

ABL Group

Q2 report 2024



HIGHLIGHTS Q2 2024

- Revenues of USD 68.6 million (Q2 23: USD 67.9 million)
- Operating profit of USD 2.2 million (Q2 23: USD 4.4 million)
- Adjusted EBIT of USD 2.8 million (Q2 23: USD 4.9 million)
- Net cash of USD 10.8 million (Q1 24: USD 19.4 million)
- Acquisition of Ross Offshore completed in June
- Semi-annual dividend of NOK 0.40 per share paid in June

Reuben Segal, CEO of ABL Group ASA ("ABL Group" or the "Company") commented:

"In Q2 2024 our revenue growth was somewhat curtailed by the continued pause in the offshore wind market, and we were not able to replicate the strong EBIT levels attained last year. However, I remain positive on the outlook for our business as a whole.

Our ABL and AGR businesses performed reasonably well and I expect the acquisition of Ross Offshore, completed in Q2, to further expand our AGR business segment offering.

However, the pause in the renewables sector, and offshore wind in particular, weigh on our quarterly results for OWC and has some roll-over effect in Longitude. The offshore wind sector remains a strong market with high growth potential and we are very well positioned to take advantage of that market. But, recent indications are that the recovery will be longer to materialise than anticipated. As a consequence we continue to proactively manage the business in the more challenging near term market so that we lead the market in the recovery."

KEY FIGURES

USD thousands (except shares, backlog, employees)	Q2 2024	Q2 2023	1H 2024	1H 2023	FY 2023
FINANCIALS					
Total revenue	68,577	67,938	137,483	113,115	251,233
EBITDA ⁽¹⁾	3,598	5,745	8,364	9,316	21,831
Adjusted EBITDA ⁽¹⁾	3,783	5,917	8,549	9,839	22,944
Operating profit (loss) (EBIT) ⁽¹⁾	2,227	4,397	5,599	7,105	16,530
Adjusted EBIT ⁽¹⁾	2,764	4,892	6,484	8,104	18,822
Profit (loss) after taxes ⁽¹⁾	489	2,714	2,443	2,616	8,677
Adjusted profit (loss) after taxes ⁽¹⁾	1,026	3,209	3,411	3,615	10,968
Basic earnings per share (USD)	0.00	0.02	0.02	0.02	0.07
Weighted average number of outstanding shares (thousands)	128,478	119,343	128,023	112,097	125,418
Cash and cash equivalents at the end of the period	28,425	26,390	28,425	26,390	28,157
OPERATIONS					
Order backlog at the end of the period (USD million) ⁽¹⁾	70.7	93.6	70.7	93.6	72.2
Average full-time equivalent employees during the period ⁽²⁾	1,610	1,552	1,607	1,339	1,466
Average billing ratio during the period ⁽³⁾	73%	79%	73%	77%	76%

(1) Refer to 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 2024. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period).

Group results

Total operating revenues increased by 1% to USD 68.6 million in Q2 2024 (USD 67.9 million). Compared to Q2 2023, ABL revenues were flat, AGR grew 7%, while OWC and Longitude had negative growth.

The total operating revenues were USD 137.5 million in H1 2024 (USD 113.1 million). The increase in revenues and operating expenses in the first half period is primarily attributed to the consolidation of AGR from Q2 2023.

Staff costs increased by 9% to USD 35.7 million in Q2 2024 (USD 32.9 million), driven by a combination of staff growth, changes in staff mix, and inflationary salary increases. Other operating expenses were flat at USD 29.3 million in Q2 2024 (USD 29.3 million). Depreciation and amortisation increased by 2% to USD 1.4 million in Q2 2024 (USD 1.3 million).

Total operating expenses were USD 129.1 million in H1 2024 (USD 103.8 million).

Operating profit (EBIT) amounted to USD 2.2 million in Q2 2024 (USD 4.4 million). Adjusted EBIT amounted to USD 2.8 million in Q2 2024 (USD 4.9 million). The adjustments primarily relate to amortisation of PPA intangible assets and transaction costs related to M&A.

