

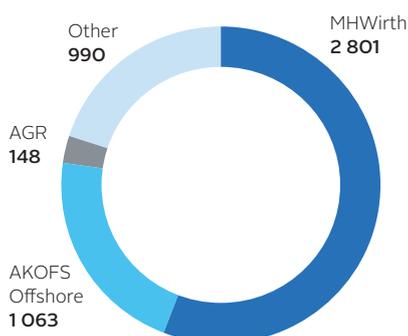
AKASTOR 

2020
ANNUAL
REPORT

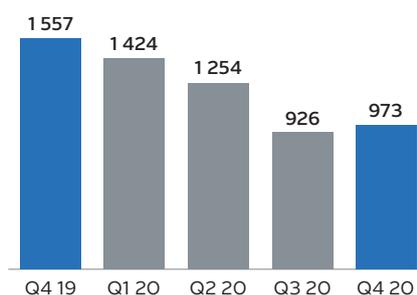
KEY FIGURES

Results and orders (NOK million)	2020	2019
Revenue and other income	4 577	5 361
EBITDA	331	492
EBITDA margin (percent)	7.2	9.2
Net profit (loss) from continuing operations	(469)	147
Net profit (loss)	(584)	93
NIBD	1 357	692
Equity ratio (percent)	40	41
Order intake	3 789	5 250
Order backlog	2 375	3 166
Share (NOK)		
Share price December 31	7.08	9.94
Basic/ Diluted earnings per share	(2.14)	0.37
Employees (Full time equivalents)		
Employees including hired-ins	1 947	2 272
Health and Safety		
Lost time incident frequency (per million worked hours)	1.0	0.8
Total recordable incident frequency (per million worked hours)	1.7	1.5
Sick leave rate (percent of worked hours)	2.7	2.4

Net capital employed
NOK million



Revenue
NOK million



EBITDA
NOK million

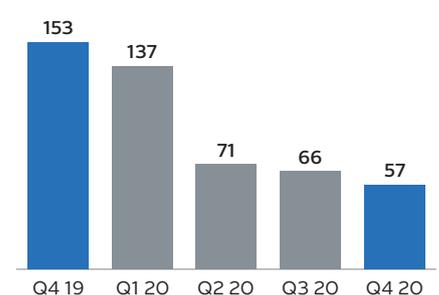




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01. BOARD OF DIRECTORS' REPORT

Akastor ASA (hereinafter referred to as Akastor) is an investment company based in Norway with a portfolio of companies in the oilfield services sector, with a flexible mandate for active ownership and long-term value creation. The shares of Akastor are traded on the Oslo Stock Exchange under the ticker AKAST. The Akastor portfolio of companies had a total net capital employed of NOK 5.0 billion at the end of 2020.

Highlights 2020

2020 was dominated by the outbreak of the COVID-19 virus, and the following turmoil in the oil and gas markets. Akastor has focused on mitigating operational effects and minimizing negative financial consequences for its portfolio companies while preserving liquidity and assuring financial flexibility.

In the first quarter, Step Oiltools (wholly owned by Akastor) was integrated with MHWirth to strengthen MHWirth's solids control offering and increase its footprint in Russia and Asia-Pacific. This follows the growth strategy of MHWirth announced in 2019.

In August, Akastor announced that it would assume full ownership of a restructured DOF Deepwater AS. As part of this transaction, DOF Deepwater AS changed its name to DDW Offshore AS (DDW). The restructuring involved conversion of 50 percent of the debt into shares in the company, with remaining debt maturing in Q4 2023. As part of the restructuring agreement, DDW will target to realize vessel values at or around maturity date, with sales proceeds to be shared 50/50 between the lenders and DDW. Closing of the transaction was completed in October 2020. From that date, DDW is consolidated into Akastor as a subsidiary.

In September, NES Global Talent, in which Akastor held an economic interest of around 17 percent, joined forces with the Fircroft Group (Fircroft) to create NES Fircroft (NES), a leading human capital solutions business for engineering and technical talent globally. Following the transaction, Akastor's economic interest in the combined entity was reduced to 15.6 percent.

In December, MHWirth received notification of a contract award for delivery of topside drilling equipment to be installed onboard a research drillship operated by Guangzhou Marine Geological Survey (GMGS) with delivery in December 2023. The contract value is around USD 80 million and signing of the contract is expected in Q1 2021. The award is strategically important for MHWirth to secure activity within its project department and confirms the company's competitiveness and technical competence within drilling topside equipment.

Also in December, Aker ASA announced that the dissolution of the joint ownership with the Norwegian government of Aker Holdings AS (previously Aker Kværner Holding AS) was

completed. Following this, Aker Holdings AS and the Norwegian government controlled 36.7 percent and 12.1 percent of the shares outstanding in Akastor respectively through separate accounts.

Akastor's total revenue was reduced from NOK 5.4 billion in 2019 to NOK 4.6 billion in 2020, a decrease of 15 percent. The drop in revenues was primarily a result of lower activity in MHWirth following the challenging market situation especially affecting equipment sales. The year-on-year reduction in revenues for MHWirth's life cycle service and digital technology segment, DLS & Digital Technology, was only 5 percent, reflecting the resilience of this business segment through a very challenging year.

Company Overview

Aker Holdings AS (previously Aker Kværner Holding AS), wholly owned by Aker ASA, is the largest shareholder of Akastor with a shareholding of 36.7 percent. Akastor is primarily focused on the oilfield services sector. The portfolio per 2020 covers several industrial holdings in this sector, including:

- MHWirth, which provides drilling systems and lifecycle services. Ownership interest is 100 percent (see information under "Subsequent Events").
- AKOFS Offshore, a subsea well installation and intervention services provider. Ownership interest is 50 percent.
- AGR, which delivers well-, reservoir- and software services to the offshore drilling industry. Economic interest is 64 percent.
- Cool Sorption, a supplier of vapour recovery units and systems. Ownership interest is 100 percent.

Each above-mentioned Akastor portfolio company is organized as an independent business which is self-sufficient and with its own dedicated management team fully responsible for all aspects of its operational activities. All portfolio companies have separate boards of directors, consisting of appointed Akastor investment managers, including, for some companies, external board members and employee representatives. This governance model provides for strong management of operational activities and a good foundation for close cooperation between Akastor, the portfolio companies and their employees.

In addition to its portfolio of industrial holdings, Akastor has several financial investments, including:

- DDW Offshore, which owns and operates five offshore vessels. Ownership interest is 100 percent.
- NES Fircroft, a technical and engineering staffing company. Economic interest is 15.6 percent.
- Odfjell Drilling, preferred equity instrument with carrying amount of USD 85.2 million plus a warrant structure of up to 5.9 million shares.
- Awilco Drilling, ownership interest is 5.6 percent.

The Akastor corporate organization is based at Fornebu, just outside of Oslo in Norway, with a team of 15 employees, working closely with the boards and management of its portfolio companies.

Akastor has a total of 1 947 employees (including hired-ins) with presence in approximately 20 countries at year-end 2020.

Strategy

Akastor is an investment company, employing an independent approach for each portfolio company to optimize its development potential. Akastor aims to create long-term value for its shareholders through active development of its portfolio companies as stand-alone businesses, while maintaining the flexibility to be opportunistic. Akastor works closely with each portfolio company's management to make decisions on operational activity, business development, acquisitions and divestments to maximize the value of the company. Each portfolio company develops and executes independent value creation plans in close cooperation with the Akastor investment team. As an owner, Akastor emphasizes understanding the portfolio companies' markets and challenges in depth, in order to evaluate current valuation versus future potential.

The business models of the portfolio companies are decentralized with each entity being self-sufficient, but as part of the Akastor portfolio, all companies share a common foundation based on Akastor's values, governing documents and compliance structure.

Akastor seeks to maximize value by combining strategic, operational and financial measures. Akastor's strategy as an investment company is to generate an acceptable return on existing investments. Further investments may be made in the existing portfolio companies in order to strengthen the companies and prepare for a future exit. The ultimate goal is to return the capital to the shareholders of Akastor upon divestments of assets, but at the same time ensure that Akastor has a solid capital structure.

Market Outlook

Akastor's portfolio companies operate mainly in the oilfield services industry. During 2020, this industry was heavily affected by the outbreak of the COVID-19 virus, declared as a

global pandemic by World Health Organization. This outbreak caused significant disruption to the global economy through reduced industrial activity, extensive travel restrictions and mandatory quarantines. The oil and gas market was strongly affected by negative demand development following lower global activity as well as turmoil on the supply side, resulting in a sharp decline in oil prices in the beginning of 2020. This added additional pressure on the global economy, with direct effects on the investment level of oil companies and following consequences for the oilfield services industry. For Akastor, these events have especially affected the capital equipment segment of MHWirth through a lower demand for single equipment as well as a muted rig newbuilding market. The service and digital technology segments of MHWirth which together accounted for 58 percent of revenues in 2020, up from 50 percent in 2019, has proven resilient through the market turmoil with a relatively low decline in nominal revenues.

In 2021, Akastor will continue to focus strongly on minimizing the spread of the virus and mitigate substantial disruptions to operations throughout the portfolio. Akastor management is cautiously optimistic that market situation will improve through 2021 as a result of increased rate of COVID-19 vaccination, which in turn should lead to increased global activity and thus increased demand for products and services offered by the Akastor group of companies. Still, it is expected that the COVID-19 virus will have negative impact on the global economy and the operational activities in Akastor's portfolio companies also in 2021. The financial impact as a result of this remains uncertain as it still is difficult to predict the duration of the virus outbreak and the long-term impact on the financial markets and the industrial activity level. From an accounting perspective, these factors could impact future assessments of recoverable amounts of Akastor's assets if the current volatility results in a negative long-term market outlook.

Since the last downturn started in 2014, Akastor has focused on reducing costs and maintaining a flexible cost base. During 2020, Akastor has carried out cost reduction programs across all portfolio companies to preserve earnings and reduce impact of the market turmoil. At the same time, Akastor has focused on preserving key competencies to remain relevant when markets improve.

Technology development remains a clear strategic target for Akastor for all portfolio companies. In recent years, MHWirth has, through its business segment Digital Technology, developed new solutions optimizing operations of the drilling equipment and reducing energy consumption and today has several systems successfully installed and in operation onboard drilling rigs. The solutions receive good feedback from customers and Digital Technology continues to be a key priority for MHWirth going forward.

