USD million)(1)	93.6	61.8	93.6	61.8	72.1
Average full-time equivalent employees during the period (2)	1,552	970	1,339	958	1,027
Average billing ratio during the period(3)	79%	78%	77%	76%	77%

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

GROUP FINANCIAL REVIEW

(Figures in brackets represent same period prior year or balance sheet date as of 31st March 2023. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period).

Group results

The acquisition of AGR AS ("AGR") was consolidated in ABL Group's consolidated accounts as of 1 April 2023. For more information about the AGR acquisition, please see note 8. The acquisition of Add Energy Group ("Add Energy") was consolidated as of 11 July 2022. See ABL Group's 2022 annual report for more details.

Total operating revenues increased by 64% to USD 67.9 million in Q2 2023 (USD 41.4 million). This increase in revenues was primarily driven by the OWC segment, growing by 47% compared to Q2 2022, in addition to the acquisitions of Add Energy and AGR.

The total operating revenues were USD 113.1 million in H1 2023 (USD 81.0 million).

Staff costs increased by 79% to USD 36.9 million in Q2 2023 (USD 20.6 million). Other operating expenses increased by 57% to USD 25.3 million in Q2 2023 (USD 16.1 million). Depreciation, amortisation and impairments increased by 78% to USD 1.3 million in Q2 2023 (USD 0.8 million).

Total operating expenses were USD 106.0 million in H1 2023 (USD 74.3 million). The increase in operating expenses is primarily attributed to the acquisitions of Add Energy and AGR.

Operating profit (EBIT) amounted to USD 4.4 million in Q2 2023 (USD 3.9 million). Adjusted EBIT amounted to USD 5.3 million in Q2 2023 (USD 4.4 million). The adjustments primarily relate to integration costs, amortisation of intangible assets, share-based compensation, M&A transaction costs and other extraordinary or non-cash items.

EBIT amounted to USD 7.1 million in H1 2023 (USD 6.7 million). Adjusted EBIT amounted to USD 8.9 million in H1 2023 (USD 7.8 million).

The billing ratio for technical staff including freelancers was 79% in Q2 2023 (78%).

Finance expenses of USD 0.3 million in Q2 2023 (USD 0.3 million) mainly represents interest on the group's interest-bearing debt.

Net currency loss of USD 0.7 million in Q2 2023 (loss of USD 0.8 million in Q2 2022) and loss of USD 2.7 million in H1 2023 (loss of USD 0.4 million in H1 2022) mainly represents unrealised loss on revaluation of bank accounts.

Profit after taxes amounted to USD 2.7 million in Q2 2023 (USD 2.1 million in Q2 2022). Profit after taxes amounted to USD 2.6 million in H1 2023 (USD 5.1 million).

Financial position and liquidity

At 30 June 2023, cash and cash equivalents amounted to USD 26.4 million, down from USD 28.8 million at 31 March 2023. Cash flow from operations and investing was positive at USD 3.5 million in the quarter driven primarily by operating profits, while cash acquired as part of AGR acquisition largely offset a net working capital increase. Cash flow from financing was negative at USD 5.5 million, primarily driven by dividend payments and debt repayment. Net working capital ratio has improved with the acquisition of AGR and is expected to remain at a lower level, but will continue to fluctuate with the type of projects, milestone payments and the overall revenues.

Interest bearing bank debt at 30 June 2023 was USD 11.8 million, down from USD 12.5 million at 31 March 2023.

Lease liabilities were USD 8.8 million at 30 June 2023, up from USD 8.2 million at 31 March 2023, explained by the acquisition of AGR. The lease liabilities are related to IFRS 16 recognition of long-term lease contracts for the company's offices worldwide.

Order backlog

The order backlog at the end of Q2 2023 was USD 93.6 million, up from USD 68.2 million at the end of Q1 2023.

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

Organisational development

ABL Group had 1,552 employees (full time equivalents, "FTEs"), including freelancers at 100% utilisation basis, on average during Q2 2023. The equivalent number was 1,125 for Q1 2023.

Health, safety, environment and quality

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

ABL Group had no lost time incidents (LTI) in H1 2023. Since Aqualis' incorporation in 2013, the company has had 3 LTIs in over 8 million cumulative man-hours clocked. These stats include AGR from Q2 2023.