EBIT amounted to USD 5.6 million in H1 2024 (USD 7.1 million). Adjusted EBIT amounted to USD 6.5 million in H1 2024 (USD 8.1 million).

The billing ratio for technical staff including freelancers was 73% in Q2 2024 (79%).

Finance expenses of USD 0.5 million in Q2 2024 (USD 0.3 million) mainly represents interest on the Group's interest-bearing debt.

The net currency loss of USD 0.5 million in Q2 2024 (loss of USD 0.7 million in Q2 2023) and loss of USD 1.2 million in H1 2024 (loss of USD 2.7 million in H1 2023) mainly represents loss on revaluation of bank accounts.

Profit after taxes amounted to USD 0.5 million in Q2 2024 (USD 2.7 million in Q2 2023). Profit after taxes amounted to USD 2.4 million in H1 2024 (USD 2.6 million).

Financial position and liquidity

At 30 June 2024, cash and cash equivalents amounted to USD 28.4 million, down from USD 30.9 million at 31 March 2024. Cash flow from operations was positive USD 4.0m, while cash flow from investing was negative

USD 6.5 million driven by the acquisition of Ross Offshore.

Cash flow from financing was positive at USD 0.1 million, where dividend and lease payments were offset by USD 6.0m increase in borrowings drawn down to finance the acquisition of Ross Offshore.

Net working capital ratio has continued to improve, but will continue to fluctuate with the type of projects, milestone payments and the overall revenues.

Interest bearing bank debt at 30 June 2024 was USD 17.6 million, up from USD 11.5 million at 31 March 2024.

Lease liabilities were USD 7.7 million at 30 June 2024, down from USD 8.0 million at 31 March 2024. 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 2024 was USD 70.7 million, down from USD 94.4 million at the end of Q1 2024.

The 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

The Group had 1,610 employees (full time equivalents, "FTEs"), including freelancers at 100% utilisation basis, on average during Q2 2024. The equivalent number was 1,604 for Q1 2024.

The acquisition of Ross Offshore will add 148 additional employees from Q3 2024.

Health, safety, environment and quality

The 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.

The Group had no lost time incidents (LTI) in H1 2024. Since Aqualis' incorporation in 2013, the Group has had 3 LTIs in over 8 million cumulative man-hours clocked. These stats include AGR from Q2 2023.

	2022	2023	H1 24	All time
Man-hours (millions)	1.9	2.7	1.5	11.1
LTIs	0	0	0	3

Outlook

While overall global oil & gas capex spending is expected to stabilise, we expect a larger share of spending to go into offshore in general, and the execution phase of investments in particular. This will benefit our greenfield and capex driven services through the second half of 2024 and into 2025. We have already seen significant improvements in brownfield and opex driven work during the last 24 months, and expect this market to remain strong over the next year. Reduced jack-up activity in Saudi Arabia appears to be isolated and not negatively impacting other markets.

The renewable energy industry, and offshore wind in particular, is experiencing a downturn. In the second half of 2023, we saw some projects delayed or cancelled just before construction was due to start, as they had been entered into on low fixed offtake prices and were no longer economical given cost inflation and higher interest rates. This also had a knock-on effect on earlier stage projects, with developers taking a “wait and see” approach waiting for governments to show support at new cost levels.

We believe the market has bottomed out, but projects keep sliding to the right, and the market now expects the previous installation volume targets to be delayed 18 to 24 months. The recovery timing is hard to predict, but we currently do not expect significant improvement in the offshore wind consultancy market before the second half of 2025.

OWC is actively investing outside offshore wind in order to diversify its market exposure, most notably through an ongoing growth investment in the technical due diligence market for onshore renewables in the United States. While this investment had a minor negative EBIT impact in Q2, additional investments in Q3 and Q4 are expected to add up to approximately USD 0.5m total negative EBIT impact in 2024.

Long-term prospects of the offshore wind industry remain strong, with rapidly accelerating installation plans in 2028-2031 expected to drive development support work in 2025-2028. Our dedicated renewables segment OWC's largest volumes of work are around 3-5 years before installation, whereas ABL and Longitude primarily supports projects before and during installation.