Based on the current footprint of the portfolio, the oilfield services industry will remain the primary market for Akastor for some time. However, Akastor will, as an active owner, in parallel focus on developing its offering within non-oil markets and the

renewable space to further diversify the portfolio. Akastor is also targeting to support the industry's transition to more energy-efficient operations for its clients through development of new solutions. As an example, MHWirth is working to optimize and reduce fuel consumption and carbon footprint for its clients through delivering more efficient drilling solutions while both the engineering division and Digital Technology are seeking opportunities within industries outside of oil and gas.

Group Financial Performance

Akastor presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

All amounts below refer to the consolidated financial statements for the group, unless otherwise stated.

Income Statement

Revenue and other income for 2020 decreased by 15 percent to NOK 4 577 million. Operating profit before interest, tax, depreciation and amortization (EBITDA) decreased by NOK 161 million to NOK 331 million.

Depreciation, amortization and impairment was NOK 278 million in 2020, compared to NOK 270 million in the previous year.

Net financial expenses were NOK 436 million in 2020 compared to NOK 30 million in the previous year. The net financial expenses included Akastor's share of net loss of NOK 256 million from the equity-accounted investees DOF Deepwater (DDW Offshore prior to consolidation) and AKOFS Offshore, dividend income of NOK 77 million from equity investment, unrealized loss of NOK 94 million in fair value changes of financial investments, as well as impairment of NOK 120 million related to receivables. In addition, net financial items in 2020 included net financial charges on leases of NOK 36 million.

The pre-tax loss for the year was NOK 383 million, compared to a gain of NOK 191 million the previous year.

The income tax expenses for 2020 were NOK 86 million, compared to a tax expense of NOK 44 million in 2019. The effective tax rate is impacted by several items, such as impairment of deferred tax assets, non-tax deductible items as well as mix of revenue generated in various jurisdictions with different tax rates.

Net loss from continuing operations was NOK 469 million, while net loss from discontinued operations was NOK 115 million. The net loss from discontinued operations was mainly related to negative effects on re-assessment of the provision for guaranteed preferred return to our joint venture partners in AKOFS Offshore as well as contingent considerations related to previously divested Managed Pressure Operations Ltd (MPO). The group had an operating loss of NOK 584 million for the year.

The board of directors has resolved to propose to the annual general meeting that no dividend is distributed for 2020.

Financial Position

Total assets of Akastor amounted to NOK 9.1 billion as of December 31, 2020, compared with NOK 10.6 billion at year-end 2019. The decrease is mainly related to changes in current operating assets, partly mitigated by the consolidation of DDW Offshore AS as a subsidiary.

Net debt (excluding lease liabilities) was NOK 1.5 billion at the end of the period, while net interest-bearing debt (NIBD) was NOK 1.4 billion. NIBD increased through the year, primarily explained by the consolidation of DDW Offshore including its net debt of NOK 426 million per year end 2020.

Total equity amounted to NOK 3.7 billion at year-end 2020, of which non-controlling interests were NOK 11 million. The equity ratio was 40 percent as of December 31, 2020, slightly decreased from 41 percent in 2019.

Cash Flow

As of December 31, 2020, Akastor had cash of NOK 275 million, compared to NOK 555 million in 2019. The net cash flow from operating activities was positive NOK 211 million, compared to operating cash flow of NOK 406 million in the previous year. The positive net cash flow from operating activities comprises of cash inflow generated from operating activities of NOK 369 million offset by net payments of NOK 158 million for interest costs and income tax.

Net cash flow from investing activities was negative NOK 219 million, compared to negative NOK 555 million in 2019. The cash flow from investing activities included payments related to contingent considerations from divestments in previous years. Capex investments were NOK 67 million compared to NOK 127 million in 2019.

Net cash flow from financing activities amounted to negative NOK 227 million and included payment of lease liabilities of NOK 139 million.

Going Concern

The world is currently in the middle of the COVID-19 outbreak, and how this will unfold remain uncertain. Akastor is continuously monitoring the development and will continue to take measures to mitigate the negative impacts for the company, including measures required to meet restrictions from governmental authorities. However, there is a risk that the COVID-19 outbreak may have substantial negative effects on the global economy which are worse than current estimates, in which case this will also have increased negative effects on Akastor.

The COVID-19 outbreak gives higher uncertainty for the going concern assumption for most companies. This is also the case for Akastor. Based on current financial forecasts, there is a risk



for breaching the ICR covenant in the first quarter of 2021. This is driven by lower earnings following the COVID-19 outbreak as well as the consolidation of DDW which from Q4 2020 has contributed negative EBITDA and increased interest cost in Akastor's consolidated financial statements. To mitigate this risk, Akastor has obtained a waiver of the ICR covenant in March 2021 for the remaining period of the current financing. The waiver is contingent on closing of the refinancing of Akastor following the creation of a joint venture between MHWirth AS and Baker Hughes' Subsea Drilling Systems business as described below.

On March 2, 2021, Akastor announced an agreement with Baker Hughes to create a joint venture company that will bring together Akastor's wholly owned subsidiary, MHWirth AS and Baker Hughes' Subsea Drilling Systems business. The transaction will require refinancing of Akastor's existing corporate credit facility. Akastor has received commitments for a total of NOK 1 250 million in revolving credit facilities that will be entered into prior to closing of the transaction, which is expected to take place in the second half of 2021. Please see "Subsequent events" below for more information of the transaction.

Based on the received ICR covenant waiver and committed refinancing of the group following the MHWirth transaction, management believes that the risk of additional covenant breach is low and that the group will continue as a going concern for the foreseeable future.

Therefore, in accordance with the Norwegian Accounting Act, the board of directors confirms that the going concern assumption, on which the consolidated financial statements have been prepared, is appropriate.

Subsequent events

On March 2, 2021, Akastor announced an agreement with Baker Hughes to create a joint venture company (Company) that will bring together Akastor's wholly owned subsidiary, MHWirth AS (MHWirth) and Baker Hughes' Subsea Drilling Systems (SDS) business. The Company will deliver a global full-service offshore drilling equipment offering that will provide customers with a broad portfolio of products and services.

The Company shall be owned 50/50 by Akastor and Baker Hughes. Akastor shall contribute its shares in MHWirth to the Company in return for 50% of the shares of the Company and USD 120 million in consideration, of which USD 100 million is payable in cash at closing. Baker Hughes shall contribute the SDS business to the Company in return for the other 50% of the shares and USD 200 million in consideration, of which USD 120 million is payable in cash at closing. The Company shall issue notes to Akastor and Baker Hughes representing the balance of the consideration owed to them. The notes shall be subordinated to the Company's external debt financing. The Company will finance the cash consideration payable to Baker Hughes and Akastor by way of a USD 220 million bank facility.

In addition, the Company will be financed by a USD 80 million working capital facility.

The transaction agreement entered into by Akastor and Baker Hughes provides for customary terms for agreements of this nature, including representations and warranties relating to the businesses being contributed as well as an agreed form shareholders agreement customary for a 50/50 joint venture, including governance and exit provisions. Completion of the transaction is subject to customary conditions, including regulatory approval. Closing of the transaction is expected to take place in the second half of 2021. Following completion of the transaction, it is expected that Akastor shall account for the Company as a joint venture using the equity method.

The transaction will require the refinancing of Akastor's existing corporate credit facility. Akastor has received commitments for a total of NOK 1 250 million in revolving credit facilities that will be entered into prior to closing of the transaction.

The Akastor Portfolio

MHWirth

MHWirth is a global provider of drilling solutions, engineering, projects, equipment and services. MHWirth has activities on five continents with presence in 18 countries. At year-end 2020, the company employed 1 581 people; 46 percent of the workforce is employed in Norway. The company's operations are divided in five main business areas: Projects, Products, Drilling Lifecycle Services, Digital Technology and Engineering Services (Frontica Engineering). MHWirth is Akastor's largest portfolio company both in terms of sales revenue and employees.

Key Figures ¹⁾

<i>Amounts in NOK million</i>	2020	2019
Revenue and other income	3 760	4 442
EBITDA	401	497
EBIT	184	287
CAPEX and R&D capitalization	94	121
NCOA	692	736
Net capital employed	2 801	2 908
Order intake	3 029	4 540
Order backlog	1 849	2 582
Employees (FTE)	1 581	1 766

¹⁾ Step Oiltools, previously part of "Other holdings", is included in "MHWirth". Comparable figures in 2019 have been restated

The revenue for 2020 of NOK 3 760 million was down 15 percent from 2019. Step Oiltools, which was consolidated with MHWirth in 2020, contributed with NOK 245 million in revenues this year. Revenues from Projects and Products combined decreased with around 27 percent to NOK 1 522 million in 2020, largely due to lower order intake from single equipment sales to offshore market, as well as lower revenues from the Project segment following the schedule of ongoing projects without any significant new order intake having been booked within this segment in 2020. Revenues from Drilling

Lifecycle Services (DLS) was NOK 2 169 million in 2020, at same level as in 2019. The number of active rigs with complete drilling packages from MHWirth decreased from 53 rigs on average through 2019 to 46 in 2020, however revenues remained on par with 2019 driven by higher spend per unit, highlighting the resilience of this business area. EBITDA decreased from NOK 497 million in 2019 to NOK 401 million in 2020. The EBITDA margin ended at 10.7 percent for 2020, only slightly down from 11.2 percent in 2019, highlighting the importance of the service segment and flexible cost base of the company.

The offshore drilling market was strongly affected by the decrease in oil price and global turmoil during 2020 and continues to be suffering from overcapacity of offshore drilling rigs. Order intake within Projects and Products declined significantly in 2020, driven by lower investment levels and delayed investment decisions from clients especially within the offshore markets. No significant order intake was booked within Projects in 2020. However, MHWirth in December 2020 received notification of a contract award for delivery of a drilling equipment package which is expected to be converted to order intake in 2021. The contract value is around USD 80 million. Total order intake in MHWirth ended at NOK 3.0 billion, compared with NOK 4.5 billion in 2019. The order backlog was NOK 1.8 billion as per end of 2020.

Since the downturn started in 2014, the number of employees has been reduced substantially and other cost cuts have also been made in order to adjust capacity and costs to a new activity level. In 2020, the workforce decreased from 1 766 to 1 581 employees, as a result of adjustments in light of decreased activity level.