	2021	2022	H1 23	All time
Man-hours (millions)	1.8	1.9	1.2	8.1
LTIs	2	0	0	3

Outlook

Improving markets is expected to be a key driver for top line growth and improved profitability in ABL Group in 2023.

The offshore wind industry, our core renewables market, has grown rapidly over the last years and continues to do so. We continue to see developers aggressively invest in new strategic acreage and emerging markets in support of the long-term trend, and are on course for a record year in terms of final investment decisions in European offshore wind. While inflationary cost increases have recently caused some projects to be delayed, this is limited to projects with low fixed offtake prices. For ABL Group, the flexibility to work across various parts of the value chain and in support of early origination is expected to support continued high growth.

In our oil and gas market we have seen significant improvements in brownfield and opex driven work during the last 24 months, and expect this to improve further over the next year. Greenfield and capex driven services have been slower to pick up, but we expect significant improvements through 2023 and towards a very active 2024.

We expect to retain our strong position in our maritime markets. These markets are long term stable and move in tandem with global shipping activity, but short-term development remains largely event driven and difficult to forecast.

ABL Group’s current strategy remains unchanged being focused on widening and strengthening its global client portfolio and enhancing client loyalty to retain and obtain market leading positions across our services and geographies.

ABL Group will continue to be active in the consolidation and restructuring of our industry. ABL Group remains focused on value creation for all our stakeholders; customers, employees and shareholders. The active pursuit of strategic and value creating acquisitions allows us to make large strides in positioning the group in attractive markets, and to become the leading independent global energy and marine consultancy.

Oslo, 30 August 2023

The Board of Directors of
ABL Group ASA

Condensed interim consolidated financial statements Q2 2023

USD thousands

Consolidated income statement	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Revenue	67,938	41,367	113,115	81,010	167,897
Total revenue	**67,938**	**41,367**	**113,115**	**81,010**	**167,897**
Staff costs	(36,900)	(20,624)	(62,368)	(41,767)	(88,126)
Other operating expenses	(25,293)	(16,117)	(41,431)	(31,002)	(63,915)
Depreciation, amortisation and impairment	(1,347)	(758)	(2,211)	(1,567)	(3,342)
Operating profit (loss) (EBIT)	**4,397**	**3,868**	**7,105**	**6,673**	**12,514**
Gain on bargain purchase / disposal of subsidiaries	-	84	-	84	1,889
Finance income	119	16	171	58	169
Finance expenses	(258)	(278)	(641)	(393)	(1,411)
Net foreign exchange gain (loss)	(696)	(843)	(2,746)	(424)	(2,507)
Profit (loss) before income tax	**3,563**	**2,847**	**3,889**	**5,998**	**10,654**
Income tax expenses	(849)	(703)	(1,273)	(880)	(4,401)
Profit (loss) after tax	**2,714**	**2,145**	**2,616**	**5,118**	**6,253**

Consolidated statement of other comprehensive income	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Profit (loss) after tax	**2,714**	**2,145**	**2,616**	**5,118**	**6,253**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Currency translation differences	(1,851)	(1,503)	249	(1,863)	(2,777)
Income tax effect	-	-	-	-	(729)
Other comprehensive income for the period, net of tax	**(1,851)**	**(1,503)**	**249**	**(1,863)**	**(3,506)**
Total comprehensive income for the period	**863**	**641**	**2,865**	**3,255**	**2,746**
Total comprehensive income for the period is attributable to:					
Equity holders of the parent company	775	634	2,701	3,244	2,689
Non-controlling interests	88	8	164	11	58
	863	**641**	**2,865**	**3,255**	**2,746**