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.

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

We will continue to be active in the consolidation and restructuring of our industry and remain 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, 21 August 2024

The Board of Directors of
ABL Group ASA

Condensed interim consolidated financial statements Q2 2024

USD thousands

Consolidated income statement	Q2 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Revenue	68,577	67,938	137,483	113,115	251,233
Total revenue	68,577	67,938	137,483	113,115	251,233
Staff costs	(35,723)	(32,919)	(71,042)	(58,387)	(125,373)
Other operating expenses	(29,256)	(29,274)	(58,077)	(45,412)	(104,029)
Depreciation, amortisation and impairment	(1,371)	(1,347)	(2,765)	(2,211)	(5,301)
Operating profit (loss) (EBIT)	2,227	4,397	5,599	7,105	16,530
Finance income	95	119	173	171	423
Finance expenses	(512)	(258)	(1,119)	(641)	(1,666)
Net foreign exchange gain (loss)	(534)	(696)	(1,160)	(2,746)	(2,842)
Profit (loss) before income tax	1,275	3,563	3,493	3,889	12,445
Income tax expenses	(786)	(849)	(1,050)	(1,273)	(3,768)
Profit (loss) after tax	489	2,714	2,443	2,616	8,677

Consolidated statement of other comprehensive income	Q2 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Profit (loss) after tax	489	2,714	2,443	2,616	8,677
Other comprehensive income					
Items that may be reclassified to profit or loss					
Currency translation differences	1,799	(1,851)	(1,974)	249	2,115
Income tax on currency translation differences		-	-	-	(793)
Total items that may be reclassified to profit or loss	1,799	(1,851)	(1,974)	249	1,322
Items that will not be classified to profit and loss:					
Remeasurement of defined benefit obligations	75	-	75	-	-
Total items that will not be classified to profit and loss:	75	-	75	-	-
Total comprehensive income for the period	2,363	863	544	2,865	9,999
Profit after tax is attributable to:					
Equity holders of the parent company	534	2,626	2,531	2,452	8,400
Non-controlling interests	(45)	88	(88)	164	277
	489	2,714	2,443	2,616	8,677
Total comprehensive income for the period is attributable to:					
Equity holders of the parent company	2,409	775	632	2,701	9,722
Non-controlling interests	(45)	88	(88)	164	277
	2,363	863	544	2,865	9,999
Basic earnings per share (USD)	0.00	0.02	0.02	0.02	0.07

Condensed interim consolidated financial statements Q2 2024

USD thousands

Consolidated balance sheet	30 June 2024	30 June 2023	31 December 2023
ASSETS			
Non-current assets			
Goodwill and intangible assets	66,671	53,644	56,828
Property, plant and equipment	9,911	10,565	10,613
Investment in associates	167	26	32
Deferred tax assets	5,005	4,997	5,308
Total non-current assets	81,754	69,231	72,781
Current assets			
Trade and other receivables	66,915	53,484	57,392
Contract assets	23,881	24,832	22,185
Cash and cash equivalents	28,425	26,390	28,157
Total current assets	119,221	104,706	107,734
Total assets	200,975	173,937	180,515
EQUITY AND LIABILITIES			
Equity			
Share capital	1,629	1,576	1,580
Treasury shares	(200)	-	-
Share premium	82,156	87,549	84,109
Consideration shares	262	1,236	1,236
Share-based compensation reserve	5,499	4,566	5,208
Retained earnings	25,759	17,204	23,152
Foreign currency translation reserve	(16,464)	(15,563)	(14,490)
Total	98,641	96,569	100,796
Non-controlling interests	15	149	263
Total equity	98,656	96,718	101,059
Non-current liabilities			
Deferred tax liabilities	4,084	3,679	4,687
Long term borrowings	-	5,000	-
Lease liabilities	6,268	6,584	6,801
Provisions and other payables	7,683	6,465	7,466
Total non-current liabilities	18,035	21,728	18,954
Current liabilities			
Trade and other payables	57,723	44,336	44,830
Contract liabilities	6,692	1,965	1,978
Short term borrowings	17,633	6,795	10,946
Lease liabilities	1,469	2,210	1,818
Income tax payable	767	184	930
Total current liabilities	84,284	55,491	60,502
Total liabilities	102,319	77,219	79,456
Total equity and liabilities	200,975	173,937	180,515