Despite lower investment level in 2020 compared to 2019 also within Digital Technology, focus from customers on making the drilling equipment more efficient, thereby reducing energy consumption and the costs of drilling a well, continues to be strong. MHWirth focused on rolling out existing solutions as well as developing new interfaces and software applications for the automation of operations onboard the rigs and is receiving good feedback from clients. MHWirth has a strong pipeline of opportunities within this area per end of 2020.

Following the announced agreement to create a joint venture which will combine MHWirth with Baker Hughes' SDS business (see Subsequent events for more details), a main focus area for MHWirth through 2021 will be to secure a successful integration with SDS following completion of this transaction. A strategy and business plan for the combined company will be established together with Baker Hughes. It is expected that the new company will focus on growth through both organic initiatives as well as M&A. The new company will mainly focus on the global offshore and onshore drilling markets, but it will also seek to pursue opportunities within the renewable sector and further expand its offering to non-oil markets. It is expected that the company's broader scope of services will provide a more solid foundation for participating in the oil and gas

industry's transition towards more energy-efficient solutions, and this will form a key area in the strategy of the new combined company.

AKOFS Offshore

AKOFS Offshore is a provider of vessel-based subsea well installation and intervention services to the oil and gas industry. The company operates three specialized offshore vessels, Skandi Santos, Aker Wayfarer and AKOFS Seafarer, and employs 294 people at the end of 2020.

Akastor owns 50 percent of the shares in AKOFS Offshore, with the remaining shares owned by Mitsui & Co and Mitsui O.S.K. Lines, each with 25 percent. AKOFS Offshore is classified as a joint venture and consolidated using equity method in the consolidated financial statements.

Key Figures ¹⁾

<i>Amounts in NOK million</i>	2020	2019
Revenue and other income	1 000	1 093
EBITDA	414	560
EBIT	(134)	237
CAPEX and R&D capitalization	213	618
NCOA	344	49
Net capital employed	3 744	3 734
Order intake	263	-
Order backlog	3 827	5 013
Employees (FTE)	294	311

¹⁾ The figures are presented at 100 percent basis.

The company's revenue was NOK 1 000 million in 2020, around 9 percent lower than previous year, driven by adjusted terms on the Skandi Santos contract extension. The EBITDA decreased by NOK 146 million to NOK 414 million in 2020.

AKOFS Offshore has, through 2020, focused strongly on mitigating operational effects of the ongoing COVID-19 pandemic through strict regulations regarding crew handling. Despite these efforts, AKOFS has been directly affected through reduced utilization because of two virus outbreaks on board one of its vessels. Also, the market situation for AKOFS has been negatively affected through reduced oil price following lowered investment levels among oil companies. This is affecting longer term prospects and opportunities for the company.

Both of the vessels Skandi Santos and Aker Wayfarer operate on contracts with Petrobras in Brazil for subsea equipment installation work. In March 2020, the contract of Skandi Santos expired after ten years of operations in Brazil. The contract was first extended to November 2020, and later to November 2021. However, terms for the extension reflect that the vessel is currently doing mostly ROV work and revenues from Santos were thus lower than in 2019. Utilization for both vessels in Brazil has in general been high throughout the year, however negatively affected by two separate outbreaks of COVID-19 onboard Aker Wayfarer as well as an engine issue causing some downtime for Skandi Santos in November.



In October, AKOFS Seafarer commenced its five-year contract with Equinor for Light Well Intervention services in the North Sea. The vessel and the subsea workover system have been upgraded through substantial investments, financed by a separate non-recourse bank loan that was established in October 2019. The commencement was somewhat delayed due to the pandemic as well as certain specific challenges related to equipment, with effect on 2020 financials for the company.

Going forward, AKOFS will continue to focus on delivering high uptime/utilization on its existing contracts. Further, evaluation of options regarding the Skandi Santos vessel, for which the contract expires in 2021, will be a key focus area in 2021. The company is continuously evaluating opportunities to grow through further leveraging its competencies within subsea well construction and intervention services.

AGR

AGR is the result of the merger of First GEO AS (previously owned 100 percent by Akastor) and AGR AS which was completed in April 2019. At year-end 2020, Akastor held 100 percent of the shares and 64 percent of the economic interest in the company (55 percent in 2019). Nordea and DNB held the remaining 36 percent economic interest.

Key Figures ¹⁾		
Amounts in NOK million	2020	2019
Revenue and other income	637	573
EBITDA	31	14
EBIT	13	(1)
CAPEX and R&D capitalization	10	6
NCOA	(7)	12
Net capital employed	148	170
Order intake	618	434
Order backlog	483	502
Employees (FTE)	319	438

¹⁾ Prior to the acquisition of AGR in April 2019, the figures include First Geo only.

AGR had total revenues of NOK 637 million in 2020, while the revenues in 2019 were NOK 573 million for the periods after the acquisition in April 2019. EBITDA in 2020 ended at NOK 31 million, up from 14 million in 2019.

During 2020, the activity level in AGR was affected by the market turmoil through lower activity within the consultancy business segment. The Norwegian market remains the largest area in AGR, constituting around 60 percent of revenues in 2020. The company managed to deliver positive earnings despite lower activity level driven by cost cutting programs across all segments, however especially targeting to mitigate effects and improve profitability within its international segments. Due to the market situation, profitability in certain segments outside of Norway remains weak. Going forward, the focus is to make all geographical segments profitable. Also, the company is aiming to further develop its software business which is providing solutions to enhance the efficiency of logistics and planning of drilling and well operations for oil

companies. These solutions are receiving good feedback and increasing attention in the market.

Other Holdings

Other Holdings mainly include 100 percent ownership of Cool Sorption, 100 percent ownership of DDW Offshore AS from October 2020, 15,6 percent economic interest of NES Fircroft, 5,6 percent shareholding in Awilco Drilling, and a preferred equity instrument of USD 85.2 million in Odfjell Drilling. In addition, this segment includes corporate functions and certain long-term office lease contracts that remained in Akastor after the demerger from Aker Solutions in 2014.

Key Figures ¹⁾		
Amounts in NOK million	2020	2019
Revenue and other income	186	354
EBITDA	(102)	(20)
EBIT	(145)	(64)
CAPEX and R&D capitalization	1	-
NCOA	(158)	(137)
Net capital employed	990	957
Order intake	142	275
Order backlog	43	82
Employees (FTE)	47	68

¹⁾ Step Oiltools, previously part of "Other holdings", is included in "MHWirth". Comparable figures in 2019 have been restated.

Total EBITDA for Other Holdings for the year was negative NOK 102 million. Cool Sorption delivered an EBITDA of NOK 6 million in 2020, down from NOK 19 million in 2019. DDW Offshore contributed negatively with NOK 11 million in 2020, after consolidation of this business as from October 2020. The remaining negative EBITDA in this segment is mainly related to corporate overhead costs, as well as some legacy costs. In 2020, corporate overhead costs included around NOK 60 million in M&A costs related to the creation of a joint venture involving MHWirth announced in March 2021 (see details on this transaction under Subsequent Events).

Parent Company and Allocation of Net Profit

The parent company Akastor ASA is the ultimate parent company in the Akastor group and its business is the ownership and management of all subsidiaries. Akastor ASA has outsourced all management functions to other companies within the group, mainly Akastor AS. However, assets and liabilities related to the Akastor Treasury function are held by Akastor ASA. Akastor ASA has a net profit of NOK 724 million in 2020, including dividend and financial income of NOK 750 million from investments in subsidiaries.

The parent company's dividend policy states that Akastor's shareholders shall receive a competitive return on their investment either through cash dividends or increases in the share price, or both. The company does not intend to distribute regular or annual dividends, but will consider dividends on an ongoing basis taking into consideration the company's M&A

activities, expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. The board thereby proposes the following allocation of the net profit (amounts in NOK million):

Dividends:	0
To other equity:	724
Total allocated:	724

Risk Management

Akastor and its portfolio companies are exposed to various forms of market, operational and financial risks that may affect the companies' performance, their ability to meet strategic goals and the companies' reputations.

Akastor's risk management model is designed on the basis that Akastor is an investment company with an overall objective of securing its shareholders' investments and developing the group's assets in order to provide the shareholders with a solid return. Akastor's current investment portfolio is focused on the oilfield services industry. This focus is mainly driven by the company's experience, expertise and track-record within this industry. Although Akastor has a flexible mandate, it has traditionally not sought to spread risk by investing in different industries. Instead, Akastor has focused on mitigating its vulnerability to the risk environment inherent to the oilfield services industry through sound risk management systems.

As expected, the COVID-19 pandemic continued throughout 2020, causing a challenging situation for the entire group. The pandemic impacted the group on a global scale, resulting in necessary cost reductions such as temporary layoffs as well as substantial hindrances to markets and operations. In spite of the difficult situation, the portfolio companies managed the situation well and several delivered fairly solid results for 2020. However, the situation remains a significant risk as it is unclear when and to which extent the situation will normalize.

Following the initiatives taken in 2019 to improve the climate risk awareness throughout the group, Akastor has in 2020 further developed this work by performing a more detailed assessment of climate risks and opportunities, as described below. Such assessment will, in the future, be an integrated part of the annual risk assessment.

On the operational side, risks are primarily mitigated by a combination of technology developments that support a transition towards more sustainable operations as well as securing new orders and sound project execution by the portfolio companies. Results also depend on costs - both the portfolio companies' own costs and those charged by suppliers. Akastor and its portfolio companies are also exposed to financial risk under performance guarantees and financial guarantees issued, and financial market risks as further detailed below.

In addition, the portfolio companies, through their business activities within their respective sectors and countries, are also exposed to legal/compliance and regulatory/political risks, e.g. political decisions on international sanctions that impact supply and demand of the services offered by the portfolio companies, as well as environmental regulations. As an investment company, Akastor and its portfolio companies from time to time engage in mergers and acquisitions and other transactions that could expose the companies to financial and other non-operational risks, such as warranty and indemnity claims and price adjustment mechanisms. Moreover, the entire transaction process, including the process from signing to closing as well as proper integration of new business operations, entails a set of risks for Akastor that will need to be managed and mitigated.