Condensed interim consolidated financial statements Q2 2023

USD thousands

Consolidated balance sheet	30 June 2023	31 December 2022
ASSETS		
Non-current assets		
Property, plant and equipment	2,329	2,101
Right-of-use assets	8,236	7,904
Goodwill and intangible assets	53,644	29,382
Investment in associates	26	29
Deferred tax assets	4,997	1,744
Total non-current assets	**69,231**	**41,160**
Current assets		
Trade and other receivables	53,484	41,400
Contract assets	24,832	13,394
Cash and cash equivalents	26,390	30,974
Total current assets	**104,706**	**85,769**
Total assets	**173,937**	**126,928**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,576	1,402
Share premium	87,549	63,349
Consideration shares	1,236	1,236
Share-based compensation reserve	4,566	3,769
Retained earnings	17,204	14,752
Foreign currency translation reserve	(15,563)	(15,812)
Total	**96,569**	**68,697**
Non-controlling interests	149	(269)
Total equity	**96,718**	**68,427**
Non-current liabilities		
Deferred tax liabilities	3,679	2,516
Long term borrowings	5,000	-
Lease liabilities	6,584	6,922
Provisions and other payables	6,465	5,993
Total non-current liabilities	**21,728**	**15,432**
Current liabilities		
Trade and other payables	44,336	25,890
Contract liabilities	1,965	1,535
Short term borrowings	6,795	13,337
Lease liabilities	2,210	1,869
Income tax payable	184	439
Total current liabilities	**55,491**	**43,069**
Total liabilities	**77,219**	**58,501**
Total equity and liabilities	**173,937**	**126,928**

Condensed interim consolidated financial statements Q2 2023

USD thousands

Consolidated statement of cash flows	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Cash flow from operating activities					
Profit (loss) before taxes	3,563	2,847	3,889	5,998	10,654
Non-cash adjustment to reconcile profit before tax to cash flow:					
Depreciation, amortisation and impairment	1,347	758	2,211	1,567	3,342
Non-cash employee benefits expense – share-based payments	404	209	797	665	1,396
Gain on bargain purchase / disposal of subsidiaries	-	(84)	-	(84)	(1,889)
Changes in working capital:					
Changes in trade and other receivables	(4,916)	3,624	(9,044)	1,739	12,558
Changes in trade and other payables	1,144	(2,993)	3,352	(1,716)	(2,853)
Interest costs - net	123	172	506	223	1,115
Income taxes paid	(382)	(947)	(688)	(1,235)	(2,894)
Net exchange differences	(331)	(585)	(82)	(738)	(2,144)
Cash flow from (used in) operating activities	**952**	**3,002**	**941**	**6,421**	**19,285**
Cash flow from investing activities					
Payments for property, plant and equipment	(542)	(692)	(882)	(1,117)	(1,862)
Interest received	35	10	69	17	81
Net cash acquired (paid) on acquisition of subsidiaries	3,085	-	3,085	-	(583)
Cash flow from (used in) investing activities	**2,577**	**(682)**	**2,272**	**(1,100)**	**(2,364)**
Cash flow from financing activities					
Dividends paid to company's shareholders	(4,047)	(2,917)	(4,047)	(2,917)	(5,936)
Principal elements of lease payments	(608)	(302)	(1,177)	(839)	(1,765)
Proceeds from loans and borrowings	-	-	-	-	5,000
Repayment of borrowings	(708)	(762)	(1,541)	(1,664)	(3,333)
Proceeds from issuance of shares capital	-	-	-	-	1,746
Interest paid	(162)	(163)	(443)	(219)	(650)
Cash flow from (used in) financing activities	**(5,525)**	**(4,143)**	**(7,208)**	**(5,639)**	**(4,939)**
Net change in cash and cash equivalents	(1,995)	(1,823)	(3,995)	(318)	11,982
Cash and cash equivalents at the beginning of the period	28,819	21,212	30,974	19,815	19,815
Effect of movements in exchange rates	(435)	(678)	(589)	(786)	(823)
Cash and cash equivalents at the end of the period	**26,390**	**18,711**	**26,390**	**18,711**	**30,974**