Condensed interim consolidated financial statements Q2 2024

USD thousands

Consolidated statement of cash flows	Q2 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Cash flow from operating activities					
Profit (loss) before taxes	1,275	3,563	3,493	3,889	12,445
Non-cash adjustment to reconcile profit before tax to cash flow:					
Depreciation, amortisation and impairment	1,371	1,347	2,765	2,211	5,301
Non-cash employee benefits expense – share-based payments	145	404	291	797	1,439
Changes in working capital:					
Changes in trade and other receivables	(163)	(4,916)	1,227	(9,044)	(10,887)
Changes in trade and other payables	773	1,144	839	3,352	4,632
Interest costs - net	542	123	946	506	887
Income taxes paid	(266)	(382)	(729)	(688)	(1,788)
Net exchange differences	293	(331)	(2,518)	(82)	(476)
Cash flow from (used in) operating activities	3,970	952	6,314	941	11,553
Cash flow from investing activities					
Payments for property, plant and equipment	(1,063)	(542)	(1,518)	(882)	(2,422)
Interest received	26	35	50	69	167
Net cash (paid) / acquired on acquisition of subsidiaries	(5,428)	3,085	(5,598)	3,085	2,008
Cash flow from (used in) investing activities	(6,465)	2,577	(7,066)	2,272	(247)
Cash flow from financing activities					
Dividends paid to company's shareholders	(4,838)	(4,047)	(4,838)	(4,047)	(8,073)
Purchase of treasury shares	(244)	-	(275)	-	-
Principal elements of lease payments	(577)	(608)	(1,226)	(1,177)	(2,808)
Proceeds from loans and borrowings	6,000	-	17,419	-	5,000
Repayment of borrowings	(43)	(708)	(10,903)	(1,541)	(7,391)
Proceeds from issuance of shares capital	-	-	2,045	-	(7)
Interest paid	(247)	(162)	(432)	(443)	(720)
Cash flow from (used in) financing activities	51	(5,525)	1,790	(7,208)	(13,999)
Net change in cash and cash equivalents	(2,444)	(1,995)	1,038	(3,995)	(2,693)
Cash and cash equivalents at the beginning of the period	30,889	28,819	28,157	30,974	30,974
Effect of movements in exchange rates	(20)	(435)	(770)	(589)	(124)
Cash and cash equivalents at the end of the period	28,425	26,390	28,425	26,390	28,157