To manage and mitigate risks within Akastor, risk evaluation is an integral part of all business activities, including when making decisions regarding mergers and acquisitions and other investment matters. As an owner, Akastor actively supervises risk management in its portfolio companies through participation on the board of directors of each portfolio company, and by defining a clear set of risk management and mitigation processes and procedures that all portfolio companies must adhere to. The current and revised governing documents defined by Akastor were rolled out during the first half of 2016 and are reviewed annually. The overall responsibility for ensuring sound internal control and an appropriate framework for risk management in Akastor lies with its board of directors. A risk review is presented to and reviewed by the audit committee and the board of directors of Akastor on an annual basis.

Financial Risks

Akastor is exposed to a variety of financial market risks such as currency risk, interest rate risk, tax risk, price risk, credit and counterparty risk, liquidity risk and capital risk as well as risks associated with access to and terms of financing. The financial risks affect the group's income and the value of any financial instruments held. The objective of financial risk management is to manage and control financial risk exposures and thereby increase the predictability of earnings and minimize potential adverse effects on Akastor's financial performance. Akastor and its portfolio companies use financial derivative instruments to hedge certain risk exposures and aim to apply hedge accounting whenever possible in order to reduce the volatility resulting from the periodic market-to-market revaluation of financial instruments in the income statement. Risk management is performed in every project. It is the responsibility of the project managers, in cooperation with Akastor Treasury, to identify, evaluate and hedge financial risks under policies approved by the board of directors. Akastor has well-established principles for overall risk management, as well as policies for the use of derivatives and financial instruments.

Integrity Risks

All Akastor portfolio companies use education and awareness training to manage and mitigate integrity risks. All employees



must complete an annual Code of Conduct training program. In addition, all Akastor managers and office-based staff are required to conduct integrity e-learning training and participate in classroom courses. For employees in specific functions, where chance of facing integrity risk is considered higher than normal, additional training has been tailored for their role and responsibilities. Hired-in personnel in high risk roles are also required to undertake integrity training, just as third-party representatives receive integrity training specially prepared for them. The requirement for all portfolio companies is to complete and report on the training within six months from employment or publication of a new training session.

Akastor has established a whistleblowing system in line with the company's Governance Policy. The whistleblowing channel is open for all external and internal stakeholders who wish to report a breach of the Code of Conduct, other internal guidelines or governing policies. Akastor employees are required to report breaches of the Code of Conduct, and Akastor encourages reporting of any concerns pertaining to compliance with law or ethical standards.

Climate risks

The main climate-related risks in Akastor are with our industrial investments due to the fact that the industry is in a state of accelerated transition to a lower-carbon intensive industry. Governmental regulation of GHG emissions is expected to increase and it will continue to be challenging to get necessary financing with potential lenders electing not to invest in the oil and gas market but rather move capital to new green markets. Unless these risks are met with mitigating measures, we could face a scenario where many of Akastor's portfolio companies lose its market positions and/or are left with product lines that are obsolete and replaced by more energy efficient/green alternatives. However, this transition to low carbon intensive industry will also create several opportunities, which the portfolio companies are addressing, for example MHWirth's deliveries to offshore windfarms and AGR's Carbon Capture and management services.

Each portfolio company addresses climate-related risks and opportunities within its yearly risk assessment. In 2020, the assessment related to climate change has been facilitated by external consultants. It has been a bottom-up exercise where all industrial portfolio companies have done its assessment in consultation with the external consultant, who in turn has summarized the results for Akastor.

COVID-19 impacts

A key element of Akastor's risk management in 2021 will be to continue to monitor the development of the COVID-19 outbreak and continuously seek to implement necessary mitigating measures. This may lead to further cost adjustments and changes in the valuation of the Akastor portfolio's assets and liabilities (which could include further restructuring costs, onerous leases, impairments etc. and increased credit risk impacting the valuation of trade and interest-bearing receivables).

Even though Akastor and the portfolio companies managed the COVID-19 situation during 2020 well, it still remains uncertain when the situation will normalize. Restrictions with regard to operations and travel will most likely continue until at least Q3 2021. The risk of full suspension of operations is however limited as vaccinations have started and the companies have adapted well to the new "normal" showing that they are capable to work under severe restrictions.

Environmental, Social and Governance

Akastor's operating model reflects the fact that the portfolio companies are independent companies which operate different business models and therefore face different Environmental, Social and Governance (ESG) risks and expectations from stakeholders. As a holding company, Akastor is responsible for setting the overall ESG priorities and providing the appropriate risk management framework and policies applicable for the portfolio. Akastor Sustainability Policy describes how Akastor aims to integrate sustainability in its investment processes, own operations, and in the governance of its organisation. The policy includes the investment policy and how Akastor engages with the portfolio companies. In turn, and based on these expectations, each portfolio company is responsible for defining their own ESG strategy with relevant activities and, where necessary, supporting policies.

Akastor also focuses on maintenance and development of industrial relations and collaboration with unions. Historically, good industrial relations have played an important role, and maintaining these strong relations have proven to be one of the success criteria in developing the company over the years.

Within the ESG efforts, Akastor is focused on areas that build financial and non-financial value in the portfolio companies. Akastor's ESG strategy is based on four main priorities: working against corruption, respecting human rights, addressing health and safety and minimizing adverse impact on the environment. Particularly the latter priority has seen an increased focus in 2020, where Akastor wants to take part in the industry's transition towards more sustainable operations. All the portfolio companies have completed climate risk and opportunities assessments and are responsible for working systematically and managing these possibilities and consequences. The portfolio companies are defining their own ESG strategies encompassing these priorities. Akastor is continuously monitoring the implementation and integration of the priorities of the ESG strategy, Code of Conduct, Sustainability Policy and Integrity Policy across all the portfolio companies. For in-depth reporting on each portfolio company's approach to ESG, including their Health, Safety and Environment work, refer to the Akastor ESG Report for 2020. The full report is available on our website www.akastor.com.

Research, Innovation and Technology Development

NOK 38 million was capitalized in 2020, compared to NOK 71 million in 2019, related to development activities. In addition, research and development costs of NOK 12 million were expensed during the year because the criteria for capitalization were not met (NOK 31 million in 2019).

All research, innovation and development initiatives are performed by the Akastor portfolio companies. Akastor ASA and Akastor AS performed no such activity in 2020.

People and Teams

Akastor is committed to equal opportunity and non-discrimination. This commitment is described in Akastor's Code of Conduct, as well as Akastor's policies and agreements, and builds on a frame agreement signed with national and international trade unions in 2008. This agreement was renewed in 2012 and sets out fundamental labour rights and standards for general employment terms and employee relations, with specific focus on non-discrimination. Equal opportunities are fundamental for Akastor and its portfolio companies. In 2020, as in previous years, no events violating these agreements were reported.

As of year-end 2020, Akastor ASA's board comprised eight directors inclusive three employee elected directors, of whom three shareholders elected directors are female directors. Akastor and the portfolio companies had a total of 1 947 employees (FTE) as of December 31, 2020. AKOFS Offshore had a total of 294 employees (FTE) as of December 31, 2020. In Akastor AS, the male/female ratio was 63/27. The male/female ratio (excluding hired ins) in the major portfolio companies and Akastor Group were as follows:

	MHWirth	AKOFS Offshore	AGR	Akastor Group (incl. AKOFS Offshore)
Female	17%	11%	30%	18%
Male	83%	89%	70%	82%

All portfolio companies regularly assess whether they live up to the principle of equal pay for equal work and no significant differences have been identified. Each portfolio company

promotes equal opportunities by setting specific requirements for diversity in recruitment and people development, and by supporting programs dedicated to equal opportunity. Akastor and its portfolio companies are not aware of any employees that work involuntary part time. Akastor ASA fulfils the requirements of the Norwegian Companies Act with regards to gender representation on the board of directors, as three out of five shareholder elected directors are women.

Aggregated sick leave in Akastor was 2.7 percent in 2020. There were no fatal injuries in any of the portfolio companies. The total recordable incident frequency was low, and Akastor has thoroughly analysed all incidents and taken actions to avoid similar situations going forward. Caring for employee's health and safety is an integrated part of the group's culture. See figures below for details.

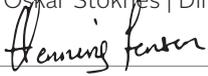
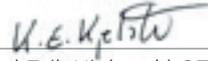
	MH-Wirth	AKOFS Offshore	AGR	Akastor Group (incl. AKOFS Offshore)
Lost time Incident Frequency (LTIF)*	1.4	-	-	1.0
Total Recordable Incident Frequency (TRIF)*	2.1	1.4	-	1.7
Fatalities incl. subcontractors	-	-	-	-
Sick leave (percent)	2.9	3.1	1.6	2.7

* Per million hours worked. Includes subcontractors

Corporate governance

Corporate governance is a framework of values, responsibilities and governing documents to control the business and ensure sustainable value creation for shareholders over time. It is the responsibility of the board of directors of Akastor to ensure that the company implements sound corporate governance. The audit committee supports the board in safeguarding that the company has internal procedures and systems in place to ensure that corporate governance processes are effective. Akastor's corporate governance principles are based on the Norwegian Code of Practice for Corporate Governance and are designed to secure the shareholders' investment through value creation and to ensure good control with the portfolio companies. The corporate governance principles are included in this annual report and available on the company's website www.akastor.com.

Fornebu, March 18, 2021 | Board of Directors of Akastor ASA

 Kristian Røkke Chairman	 Lone Fønss Schrøder Deputy Chairman	 Svein Oskar Stoknes Director
 Kathryn M. Baker Director	 Sarah Ryan Director	 Henning Jensen Director
 Asle Christian Halvorsen Director	 Stian Sjølund Director	 Karl Erik Kjelstad CEO



02. DECLARATION BY THE BOARD OF DIRECTORS AND CEO

The board and CEO have today considered and approved the annual report and financial statements for the Akastor group and its parent company Akastor ASA for the year ended on December 31, 2020. The board has based this declaration on reports and statements from the group's CEO and/or on the results of the group's activities, as well as other information that is essential to assess the group's position which has been provided to the board of directors.

To the best of our knowledge:

- The financial statements for 2020 for Akastor group and its parent company have been prepared in accordance with all applicable accounting standards.
- The information provided in the financial statements gives a true and fair portrayal of the group and its parent company's assets, liabilities, profit and overall financial position as of December 31, 2020.
- The annual report provides a true and fair overview of the development, profit and financial position of Akastor group and its parent company, as well as the most significant risks and uncertainties facing the group and the parent company.