Condensed interim consolidated financial statements Q2 2023

USD thousands

Consolidated statement of changes in equity	Share capital	Share premium	Consideration shares	Share-based compensation reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2022	1,323	64,912	1,890	2,372	8,557	(12,306)	66,751	114	66,865
Other comprehensive income	-	-	-	-	6,195	(3,506)	2,689	58	2,746
Cash-settled capital increase (net of transaction costs)	53	1,694	-	-	-	-	1,746	-	1,746
Shares issued as consideration for business combination	26	2,680	(654)	-	-	-	2,052	-	2,052
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	(441)	(441)
Dividends paid	-	(5,936)	-	-	-	-	(5,936)	-	(5,936)
Share-based payment expenses	-	-	-	1,397	-	-	1,397	-	1,397
At 31 December 2022	**1,402**	**63,349**	**1,236**	**3,769**	**14,752**	**(15,812)**	**68,699**	**(269)**	**68,429**
At 1 January 2023	1,402	63,349	1,236	3,769	14,752	(15,812)	68,699	(269)	68,429
Other comprehensive income	-	-	-	-	2,452	249	2,701	164	2,865
Shares issued as consideration for business combination	174	28,247	-	-	-	-	28,421	-	28,421
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	255	255
Dividends paid	-	(4,047)	-	-	-	-	(4,047)	-	(4,047)
Share-based payment expenses	-	-	-	797	-	-	797	-	797
At 30 June 2023	**1,576**	**87,549**	**1,236**	**4,566**	**17,204**	**(15,563)**	**96,571**	**149**	**96,720**

Condensed interim consolidated financial statements Q2 2023

Notes to the interim consolidated financial statements

1. Corporate information

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

The principal activity of the Company and its subsidiaries (collectively the "ABL Group" or the "Group") is to offer adjusting, marine, offshore and renewables consultancy services to the energy, shipping and insurance industries globally. The group employs specialist engineers, naval architects, master mariners, loss adjusters and technical consultants in 65 offices located across 5 continents in 39 countries.

For all periods up to and including the period ended 30 June 2023, the consolidated financial statements of the Group are a continuation of the group values transferred from Weifa ASA in the spin-off of the marine and offshore business wherein all the shares in subsidiaries were transferred to Aqualis ASA on 24 July 2014. The ownership of the subsidiaries and the related excess values from the acquisitions are consequently continued in the consolidated financial statements of the Group.

2. Basis of preparations and changes to the accounting policies

This condensed consolidated interim financial report for the period ended 30 June 2023 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and accordingly this report should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

The accounting policies adopted in the preparation of this condensed consolidated financial statements are consistent with those followed in the preparation of the last annual consolidated financial statements for the year ended 31 December 2022.

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

These condensed consolidated financial statements are presented in US Dollars (USD). All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the condensed consolidated financial statements may not add up to the total of that row or column.

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

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

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

4. Segment information

As of 1st July 2023, the ABL Group is managed by four distinct business lines under the brands ABL ("The Energy and Marine Consultants"), OWC ("The Renewable Energy Consultants"), Longitude ("The Engineering Consultants") and AGR ("The Energy and Software Consultants"). The internal restructuring was carried out to simplify the group structure and to improve clarity around service offerings. These business lines will also form the basis for the four reportable segments of the Group. The internal management reports provided by management to the Group's Board of Directors, which is the group's decision maker, is in accordance with this structure.

Note that the AGR segment includes the AGR business acquired in Q2 2023, as well as certain Add Energy entities acquired in Q3 2022, which now form part of the AGR segment. Financials for the AGR segment prior to Q2 2023 relates solely to these Add Energy entities.

The following is a summary of revenues and operating profit (loss) (EBIT) for entities in four different business lines. Eliminations reflects the eliminations of intra-group revenue to the extent that these arise between the business lines.

USD thousands

Revenues	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
ABL	36,016	32,002	68,386	63,301	125,357
OWC	11,184	7,587	19,935	14,786	30,739
Longitude	3,191	3,083	5,854	5,439	11,191
AGR	19,730	-	23,039	-	6,469
Eliminations	(2,183)	(1,305)	(4,099)	(2,515)	(5,859)
Total revenues	**67,938**	**41,367**	**113,115**	**81,010**	**167,897**

Operating profit (loss) (EBIT)	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
ABL	8,284	6,122	14,631	11,912	24,908
OWC	1,092	1,299	2,577	2,385	4,362
Longitude	904	893	1,379	1,210	2,530
AGR	613	-	697	-	(845)
Corporate group	(6,495)	(4,447)	(12,178)	(8,833)	(18,439)
Total EBIT	**4,397**	**3,868**	**7,105**	**6,673**	**12,514**

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 the different business lines.