Condensed interim consolidated financial statements Q2 2024

USD thousands

Consolidated statement of changes in equity	Share capital	Treasury shares	Share premium	Consideration shares	Share-based compensation reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2023	1,402	-	63,349	1,236	3,769	14,752	(15,812)	68,699	(269)	68,429
Profit after tax	-	-	-	-	-	2,452	249	2,701	164	2,865
Other comprehensive income										
Translation differences	-	-	-	-	-	-	-	-	-	-
Income tax on translation differences	-	-	-	-	-	-	-	-	-	-
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year						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
At 1 January 2023	1,402	-	63,349	1,236	3,769	14,752	(15,812)	68,697	(269)	68,428
Profit after tax	-	-	-	-	-	8,400	-	8,400	277	8,677
Other comprehensive income										
Translation differences	-	-	-	-	-	-	2,115	2,115	-	2,115
Income tax on translation differences	-	-	-	-	-	-	(793)	(793)	-	(793)
Total comprehensive income for the year							1,322	1,322	-	1,322
Shares issued as consideration for business combination	178	-	28,833	-	-	-	-	29,011	-	29,011
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	255	255
Dividends paid	-	-	(8,073)	-	-	-	-	(8,073)	-	(8,073)
Share-based payment expenses	-	-	-	-	1,439	-	-	1,439	-	1,439
At 31 December 2023	1,580	-	84,109	1,236	5,208	23,152	(14,490)	100,796	263	101,060
At 1 January 2024	1,580	-	84,109	1,236	5,208	23,152	(14,490)	100,796	263	101,059
Profit after tax	-	-	-	-	-	2,532	-	2,532	(88)	2,444
Other comprehensive income										
Translation differences	-	-	-	-	-	-	(1,974)	(1,974)	-	(1,974)
Remeasurement of defined benefit obligations	-	-	-	-	-	75	-	75	-	75
Total comprehensive income for the year						2,607	(1,974)	633	(88)	545
Cash-settled capital increase (net of transaction costs)	39	-	1,996	-	-	-	-	2,035	-	2,035
Acquisition of treasury shares	-	(275)	-	-	-	-	-	(275)	-	(275)
Shares issued as consideration for business combination	10	75	889	(974)	-	-	-	-	-	-
Dividends paid	-	-	(4,838)	-	-	-	-	(4,838)	(160)	(4,998)
Share-based payment expenses	-	-	-	-	291	-	-	291	-	291
At 30 June 2024	1,629	(200)	82,156	262	5,499	25,759	(16,464)	98,642	15	98,657

Condensed interim consolidated financial statements Q2 2024

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 Karenslyst Allé 4, 0278 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 6 continents in 39 countries.

For all periods up to and including the period ended 30 June 2024, 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 2024 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 consolidated financial statements, and accordingly this report should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

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 2023.

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

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

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

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

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

4. Segment information

The 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"). 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 Chief Operating Decision Maker ("CODM"), is in accordance with this structure. No operating segments have been aggregated to form the above four reporting segments. Eliminations reflects the eliminations of intra-segment revenue to the extent that these arise between the segments.

Management has considered the organisational structure, service offerings of each business unit and performance of certain activities in determining the reportable segments as described above. The main measures of performance for each segment are revenue, operating profit and working capital metrics (trade debtor and unbilled revenue days outstanding).

The segmental information, as provided monthly to the CODM, is as follows:

USD thousands

Revenues	Q2 2024	Q2 2023	1H 2024	1H 2023	FY 2023
ABL	36,179	36,016	72,455	68,386	138,786
OWC	8,836	11,184	17,922	19,935	41,615
Longitude	2,901	3,191	5,891	5,854	12,385
AGR	21,037	19,730	42,279	23,039	66,224
Eliminations	(376)	(2,183)	(1,064)	(4,099)	(7,777)
Total revenues	68,577	67,938	137,483	113,115	251,233

Operating profit (loss) (EBIT)	Q2 2024	Q2 2023	1H 2024	1H 2023	FY 2023
ABL	6,411	7,643	12,874	13,224	31,896
OWC	171	1,045	497	2,481	4,200
Longitude	283	820	919	1,197	3,014
AGR	787	808	2,084	867	3,119
Corporate group	(5,425)	(5,919)	(10,777)	(10,664)	(25,699)
Total EBIT	2,227	4,397	5,597	7,105	16,530

The following segment assets information provided to the Board of Directors for reportable segment consist of trade receivables and contract assets for entities in the different business lines.

USD thousands	30 June 2024		30 June 2023		31 December 2023	
Trade receivables and contract assets	Trade receivables	Contract assets	Trade receivables	Contract assets	Trade receivables	Contract assets
ABL	27,922	13,349	27,560	14,816	24,903	11,402
OWC	5,847	3,336	4,672	3,653	3,192	3,645
Longitude	2,033	787	1,737	775	894	1,110
AGR	19,513	6,409	10,125	5,587	3,455	6,028
Total	55,315	23,881	44,095	24,832	32,444	22,185

5. Other operating expenses

USD thousands

Other operating expenses	Q2 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Subcontractors cost	19,698	17,027	39,980	26,170	72,202
Office lease and maintenance expenses	758	679	1,543	1,447	2,603
Insurance cost	920	849	1,615	1,478	3,372
Cost of recharged expenses	1,917	1,941	4,015	3,607	7,267
Transaction costs related to acquisition	185	172	185	523	720
General and administrative expenses	5,343	4,626	10,739	8,205	17,865
Total	29,256	25,293	58,077	41,431	104,029