Fornebu, March 18, 2021 | Board of Directors of Akastor ASA

Kristian Røkke | Chairman

Lone Fønss Schrøder | Deputy Chairman

Svein Oskar Stoknes | Director

Kathryn M. Baker | Director

Sarah Ryan | Director

Henning Jensen | Director

Asle Christian Halvorsen | Director

Stian Sjølund | Director

Karl Erik Kjelstad | CEO



03. CORPORATE GOVERNANCE STATEMENT – AKASTOR ASA

Corporate governance is a framework of values, responsibilities and governing documents to control the business and ensure sustainable value creation for shareholders over time. Sound corporate governance shall ensure that appropriate goals and strategies are adopted, that the strategies are implemented in a good manner and that the results achieved are subject to measurement and follow-up.

1. The Corporate Governance Report

Basis for this Report

The corporate governance principles of the group are laid down by the board of directors of Akastor ASA. The principles are based on the Norwegian Code of Practice for Corporate Governance dated 17 October 2018 (the «Code of Practice»), the regulations set out in the Rulebook II of Oslo Børs (the stock exchange in Oslo) and the relevant Norwegian background law such as the Norwegian Accounting Act and the Norwegian Public Limited Liability Companies Act. The Code of Practice may be found at www.nues.no and the Oslo Børs Rulebook II may be found at www.euronext.com. Norwegian laws and regulations are available at www.lovdata.no.

This report outlines how Akastor has implemented the Code of Practice. Deviations from the Code of Practice are addressed under the relevant sections. In general, the Akastor board only approves deviations that the board believes contributes to value creation for its stakeholders.

In addition to the Code of Practice, the Norwegian Accounting Act section 3-3b stipulates that companies must provide a report on their policies and practices for corporate governance either in the annual report or in a document referred to in the annual report. Such report is integrated in the below corporate governance statement¹⁾

Governance Structure

Akastor is an oilfield services investment company with a portfolio of industrial holdings and other investments. The company has a flexible mandate for active ownership and long-term value creation. Completed transactions in 2020 include in addition to internal reorganisations, Akastor's takeover of DDW Offshore AS (previously known as DOF Deepwater AS) in October 2020, with Akastor becoming the sole owner of the company. Akastor currently has an active investment portfolio within the oilfield services industry consisting of MHWirth including STEP Oiltools, AGR, Cool Sorption, DDW Offshore, 50 percent of the shares in AKOFS Offshore, a 15.6 percent economic ownership in NES Fircroft, in addition to other holdings and investments (see below), with a total net capital employed of NOK 5.0 billion. MHWirth is a global provider of drilling solutions, engineering, projects, equipment and services. AKOFS Offshore is a provider of subsea well installation and intervention services. AGR is a leading provider of well and reservoir consultancy services as well as software and technical manpower for its clients. Cool Sorption is a provider of vapour recovery units and systems. DDW Offshore operates five offshore vessels. NES Fircroft is a global technical and engineering staff provider. Other investments mainly

¹⁾ Below, the items in respect of which information must be disclosed according to section 3-3b of the Norwegian Accounting Act are specified, together with references to where such required information may be found:

1. "A statement of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with" can be found in the introduction section of this corporate governance statement.
2. "Information on where the recommendations and regulations mentioned in no. 1 are available to the public" can be found in the introduction section of this corporate governance statement.
3. "The reason for any non-conformance with recommendations and regulations mentioned in no. 1". The non-conformances are described in the relevant section where there are non-conformances, which are sections 6 and 14 respectively.
4. "A description of the main elements in the enterprise's, and for entities that prepare consolidated financial statements, if relevant also the Group's internal control and risk management systems linked to the financial reporting process" can be found in Section 10 of this corporate governance statement.
5. "Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act" can be found in Section 6 of this corporate governance statement.
6. "The composition of the board of directors, the corporate assembly, the committee of shareholders' representatives and the control committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees" can be found in Section 8 and 9 of this corporate governance statement.
7. "Articles of Association governing the appointment and replacement of directors" can be found in Section 8 of this corporate governance statement.
8. "Articles of Association and authorizations empowering the board of directors to decide that the enterprise is to buy back or issue its own shares or equity certificates" can be found in Section 3 of this corporate governance statement.



include investments in Odfjell Drilling and Awilco Drilling, a subletting portfolio through Akastor Real Estate and an investment in Aker Pensjonskasse.

It is the responsibility of the board of directors of Akastor ASA to ensure that Akastor and its portfolio of companies implement sound corporate governance. The board of directors evaluates this corporate governance statement on an annual basis. The board's audit committee also evaluates the corporate governance statement as well as other key policies and procedures pertaining to compliance and governance. Compliance with, and implementation of these corporate governance guidelines are continuously evaluated by the board and said committee; inter alia by way of the board being the decisive body for the company's defined management and reporting structure, which include regular reporting.

Policies and Procedures

Akastor has a total of eleven corporate policies providing business practice guidance within a number of key areas, all of which are reviewed and updated on an annual basis. These policy documents express the overall position of the group with regard to for instance compliance, integrity and governance. The policies provide instructions and guidelines that apply to the portfolio companies and to individual employees in order to ensure that the group's operations are in compliance with internal and external regulatory framework. In addition, the portfolio companies are requested to implement their own policies specific to their business within areas like project execution, HSE and tendering.

Values and Code of Conduct

Akastor aims to develop and refine its portfolio of companies as stand-alone enterprises, with the goal of maximizing the value potential of each entity. The company works to develop the business models of the portfolio companies, capitalize on their market positions and promote aftersales services for the equipment and systems delivered. The current investments are within the oilfield services sector, but the company has a flexible mandate for active ownership and long-term value creation.

Akastor has an opportunistic approach and will continue to own the portfolio companies as long as Akastor creates more value than alternative owners.

Akastor wishes to contribute to sustainable social development through responsible business practices. The company's Code of Conduct is a handbook that applies to all employees and provides guiding on what Akastor considers to be responsible ethical conduct. The Code of Conduct provides a framework of core corporate values which reflects Akastor's prudent business practice and shall be reflected in every aspect of our operations. The ethical guidelines and other governing documents of the group have been drafted on the basis of these core corporate values.

2. Business

The objectives of the company, as defined in its articles of association, are «to own or carry out industrial and other associated businesses, management of capital, and other functions for the group, and to participate in or acquire other businesses». The articles of association are available at www.akastor.com.

The principal strategies of the group are presented in the annual report. To ensure value creation for its shareholders, the board of directors annually performs a designated strategy process where it sets objectives and targets for the company, assesses risk, evaluates the existing strategy and approves any significant changes. Information concerning the financial position and principal strategies of the company, and any changes thereto is disclosed to the market in the context of the company's quarterly reporting and in designated market presentations as well as at www.akastor.com.

Corporate Responsibility

Akastor takes an active approach to corporate responsibility. Corporate responsibility in Akastor is about making prudent business decisions, with minimum risk to reputation, brand and the future sustainability of our business. The main focus of corporate responsibility activities in Akastor, defined in our group-wide integrity policy, is to work against corruption, to respect human rights and to care for health, safety and the environment. In the Akastor Sustainability Policy it is described how Akastor aims to integrate sustainability in its investment processes and engages with the portfolio companies. Akastor's primary stakeholders are the shareholders (existing and potential), customers of its portfolio companies and employees of the Akastor group. Akastor has an ongoing stakeholder dialogue, media analysis and investor presentations, which provide important input to Akastor's work on corporate responsibility topics. All our portfolio companies are expected to ensure integration of stakeholder engagement and a strong corporate responsibility in their operations. Akastor recognizes and respects the United Nations' 17 Sustainable Development Goals (SDGs), and has identified four SDGs that Akastor positively impacts. A self-assessment is used to identify where Akastor has the most opportunity to contribute to the SDGs. Akastor identified 8, 12, 13 and 17 as priority SDGs and encourages the portfolio companies to identify and work towards relevant SDGs in their work and strategy.

Akastor is committed to follow the Global Framework Agreement (GFA) entered into by Aker with the trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna on December 17, 2012. The GFA builds on and continues the commitment from the previous framework agreements signed in 2008 and 2010, and outlines key responsibilities in relation to human and trade union rights. The parties commit themselves to achieving continuous improvements within the areas of working conditions, industrial relations with the employees of the Aker group of companies, health and safety standards at the workplace and environmental performance.

Akastor also aligns with the principles of the UN Global Compact, the United Nations Convention against Corruption, the Universal Declaration of Human Rights, the UN Guiding Principles for Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. These international principles guide our Code of Conduct and Integrity Policy and provide the overall framework for the corporate responsibility efforts in the Akastor group.

Further information in respect of the corporate social responsibility work of Akastor and its portfolio of companies can be found in the separate Environmental, Social and Governance (ESG) report published simultaneously as the company's annual report for 2020.

3. Equity and Dividends

Equity

The management and the board regularly monitor that the group's equity and liquidity are appropriate for its objectives, strategy and risk profile. The book equity of the group as per December 31, 2020 is NOK 3 669million, which represents an equity ratio of 40 percent. The management of financial risk is further described in the annual report.

Dividend Policy

The board proposes the level of dividend payment to the general meeting who in turn is the decisive corporate body for dividend decisions.

Over time, the aim is that Akastor's shareholders shall receive a competitive return on their investment either through cash dividends or increase in the share price, or both. The company does not intend to distribute regular or annual dividends, but will consider dividends on an ongoing basis taking into consideration the company's M&A activities, expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility.

Authorizations for the Board of Directors

Proposals from the board of directors for future authorizations for share capital increases, share buy-backs or similar shall be for defined purposes, such as share purchase programs and acquisitions of companies, and shall remain in effect until the next annual general meeting.

The company's annual general meeting on 15 April 2020 resolved to authorize the board to purchase treasury shares for three purposes for utilization, all of which were subject to separate voting under the general meeting: (i) purchase of treasury shares to be used as transaction currency in connection with acquisitions, mergers, demergers and other transactions, (ii) purchase of treasury shares to be sold and/or transferred to employees and directors under share purchase programs and (iii) purchase of treasury shares for the purpose of investment or for subsequent sale or deletion of such shares. The authorizations were all limited to ten percent of the share capital. The board's authorizations to purchase

treasury shares are valid for the period until the date of the annual general meeting of 2021. No shares were bought by the company in 2020 pursuant to the authorizations to the board of directors. As of December 31, 2020, the company holds 2 390 215 own shares.