USD thousands	30 June 2023		31 December 2022	
Trade receivables and contract assets	Trade receivables	Contract assets	Trade receivables	Contract assets
ABL	27,560	14,816	26,468	9,719
OWC	4,672	3,653	3,192	1,931
Longitude	1,737	775	894	1,258
AGR	10,125	5,587	1,888	487
Total	**44,095**	**24,832**	**32,442**	**13,394**

USD thousands

Cash and cash equivalents	30 June 2023	31 December 2022
ABL	12,478	17,378
OWC	4,261	4,626
Longitude	874	803
AGR	6,582	3,816
Corporate group	2,194	4,350
Total	**26,390**	**30,974**

5. Other operating expenses

USD thousands

Other operating expenses	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Subcontractors cost	17,027	8,936	26,170	18,192	37,765
Office lease and maintenance expenses	679	556	1,447	1,133	1,963
Insurance cost	849	673	1,478	1,358	2,637
Cost of recharged expenses	1,941	2,146	3,607	3,435	6,781
Transaction costs related to acquisition	172	262	523	262	357
General and administrative expenses	4,626	3,544	8,205	6,621	14,412
Total	**25,293**	**16,117**	**41,431**	**31,002**	**63,915**

6. Goodwill and intangible assets

USD thousands

Goodwill and intangible assets	Goodwill	Customer relations	Patents and brand name	Internally generated softwares	Total
Cost					
At 1 January 2023	29,218	4,275	1,386	502	35,382
Acquired through business combinations	13,229	6,736	3,284	2,478	25,727
Additions	-	-	-	456	456
Effect of movements in exchange rates	(1,122)	(346)	(196)	(83)	(1,747)
At 30 June 2023	**41,325**	**10,665**	**4,474**	**3,354**	**59,818**
Amortisation and impairment					
At 1 January 2023	5,141	740	46	72	5,999
Amortisation charge	-	430	46	214	690
Effect of movements in exchange rates	(489)	(7)	-	(19)	(515)
At 30 June 2023	**4,653**	**1,162**	**92**	**267**	**6,174**
Net book value at 30 June 2023	**36,672**	**9,502**	**4,382**	**3,088**	**53,644**
Net book value at 31 December 2022	**24,077**	**3,536**	**1,340**	**430**	**29,383**

All goodwill is allocated to cash-generating units. These cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill denominated in foreign currencies is revalued at the balance sheet date. The allocation of goodwill to cash-generating units is as follows:

USD thousands

Cash Generating Units (CGUs)	30 June 2023	31 December 2022
ABL	19,832	19,878
OWC	2,649	2,600
Longitude	1,599	1,599
AGR	12,592	-
Total	**36,672**	**24,077**

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

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

7. Trade receivables and contract assets

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

USD thousands

Trade receivables and contract assets	30 June 2023	31 December 2022
Trade receivables		
Up to 3 months	37,071	25,113
3 to 6 months	4,151	2,903
6 to12 months	1,370	2,807
Over 12 months	1,503	1,621
Total trade receivables	**44,095**	**32,444**
Contract assets	24,832	13,394
Total	**68,927**	**45,838**

Contract assets comprises of payment for services that are not due from the customers until the services are complete and therefore contract assets are recognised over the period in which the services are performed representing the Group’s right to consideration for the services performed to date. Revenue from such services is recognised as a performance obligation satisfied over time when services are performed and delivered and measured based on the consideration specified in a contract with customers.

8. Business combinations

On 18 April 2023, ABL Group ASA acquired 100 percent of the shares in multi-disciplinary engineering consultancy and software company AGR AS (“AGR”). The acquisition will bolster ABL Group’s offering within well and reservoir consultancy, enhances the group’s position supporting operators’ digitalisation and decarbonisation plans, and expand its opex-driven offshore energy exposure.