6. Goodwill and intangible assets

USD thousands					
Goodwill and intangible assets					
	Goodwill	Customer relations	Patents and brand name	Internally generated software	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
Cost					
At 1 January 2023	29,218	4,275	1,386	502	35,381
Acquired through business combinations	14,764	6,736	3,284	2,478	27,262
Additions	-	-	-	1,454	1,454
Effect of movements in exchange rates	290	126	66	48	530
At 31 December 2023	44,272	11,137	4,736	4,482	64,627
Amortisation and impairment					
At 1 January 2023	5,141	740	46	72	5,999
Amortisation charge	-	1,087	92	782	1,961
Effect of movements in exchange rates	(154)	(6)	-	-	(160)
At 31 December 2023	4,987	1,821	138	854	7,800
Cost					
At 1 January 2024	44,272	11,137	4,736	4,483	64,628
Acquired through business combinations	7,546	3,125	-	-	10,671
Additions	-	-	-	1,327	1,327
Effect of movements in exchange rates	(814)	(184)	(113)	(205)	(1,316)
At 30 June 2024	51,004	14,078	4,623	5,605	75,310
Amortisation and impairment					
At 1 January 2024	4,987	1,820	139	854	7,800
Amortisation charge	-	653	46	402	1,101
Effect of movements in exchange rates	(206)	(7)	-	(49)	(262)
At 30 June 2024	4,781	2,467	185	1,207	8,639
Net book value at 30 June 2024	46,223	11,611	4,438	4,398	66,671
Net book value at 30 June 2023	36,672	9,502	4,382	3,088	53,644
Net book value at 31 December 2023	39,285	9,316	4,598	3,628	56,827

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 2024	30 June 2023	December 2023
ABL		19,805	19,832
OWC		4,187	2,649
Longitude		1,599	1,599
AGR		20,632	12,592
Total	46,223	36,672	39,284

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 require an estimate of future cash flows expected to arise from the cash-generating unit and an appropriate discount rate in order to calculate the net present value. An impairment arises when the net present value is lower than the carrying value.

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 2024	30 June 2023	1 December 2023
Trade receivables			
Up to 3 months	49,622	37,071	25,113
3 to 6 months	3,013	4,151	2,903
6 to 12 months	2,115	1,370	2,807
Over 12 months	565	1,503	1,621
Total trade receivables	55,315	44,095	32,444
Contract assets	23,881	24,832	22,185
Total	79,196	68,927	54,628

The contract assets relate to work completed in excess of billings at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

8. Business combinations

On 17 June 2024, the Group acquired 100 percent of the share capital of the specialist energy consultancy Ross Offshore for a total consideration of NOK 100 million, equating to approximately USD 9.5m at the exchange rate on the date of completion. Ross Offshore will be reported under the AGR segment and will expand and further strengthen the Group's service offerings in wells, reservoir operations and other consultancy services.

Provisional assets acquired are as follows:

USD thousands

Fair value of assets and liabilities acquired	
Property, plant and equipment including right of use assets	400
Intangible assets - Customer relations	3,125
Deferred tax assets	25
Investments in associated companies	136
Accounts receivable and contract assets	9,700
Contract assets	1,621
Other current assets	124
Cash and bank deposits	4,031
Non-current lease liabilities	(219)
Deferred tax liabilities	(705)
Trade and other payables	(11,796)
Contract liabilities	(4,408)
Current lease liabilities	(121)
Net identifiable assets acquired	1,913
Goodwill	7,546
Net assets acquired	9,459

USD thousands

Net cash paid on acquisition of subsidiaries	
Cash consideration	9,459
Cash acquired on acquisition of Ross Offshore	(4,031)
Net cash paid on acquisition of Ross Offshore	5,428
Cash paid to owner of previously acquired business	170
Net cash paid on acquisition of subsidiaries	5,598

Goodwill is attributed to the assembled workforce and the strong position Ross Offshore occupies in the markets in which it operates.