In addition, the annual general meeting in 2020 granted the board of directors the mandate to approve the distribution of dividends based on the company's annual accounts for 2019 as set out in the Public Limited Liability Companies Act § 8-2, second paragraph. The mandate is valid for the period until the date of the annual general meeting of 2021.

There are no current provisions in the articles of association of the company or power of attorney from the general meeting which grant the board of directors the mandate to issue or buy back of shares in the company for the purposes of capital increases.

Share Purchase Programs

Share purchase programs in Akastor include Akastor ASA and Akastor AS (and not the portfolio companies).

4. Equal Treatment of Shareholders and Transactions with Related Parties

The company has only one class of shares, and all shares carry equal rights. Existing shareholders shall have pre-emptive rights to subscribe for shares in the event of share capital increases, unless otherwise indicated by special circumstances. If the pre-emptive rights of existing shareholders are waived in respect of a share capital increase, the reasons for such waiver shall be explained by the board of directors. Transactions in own shares are effected via Oslo Børs.

In December 2020, the joint ownership in Aker Kværner Holding AS between Aker ASA and the Norwegian state was dissolved. As of December 31, 2020, Aker ASA therefore holds 100 percent of the shares of Aker Holdings AS (previously Aker Kværner Holding AS) which holds 36,7 percent of the shares of Akastor. Aker ASA no longer holds any shares directly in Akastor, while the Norwegian state holds 12.08 percent of the shares in Akastor directly. Due to this restructuring, Akastor is no longer a subsidiary, but an associated company of Aker ASA.

The board of directors is of the view that it is positive for Akastor that Aker ASA assumes the role of an active owner and is actively involved in matters of importance to Akastor and to all shareholders. The cooperation with Aker ASA offers Akastor access to special know-how and resources within strategy, transactions and funding. Moreover, Aker ASA offers network and negotiation resources from which Akastor benefits in various contexts. This complements and strengthens Akastor without curtailing the autonomy of the group. It may be necessary to offer Aker ASA special access to commercial information in connection with such cooperation. Any information disclosed to Aker ASA's representatives in such a



context is subject to confidentiality undertakings and disclosure regulations in compliance with applicable laws.

Aker ASA and Aker Solutions ASA (or their subsidiaries) are not deemed, within the meaning of the Public Limited Liability Companies Act, to be a related party of Akastor. The board of directors and the executive management team of Akastor are nevertheless conscious that all relations with these companies shall be premised on commercial terms and structured in line with arm's length principles.

In the event of any material transactions between the company and shareholders, directors, senior executives, or related parties thereof, which do not form part of the ordinary course of the company's business, the board of directors shall arrange for an independent assessment. The same shall, generally speaking, apply to the relationship between Akastor and Aker ASA related companies.

In respect of the above, the «Related parties» note to the consolidated financial statements contains information on the most significant transactions between Akastor and companies within the Aker ASA group.

5. Freely Negotiable Shares

The shares are listed on the Oslo Børs and are freely transferable. No transferability restrictions are laid down in the articles of association. There are no restrictions on the party's ability to own, trade or vote for shares in the company.

6. General Meetings

Attendance, Agenda and Voting

The company normally encourages shareholders to attend the general meetings. However, due to the public health requirements following the ongoing COVID-19 outbreak, the company will also this year urge its shareholders to not meet and rather use the available means of voting by proxy. For the same reason, it is also the intention for this year's general meeting that only the minimum representatives required by law will attend the general meeting. Notices convening general meetings, including comprehensive documentation relating to the items on the agenda, including the recommendation of the nomination committee, shall be sought made available on the company's website no later than 21 days prior to the general meeting. The articles of association of the company stipulate that documents pertaining to matters to be deliberated by the general meeting shall only be made available on the company's website, and not normally be sent physically by post to the shareholders unless required by statute.

The following matters are typically decided at the annual general meeting, in accordance with the articles of association of Akastor ASA and Norwegian background law:

- Election of the nomination committee and stipulation of the nomination committee's fees;

- election of shareholder representatives to the board of directors as well as stipulation of fees to the board of directors;
- election of the external auditor and approval of the auditor's fee;
- approval of the annual accounts and the board of directors' report, including distribution of dividend; and
- other matters which, by law or under the articles of association, are the business of the annual general meeting.

The deadline for registering intended attendance is as close to the general meeting as possible, but not shorter than two days before the meeting. As mentioned above, shareholders are this year urged to vote by proxy. Moreover, information concerning both the registration procedure and the filing of proxies is included in the notice convening the general meeting and on the registration form. The company also aims to structure, to the extent practicable, the proxy form such as to enable the shareholders to vote on each individual item on the agenda.

Chairman

The articles of association stipulate that the general meetings shall be chaired by the chairman of the board of directors or a person appointed by said chairman. According to the Code of Practice the board should however «make arrangements to ensure an independent chairman for the general meeting». Thus, the articles of Akastor ASA deviate from the Code of Practice in this respect. This has its background in a long-lasting tradition in Akastor. Having the chairman of the board chairing the general meeting also simplifies the preparations for the general meetings significantly.

Election of Directors

It is a priority for the nomination committee that the board of directors shall work in the best possible manner as a team, and that the background and competence of the directors shall complement each other. As a consequence, the nomination committee will propose that the shareholders are invited to vote on the full board composition proposed by the nomination committee as a group, and not on each director separately. Hence, Akastor deviates from the Code of Practice stipulating that one should make «appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies».

Physical Attendance and Electronic Voting

It is a priority for the general meeting to be conducted in a sound manner, with all shareholder votes to be cast, to the extent possible, on the basis of the same information. The company has thus far not deemed it advisable to recommend the introduction of an electronic attendance, i.e. arranging for general meetings to be held as physical meetings with online coverage allowing for shareholders to participate via web. However, as already mentioned above, due to the COVID-19

outbreak and in order to meet public health recommendations, the company will consider the possibility of introducing such arrangements, but will in any event urge its shareholders to cast votes electronically in advance of general meetings (however, not during the meeting) or by proxy.

Minutes

Minutes of general meetings will be published as soon as practicable on the announcement system of Oslo Børs, www.newsweb.no (ticker: AKAST), and at www.akastor.com.

7. Nomination Committee

The articles of association stipulate that the company shall have a nomination committee. The nomination committee shall have no less than three members, who shall normally serve for a term of two years. The current members of the nomination committee are Leif-Arne Langøy (chairman), Georg Fr. Rabl, Ingebret Hisdal and Ove A. Taklo. The two members Leif-Arne Langøy and Georg Fr. Rabl are up for election at the annual general meeting 2021, while Ingebret Hisdal and Ove Taklo will be up for election at the annual general meeting 2022. Langøy is deputy chairman of the board in TRG Holding AS and The Resource Group TRG AS. Ove A. Taklo is Group Corporate Controller of Aker ASA. No members of the nomination committee are employed by, or directors of, Akastor. The majority of the members of the nomination committee are independent of both Akastor's board of directors and the executive management of the company.

The committee's recommendations (relating to particularly the board of directors and their remuneration) shall address how the new board candidates will attend to the interests of the shareholders in general and fill the requirements of the company, including with respect to competence, capacity and independence.

The composition of the nomination committee shall reflect the interests of all shareholders and ensure independence from the board of directors and the executive management. The members and the chairman of the nomination committee are appointed by the general meeting, which also determines the remuneration of the committee.

The annual general meeting in 2010 adopted guidelines governing the duties of the nomination committee. According to these guidelines, the committee shall emphasize that candidates for the board have the necessary experience, competence, and capacity to perform their duties in a satisfactory manner. A reasonable representation with regard to gender and background should also be emphasized.

The chairman of the nomination committee has the overall responsibility for the work of the committee. In the exercise of its duties, the nomination committee may contact, among others, shareholders, the board, management, and external advisors. The nomination committee shall also ensure that its recommendations are endorsed by the largest shareholders.

Information concerning the nomination committee and deadlines for making suggestions or proposing candidates for directorships will be made available on the company's website, www.akastor.com when there are candidates up for election.

8. Composition and Independence of the Board of Directors

Composition

It has been agreed with the employees that the company shall have no corporate assembly. Hence, the board appoints its own chairman, cf. the Public Limited Liability Companies Act section 6-1(2), unless the chairman is appointed by the general meeting. The proposal of the nomination committee will normally include a proposed candidate for appointment as chairman of the board of directors. The board of directors appoints its own deputy chairman. According to the Public Limited Liability Companies Act, the directors are appointed for a term of two years at a time unless otherwise stated in the company's articles of association. The articles of association of Akastor ASA stipulate that directors may be elected for a period of one to three years.

The right of the employees to be represented and participate in decision making is safeguarded through expanded employee representation on the board of directors of both Akastor ASA and in a number of the group's portfolio companies.

The articles of association stipulate that the board of directors shall comprise six to twelve persons, one third of whom shall be elected by and amongst the employees of the group. In addition, up to three shareholder-appointed alternates may be appointed. As per December 31, 2020, the board of directors comprised eight directors, five of whom were elected by the shareholders and three of whom were elected by and amongst the employees. The company encourages the directors to hold shares in the company. The shareholdings of the directors as of December 31, 2020 will be set out in the «Management remunerations» note to the consolidated financial statements in the annual report for 2020. The chairman Kristian M. Røkke and the directors Lone Fønss Schrøder, Kathryn M. Baker, Sarah Ryan and Svein Oskar Stoknes are currently shareholders in Akastor ASA. The board composition, including information about the directors' background and expertise will be detailed in the annual report for 2020.

The appointment of employee representatives to the board of directors is conducted as prescribed by the Public Limited Liability Companies Act and the Representation Regulations. The board of directors has appointed a designated election committee charged with implementing the appointment of such employee representatives.

Independence

A majority of the directors elected by the shareholders are independent of the executive personnel and important business associates of Akastor ASA. None of the executive personnel of the company are members of the board of directors.



The composition of the board of directors aims to ensure that the interests of all shareholders are attended to, and that the company has the know-how, resources, and diversity it needs at its disposal. Among the five shareholder-elected directors, the majority are deemed independent from the company's largest indirect shareholder, Aker ASA.