Details of the preliminary purchase consideration, the net assets acquired and goodwill are as follows:

The following table summarises fair value of purchase consideration:

USD thousands

Purchase consideration	
Cash consideration	509
Consideration shares	28,456
Total purchase consideration	**28,965**

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

- NOK 5.3 million (USD 0.5 million) (the “Cash Consideration”), settled in cash on completion
- NOK 272.5 million settled through issuance of 18,166,667 ordinary ABL Group shares (the “Consideration Shares”), representing 14.8% of outstanding shares post-issue. The fair value of the consideration shares of USD 28.5 million, is based on the share price of the Company on 18 April 2023 of NOK 16.4 per share, which was the closing share price on the completion day of the acquisition.

The following table summarises fair value of net assets acquired:

USD thousands

Fair value of net assets acquired	USD
Property, plant and equipment	246
Right of use assets	1,157
Intangible assets - internally generated softwares	2,478
Intangible assets - brand and customer relations	10,020
Deferred tax assets	3,595
Trade and other receivables	9,352
Contract assets	5,143
Cash and cash equivalents	3,593
Trade and other payables	(15,581)
Deferred tax liabilities	(2,410)
Long term liabilities	(1,601)
Net identifiable assets acquired	**15,991**
Non-controlling interests	(255)
Goodwill	13,229
Net assets acquired	**28,965**

The Company identified USD 10.0 million in value which can be allocated to the brand name and customer relations, offset by deferred tax of USD 2.1 million.

The fair value of the “AGR” brand was calculated by using a relief from royalty method. The estimated royalty payment that are expected to be avoided are calculated using royalty rate of 0.5% and discounted at 10.8% over a period of ten years. After ten years a terminal growth rate has been set to 2%.

The fair value of the customer relations within the business units were calculated by discounting projected cash flows in the years 2023 to 2026 in case of well management and in the years 2023 to 2033 for other business units, which is based on the budgeted cash flow in 2023 and applying a normal growth rate of 2%. The churn rate for business units - well management and other business units were 33% and 10% respectively. The cash flows were discounted using weighted average cost of capital of 11.7%.

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.

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.

The fair value of acquired trade receivables on acquisition is USD 8.6 million. The gross contractual amount for trade receivables due is USD 8.8 million, with a loss allowance of USD 0.2 million.

Impact of acquisitions on the results of the group:

AGR was consolidated as of 18 April 2023. The Group incurred acquisition-related costs of USD 0.5 million on legal fees and due diligence. These costs have been included in other operating expenses in the consolidated income statement.

9. Alternative performance measures

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures ("APMs") that came into force on 3 July 2016. Alternative performance measures are meant to provide an enhanced insight into the operations, financing and future prospects of the company. The Company has defined and explained the purpose of the following APMs:

Adjusted EBITDA

Adjusted EBITDA which excludes depreciation, amortisation and impairments, share of net profit (loss) from associates, transaction costs related to acquisitions, restructuring and integration costs is a useful measure because it provides useful information regarding the Company's ability to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies. EBITDA may not be comparable to other similarly titled measures from other companies. A reconciliation between reported operating profit/(loss) and EBITDA is shown below.

USD thousands

Adjusted EBITDA	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Operating profit (loss) (EBIT)	4,397	3,868	7,105	6,673	12,514
Depreciation, amortisation and impairment	1,347	758	2,211	1,567	3,342
Transaction costs related to M&A	172	262	523	262	357
Restructuring and integration costs	-	-	-	-	189
Other special items (incl. share-based expenses)	404	209	797	665	1,773
Adjusted EBITDA	**6,321**	**5,097**	**10,636**	**9,169**	**18,175**

Adjusted EBIT

Adjusted EBIT which excludes amortisation and impairments, share of net profit (loss) from associates, transaction costs related to acquisitions, restructuring and integration costs is a useful measure because it provides an indication of the profitability of the Company's operating activities for the period without regard to significant events and/ or decisions in the period that are expected to occur less frequently. A reconciliation between reported operating profit/(loss) and EBIT adjusted is shown below.

USD thousands

Adjusted EBIT	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Operating profit (loss) (EBIT)	4,397	3,868	7,105	6,673	12,514
Amortisation and impairment	322	89	476	178	430
Transaction costs related to M&A	172	262	523	262	357
Restructuring and integration costs	-	-	-	-	189
Other special items (incl. share-based expenses)	404	209	797	665	1,773
Adjusted EBIT	**5,296**	**4,428**	**8,902**	**7,779**	**15,262**

Adjusted profit (loss) after taxes

Adjusted profit (loss) after taxes which excludes amortisation and impairments, share of net profit (loss) from associates, transaction costs related to acquisitions, restructuring and integration costs and certain finance income is a useful measure because it provides an indication of the profitability of the Company's operating activities for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently. A reconciliation between adjusted profit (loss) after taxes and profit (loss) after taxes is shown below.