The Group identified USD 3.1 million in value which was attributed to customer relations, together with an associated deferred tax liability of USD 2.1 million.

The book and fair value of acquired trade receivables on acquisition was USD 9.7 million. The gross contractual amount for trade receivables due was USD 9.7 million, with no expected credit losses.

Impact of acquisitions on the results of the Group:

Ross Offshore was consolidated on 30 June 2024 with results of the acquired business being included in the Group Income Statement from 1 July 2024. Acquisition costs included in other operating expenses amounted to USD 0.2m.

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

EBITDA and Adjusted EBITDA	Q2 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Operating profit (loss) (EBIT)	2,227	4,397	5,599	7,105	16,530
Depreciation, amortisation and impairment	1,371	1,347	2,765	2,211	5,301
EBITDA	3,598	5,745	8,364	9,316	21,831
Transaction costs related to M&A	185	172	185	523	720
Restructuring and integration costs	-	-	-	-	393
Adjusted EBITDA	3,783	5,917	8,549	9,839	22,944

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 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Operating profit (loss) (EBIT)	2,227	4,397	5,599	7,105	16,530
Amortisation and impairment	352	322	700	476	1,179
Transaction costs related to M&A	185	172	185	523	720
Restructuring and integration costs	-	-	-	-	393
Adjusted EBIT	2,764	4,892	6,484	8,105	18,822

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 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Profit (loss) after taxes	489	2,714	2,443	2,616	8,677
Amortisation and impairment	352	322	700	476	1,179
Transaction costs related to M&A	185	172	185	523	720
Restructuring and integration costs	-	-	-	-	393
Payments to previous owner of EPG	-	-	83	-	-
Adjusted profit (loss) after taxes	1,026	3,209	3,411	3,615	10,969

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 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Adjusted profit (loss) after taxes	1,026	3,209	3,411	3,615	10,969
Average total equity	99,983	83,574	99,857	82,573	84,743
ROE	1.0%	3.8%	3.4%	4.4%	12.9%

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 2024	Q2 2023	1H 2024	1H 2023	FY 2023
Adjusted EBIT	2,764	4,892	6,484	8,105	18,822
Total assets	200,975	173,937	200,975	173,937	180,515
Less: Non-interest bearing current liabilities	(64,066)	(46,486)	(64,066)	(46,486)	(47,738)
Capital employed	136,909	127,451	136,909	127,451	132,777
Average capital employed	134,843	113,256	134,843	113,258	115,921
ROCE	2.0%	4.3%	4.8%	7.2%	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, contract 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 and is adjusted, where practically possible, to present a like for like comparison against previous quarters including, adjusting working capital balances to eliminate the impact of acquired businesses.

USD thousands

Working capital	1H 2024			1H 2023	FY 2023
	ABL Group	Acquired with Ross Offshore	ABL Group excluding Ross Offshore		
Working capital					
Trade and other receivables	66,915	9,700	57,215	53,484	57,392
Contract assets	23,881	1,621	22,260	24,832	22,185
Trade and other payables	(57,723)	(11,796)	(45,927)	(44,336)	(44,830)
Contract liabilities	(6,692)	(4,408)	(2,284)	(1,965)	(1,978)
Income tax payable	(767)	422	(1,189)	(184)	(930)
Net working capital	25,614	(4,461)	30,075	31,831	31,839

1H 2024 working capital has been adjusted to exclude working capital amounts relating to Ross Offshore which was consolidated on 30 June 2024.

Average revenue for the preceeding 2 quarters	68,742	56,557	69,059
Working capital ratio	44%	56%	46%

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2024, which has been prepared in accordance with IAS 34 Interim Financial Statement, gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, 21 August 2024

Glen Ole Rødland
Chairman

Yvonne L. Sandvold
Board Member

Rune Eng
Board Member

Synne Syrrist
Board Member

David Wells
Board Member

Hege Norheim
Board Member

Reuben Segal
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