9. The Work of the Board of Directors

Procedures

For each calendar year, the board plans for its work and meetings. Furthermore, there are rules of procedure for the board of directors and Chief Executive Officer, which govern areas of responsibility, duties and the distribution of roles between the board of directors, the chairman of the board of directors and the Chief Executive Officer. The rules of procedure for the board of directors also include provisions on convening and chairing board meetings, decision making, the duty and right of the Chief Executive Officer to disclose information to the board of directors, the duty of confidentiality, etc. According to the company's articles of association, each of the directors elected by the shareholders will serve for a period of one to three years pursuant to further decision by the general meeting. This to provide the nomination committee with the flexibility to propose varying terms of service for the candidates.

Akastor has prepared guidelines as part of its rules of procedure for the Chief Executive Officer and board of directors ensuring that directors and the Chief Executive Officer notify the board of directors if they have any material direct or indirect personal interest in any agreement concluded by the group. The guidelines stipulate that the directors and the Chief Executive Officer shall not participate in the preparation, deliberation, or resolution of any matters that are of such special importance to themselves, or any of their related parties, so that the person in question must be deemed to have a prominent personal or financial interest in such matters. The relevant board member or the Chief Executive Officer shall raise the issue of his or her competence whenever there may be cause to question it, and each director is the primary responsible for adopting the correct decision as to whether he or she should step down from participating in the discussion of the matter at hand.

In general, as further stipulated in Akastor's principles for related party transactions, directors of Akastor should be cautious in participating in the consideration of issues where a potential conflict of interest or conflict of role may arise, undermining the confidence in the decision process. Such person may not participate in board discussions of more than one company that is part of the same agreement, unless the companies have common interests. These assessments will be carried out on a case-by-case basis; in most events, and as a starting point, by the relevant directors themselves, but often also in cooperation with internal and/or external legal counsel.

The above principles will normally also be applied if Akastor contracts with other companies in which said board members hold direct or indirect ownership interests that exceed, in relative terms, their ownership interests in Akastor.

If grounds for legal incapacity are established, the relevant board member will, as a ground rule, not be granted access to any documentation prepared to the board of directors for the deliberation of the agenda item in question.

In general, Akastor applies a strict norm as far as competence assessments are concerned. In cases where the chairman of the board of directors does not participate in the deliberations, the deputy chairman of the board of directors chairs the meeting.

As far as the other officers and employees of Akastor are concerned, transactions with related parties and conflicts of interest are comprehensively addressed and regulated in the group's Code of Conduct.

Meetings

The board of directors will hold board meetings whenever needed, but normally six to twelve times a year. The need for extraordinary board meetings may typically arise because the internal authorization structure of the company requires the board of directors to deliberate and approve material tenders to be submitted by the company or in relation to M&A transactions. Whilst the deadlines for such submission often change, it is difficult to fit this into the calendar of ordinary board meetings.

The board of directors held six ordinary board meetings in 2020. The aggregate attendance rate at the board meetings was close to 100 percent.

The Matters Discussed by the Board of Directors

The Chief Executive Officer prepares cases for deliberation by the board of directors in cooperation with the chairman of the board. Endeavours are made to prepare and present matters in such a way that the board of directors is provided with an adequate basis for its deliberations. The board of directors has overall responsibility for the management of Akastor and shall, through the Chief Executive Officer, ensure that its activities are organized in a sound manner. The board of directors shall adopt plans and budgets for the business, and keep itself informed of the financial position of, and development within, the company. This encompasses the annual planning process of Akastor, with the adoption of overall goals and strategic choices for the group, as well as financial plans, budgets, and forecasts for the group and the portfolio companies. The board of directors performs annual evaluations of its work and its know-how.

Audit Committee

Akastor will have an audit committee comprising two to four of the directors. The audit committee currently comprises the directors Lone Fønss Schrøder (chairman), Kathryn M. Baker

and Henning Jensen. The audit committee is independent from the management.

At least one of the members of the audit committee shall have either formal qualifications within accounting or auditing, or relevant experience and skills within the same. Both members Fønss Schrøder and Baker have such relevant experience and skills. The audit committee has a mandate and a working method that complies with statutory requirements. The audit committee mandate forms an integrated part of the rules of procedures for the board of directors. The committee will participate, on behalf of the board of directors, in the quality assurance of guidelines, policies, and other governing instruments in Akastor. The audit committee performs a qualitative review of the quarterly and annual reports of Akastor. Significant judgment calls (uncertain estimates) made in the financial statements in the quarter are reviewed by the audit committee. The audit committee further supports the board of directors in safeguarding that the company has sound risk management and internal controls. The audit committee reviews the status on internal controls on an annual basis. In order to safeguard appropriate processes and assessments, the board's audit committee shall also review major M&A transactions as well as related party transactions which are not part of the company's ordinary course of business, unless such related party transactions are immaterial.

Akastor currently has no remuneration committee as the experiences from having such showed more merit in discussing matters comprised by this committee's mandate with all directors present. As of December 31, 2020, there are no other board committees than the audit committee. The board does not envisage appointing any further board committees in 2021.

The board evaluate its performance and qualification annually. A summary of the evaluation was made available to the nomination committee.

10. Risk Management and Internal Control

Governing Principles

The board of directors shall ensure that Akastor has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The audit committee supports the board of directors in safeguarding that the company has internal procedures and systems that ensure good corporate governance, stakeholder engagement, effective internal controls and proper risk management, particularly in relation to financial reporting. The Chief Financial Officer reports directly to the audit committee on matters relating to financial reporting, financial risks and internal controls.

Akastor has implemented an internal system for reporting serious matters such as breaches of ethical guidelines and violations of the law, which is also available to external parties at www.akastor.com.

Risk Management

Akastor and its portfolio companies are exposed to a variety of market, operational and financial risks. The board of directors carries out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

Being an investment company, the main objective of Akastor is to create value for its shareholders. Potential impacts on the net asset value, share price or predictability of earnings are therefore key parameters in the board's risk evaluation. Sound risk management throughout the organization is recognized by Akastor as an invaluable tool in the process of achieving strategic, financial and operational goals while at the same time ensuring compliance with regulatory requirements and adherence to high integrity standards.

Risk evaluation is an integral part of all business activities and Akastor employs a decentralized model for allocating managerial responsibility under which the portfolio companies are required to establish their own risk management and internal control systems. Akastor's representatives on boards of directors in the portfolio companies seek to ensure that the portfolio companies follow the principles of sound corporate governance.

Akastor manages risk through an internal framework both on a corporate and portfolio company level comprising guidelines, policies and procedures intended to ensure good business operations and provide unified and reliable financial reporting. The board of directors has adopted an authorization matrix that forms part of its governing documents where authority is delegated to the Akastor Chief Executive Officer. Furthermore, authorization matrices are adopted for each of the portfolio companies, pursuant to which the Akastor Chief Executive Officer delegates authority to the boards and Chief Executive Officers of the respective portfolio companies, which again adopts authorization matrices for the portfolio organizations. Special expenditure approval procedures have also been developed.

The board receives and reviews risk reports prepared by the management. The management's risk reporting is based on the total level of insight obtained through regular reporting and the close cooperation that Akastor has with the portfolio companies, including from Akastor's investment directors and board representatives. Management of operational risk primarily rests with the underlying portfolio companies, although Akastor acts as an active driver through its involvement on the boards and through support and follow-up by the various Akastor corporate functions towards relevant functions in the portfolio companies.

Akastor's management holds review meetings with the management of the different portfolio companies. The purpose of the meetings is to conduct an in-depth review of the development of each portfolio company, focusing on operations, risk management, market conditions, the competitive situation and strategic issues. These meetings



provide a solid foundation for Akastor's assessment of its overall financial and operational risk.

A key risk in one of the smaller portfolio companies may still be negligible on the group level, whereas important risks in the largest portfolio companies may have a serious impact on the group as a whole. Akastor's decentralized approach to operational risk management, as described above, raises a need for management to process and calibrate the insight obtained through various interfaces with the portfolio companies prior to the board's annual risk review. The objective of such exercise is to ensure that risks are reported in a format that allows the board to acquire a true and fair view of the overall risk environment of the Akastor group in an efficient manner and to focus its attention on risks that are material on an aggregated group level.

Prior to the board's review of risk reporting, the audit committee reviews the reported risks and associated risk-reducing measures. The audit committee also reviews the company's in-house reporting systems and internal control and risk management, and prepares the board's review of financial reporting.

Financial Reporting

The Akastor financial reporting division reports to the Chief Financial Officer and is responsible for the external reporting process and the internal management financial reporting process. This also includes assessing financial reporting risks and internal controls over financial reporting in the group.

The consolidated external financial statements are prepared in accordance with IFRS and IAS standards as approved by the EU. The existing policies and standards governing the annual and quarterly financial reporting in the group, including the Akastor accounting principles, are available on the Akastor intranet for Akastor employees.

Clearing meetings are held with the management teams of the portfolio companies in connection with the annual closing of accounts and may also be held in connection with quarterly financial reporting. For the 2020 financial year, clearing meetings with the portfolio companies were held in October 2020 and January 2021. The main purpose is to ensure high-quality financial reporting. Such meetings focus on important items involving estimation and judgment, non-balance-sheet items, accounting for significant transactions, new or modified accounting principles and other topics relevant to the respective portfolio companies. The external auditor is present in the clearing meetings.

Other Reporting

In addition to the abovementioned financial reporting, there are regular business review and board meetings in the portfolio companies which ensure timely and high-quality reporting from the portfolio companies to the corporate management.

Regular reports for Akastor ASA and the portfolio companies

are submitted to the board of directors. The quarterly business update contains key financial numbers, M&A updates, financing, status of value creation plans, compliance, risk management and share price information for the Akastor group. Further, it contains key financial numbers, key operational topics, status on value drivers as well as key market information for the main portfolio companies. The monthly business update contains high level financial and operational information for the Akastor group, as well as key highlights for the main portfolio companies.