USD thousands

Adjusted profit (loss) after taxes	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Profit (loss) after taxes	2,714	2,145	2,616	5,118	6,253
Amortisation and impairment	322	89	476	178	430
Transaction costs related to M&A	172	262	523	262	357
Restructuring and integration costs	-	-	-	-	189
Other special items (incl. share-based expenses)	404	209	797	665	1,773
Gain on bargain purchase / disposal of subsidiaries	-	(84)	-	(84)	(1,889)
Adjusted profit (loss) after taxes	**3,613**	**2,621**	**4,412**	**6,140**	**7,113**

Return on equity (ROE)

ROE is calculated as the adjusted profit (loss) for the period attributable to equity holders of the parent, divided by average total equity for the period. The adjusted profit (loss) is annualised for interim period reporting. This measure indicates the return generated by the management of the business based on the total equity. The calculation of ROE is shown below.

USD thousands

Return on equity (ROE)	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Adjusted profit (loss) after taxes	3,613	2,621	4,412	6,140	7,113
Average total equity	83,574	68,901	82,573	67,366	67,646
ROE	**4.3%**	**3.8%**	**5.3%**	**9.1%**	**10.5%**

Return on capital employed (ROCE)

ROCE is calculated as the adjusted EBIT for the period, divided by average capital employed for the period. Capital employed is defined as total assets less non-interest bearing current liabilities. The adjusted EBIT is annualised for interim period reporting. This measure indicates the return generated by the management of the business based on the capital employed. The calculation of ROCE is shown below.

USD thousands

Return on capital employed (ROCE)	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022
Adjusted EBIT	5,296	4,428	8,902	7,779	15,262
Total assets	173,937	116,779	173,937	116,779	126,928
Less: Non-interest bearing current liabilities	(46,486)	(23,746)	(46,486)	(23,746)	(27,863)
Capital employed	**127,451**	**93,033**	**127,451**	**93,033**	**99,065**
Average capital employed	**113,256**	**92,331**	**113,258**	**91,154**	**94,170**
ROCE	**4.7%**	**4.8%**	**7.9%**	**8.5%**	**16.2%**

Order backlog

Order backlog is defined as the aggregate value of future work on signed customer contracts or letters of award. ABL Group's services include a significant amount of "call-out contracts" which are driven by day-to-day operational requirements. An estimate for backlog on "call-out contracts" are only included in the order backlog when reliable estimates are available. Management believes that the order backlog is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

Working capital and working capital ratio

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

USD thousands

Working capital	1H 2023	1H 2022	FY 2022
Working capital			
Trade and other receivables	53,484	45,588	41,400
Contract assets	24,832	14,009	13,394
Trade and other payables	(44,336)	(22,032)	(25,890)
Contract liabilities	(1,965)	(1,638)	(1,535)
Income tax payable	(184)	(77)	(439)
Net working capital	**31,831**	**35,851**	**26,931**
Average revenue for last 2 quarters	56,557	40,505	43,444
Working capital ratio	**56%**	**89%**	**62%**

Note 10. Events after the reporting period

On 26 June 2023, ABL Group ASA's renewable energy consultancy OWC entered into an agreement to acquire 100 percent of the shares of Denmark-based offshore wind consultancy, Delta Wind Partners ApS (DWP) – a specialist solutions provider for wind turbine generators (WTG). The acquisition expands OWC's technical offering in wind turbines and in consultancy at the installation and operational phases of an offshore wind project. It also provides an opportunity to further grow DWP's unique approach to WTG optimisation both globally and in the floating offshore wind market.

The acquisition was completed on 23 August 2023. Total closing consideration of approximately DKK 11 million (USD 1.7 million) is settled with a combination of approximately DKK 7 million in cash and 413,838 shares in ABL Group ASA.

ABL Group

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