11. Remuneration of the Board of Directors

The remuneration of the board of directors will reflect its responsibilities, know-how and time commitment, as well as the complexity of the business. The remuneration will be proposed by the nomination committee, and is not performance-related or linked to options in Akastor. More detailed information about the remuneration of individual directors will be provided in the «Management remunerations» note to the consolidated financial statements for the group in the annual report for 2020. Neither the directors, nor companies with whom they are affiliated, should accept specific paid duties for Akastor beyond their directorships. If they nevertheless do so, the board of directors shall be informed and the remuneration shall be approved by the board of directors. No remuneration shall be accepted from anyone other than the company or the relevant group company in connection with such duties.

12. Remuneration of Executive Personnel

The board of directors has adopted designated guidelines for the remuneration of executive management pursuant to the provisions of Section 6-16a of the Public Limited Liability Companies Act. The guidelines were adopted by the general meeting April 6, 2018. The board of directors' policy on the remuneration of executive personnel for 2021 will be a separate item on the agenda for the annual general meeting on April 15, 2021 and will be updated based on new legal requirements to such guidelines.

Akastor has no option schemes or option programs for the allotment of shares to employees. The Chief Executive Officer determines the remuneration of executive management on the basis of the guidelines laid down by the board of directors. All performance-related remuneration within the group will be made subject to a cap.

13. Information and Communication

The company has adopted a designated communications and investor relations policy which covers, among other things, guidelines for the company's contact with shareholders other than through general meetings.

The company's reporting of financial and other information is based on openness and the equal treatment of all securities



market players. The long-term purpose of the investor relations function is to ensure access for the company to capital on competitive terms, whilst at the same time ensuring that the shareholders are provided with the most correct pricing of the shares that can be achieved. This shall take place through correct and timely distribution of price-sensitive information, whilst ensuring, at the same time, that the company is in compliance with applicable rules and market practices. Reference is also made to the above discussion concerning the flow of information between Akastor and Aker ASA in connection with their cooperation within, inter alia, strategy, transactions, and funding.

All stock exchange announcements and press releases are made available on the company's website, and stock exchange announcements are also available at www.newsweb.no. The company holds open presentations in connection with the reporting of financial performance, either by a physical meeting or by a conference call and webcast, and these presentations are broadcasted on the internet. The financial calendar of the company is available at www.akastor.com.

14. Take-overs

The overriding principle for Akastor is equal treatment of shareholders. In a bid situation, the board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. In a take-over situation, the board will have a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board of directors has not deemed it appropriate to adopt specific guidelines for take-over situations as long as Aker Holdings AS continues to be the dominant shareholder of Akastor ASA. This represents a deviation from the Code of Practice.

15. Auditors

The external auditor presents a plan for the performance of the audit work to the audit committee annually. In addition, the auditor provides the audit committee with an annual written confirmation to the effect that the independence requirement is met. The auditor attends all audit committee meetings, and the auditor has reviewed any material changes to the accounting principles of the company, or to the internal controls of the company, with the audit committee. The external auditor also attends the board meeting where the annual financial statements are reviewed and approved, normally in March. The board of directors holds a minimum of one annual meeting with the auditor without any executive personnel being in attendance.

The board's audit committee stipulates guidelines on the scope for using the auditor for services other than auditing, and makes recommendations to the board of directors concerning the appointment of the external auditor and the approval of the auditor's fees. Fees payable to the auditor, separated into those relating to auditing and those relating to other services, are specified in the «Other operating expenses» note to the consolidated financial statements for the group and are also reported to the general meeting. The auditor's fees relating to auditing are subject to approval by the general meeting.



O4.a. FINANCIALS AND NOTES

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Akastor Group | Consolidated income statement
 For the year ended December 31

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Revenue and other income	6, 7	4 577	5 361
Materials, goods and services		(1 938)	(2 586)
Salaries, wages and social security costs	8	(1 668)	(1 719)
Other operating expenses	9	(640)	(564)
Operating expenses		(4 246)	(4 870)
Operating profit before depreciation, amortization and impairment		331	492
Depreciation, amortization and impairment	13, 14, 33	(278)	(270)
Operating profit (loss)		53	222
Finance income		222	321
Finance expenses		(282)	(192)
Profit (loss) from equity-accounted investees	16	(256)	(160)
Impairment loss on external receivables		(120)	-
Net finance expenses	10	(436)	(30)
Profit (loss) before tax		(383)	191
Income tax benefit (expense)	11	(86)	(44)
Profit (loss) from continuing operations		(469)	147
Profit (loss) from discontinued operations (net of income tax)		(115)	(54)
Profit (loss) for the period		(584)	93
<i>Profit (loss) for the period attributable to:</i>			
Equity holders of the parent company		(581)	100
Non-controlling interests		(3)	(7)
Basic / diluted earnings (loss) per share (NOK)	12	(2.14)	0.37
Basic / diluted earnings (loss) per share continuing operations (NOK)	12	(1.72)	0.57
Basic / diluted earnings (loss) per share discontinued operations (NOK)	12	(0.42)	(0.20)



Akastor Group | Consolidated statement of comprehensive income For the year ended December 31

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Profit (loss) for the period		(584)	93
Other comprehensive income			
Cash flow hedges, effective portion of changes in fair value		48	20
Deferred tax of cash flow hedges, effective portion of changes in fair value		(10)	(4)
Cash flow hedges, reclassification to income statement		(2)	41
Deferred tax of cash flow hedges, reclassification to income statement		1	(9)
Total change in hedging reserve, net of tax		38	48
Total change in fair value reserve, net of tax		(42)	17
Currency translation differences - foreign operations		(60)	34
Currency translation differences, reclassification to income statement upon disposal		(7)	(99)
Deferred tax of currency translation differences – foreign operations		-	(2)
Share of OCI from equity-accounted investees		(20)	(11)
Total change in currency translation reserve, net of tax		(86)	(78)
Total items that may be reclassified subsequently to profit or loss, net of tax		(90)	(13)
Remeasurement gain (loss) net defined benefit liability	26	(37)	(46)
Deferred tax of remeasurement gain (loss) net defined benefit liability		7	9
Total items that will not be reclassified to profit or loss, net of tax		(30)	(36)
Total other comprehensive income, net of tax		(120)	(49)
Total comprehensive income (loss) for the period, net of tax		(704)	44
<i>Attributable to:</i>			
Equity holders of the parent company		(701)	51
Non-controlling interests		(3)	(7)

Akastor Group | Consolidated statement of financial position
 For the year ended December 31

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Deferred tax assets	11	329	388
Property, plant and equipment	13	1 017	760
Intangible assets	14	1 595	1 593
Right-of-use assets	33	468	537
Equity-accounted investees	16	1 064	1 051
Other investments	18	1 469	1 643
Non-current interest-bearing receivables	19	115	201
Non-current finance lease receivables	33	15	16
Other non-current assets	17	29	65
Total non-current assets		6 100	6 256
Current tax assets		28	10
Inventories	20	485	528
Trade and other receivables	21	2 191	3 177
Derivative financial instruments	31	61	43
Current finance lease receivables	33	7	9
Cash and cash equivalents	22	275	555
Total current assets		3 047	4 322
Total assets		9 147	10 578
Issued capital incl. treasury shares	23	161	161
Other capital paid in		1 538	1 538
Reserves		151	240
Retained earnings		1 808	2 415
Equity attributable to equity holders of the parent company		3 657	4 353
Non-controlling interests		11	18
Total equity		3 669	4 371
Non-current borrowings	24	628	1 444
Non-current lease liabilities	33	433	516
Employee benefit obligations	26	388	359
Deferred tax liabilities	11	10	11
Other non-current liabilities	25	478	491
Provisions, non-current	27	50	51
Total non-current liabilities		1 986	2 873
Current borrowings	24	1 119	3
Current lease liabilities	33	159	160
Current tax liabilities		8	11
Provisions, current	27	109	119
Trade and other payables	28	2 060	2 974
Derivative financial instruments	31	37	65
Total current liabilities		3 492	3 333
Total liabilities		5 479	6 206
Total equity and liabilities		9 147	10 578

Fornebu, March 18, 2021 | Board of Directors of Akastor ASA



Kristian Røkke | Chairman



Lone Fønss Schrøder | Deputy Chairman



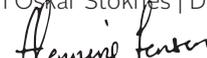
Svein Oskar Stoknes | Director



Kathryn M. Baker | Director



Sarah Ryan | Director



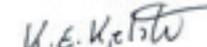
Henning Jensen | Director



Asle Christian Halvorsen | Director



Stian Sjølund | Director



Karl Erik Kjelstad | CEO



Akastor Group | Consolidated statement of changes in equity

<i>Amounts in NOK million</i>	Share capital	Treasury shares	Other capital paid in	Hedging reserve ¹⁾	Fair value reserve ¹⁾	Currency translation reserve ¹⁾	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interests (NCI)	Total equity
2019										
Equity as of January 1, 2019	162	(2)	1 534	(65)	(28)	346	2 362	4 310	-	4 310
Profit (loss) for the period	-	-	-	-	-	-	100	100	(7)	93
Other comprehensive income	-	-	-	48	17	(78)	(36)	(49)	-	(49)
Total comprehensive income	-	-	-	48	17	(78)	64	51	(7)	44
Sale of treasury shares	-	-	4	-	-	-	-	4	-	4
Acquisition of subsidiaries with NCI ²⁾	-	-	-	-	-	-	(11)	(11)	27	16
Acquisition of NCI	-	-	-	-	-	-	-	-	(3)	(3)
Equity as of December 31, 2019	162	(2)	1 538	(17)	(10)	268	2 415	4 353	18	4 371
2020										
Profit (loss) for the period	-	-	-	-	-	-	(581)	(581)	(3)	(584)
Other comprehensive income	-	-	-	38	(42)	(86)	(30)	(120)	-	(120)
Total comprehensive income	-	-	-	38	(42)	(86)	(612)	(701)	(3)	(704)
Repayment of dividend	-	-	-	-	-	-	2	2	-	2
Acquisition of NCI	-	-	-	-	-	-	4	4	(4)	-
Equity as of December 31, 2020	162	(2)	1 538	21	(52)	182	1 808	3 657	11	3 669

¹⁾ See Note 23 Capital and reserves

²⁾ See Note 5 Business combinations

Akastor Group | Consolidated statement of cash flow
For the year ended December 31

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
<i>Cash flow from operating activities</i>			
Profit (loss) for the period - continuing operations		(469)	147
Profit (loss) for the period - discontinued operations		(115)	(54)
Profit (loss) for the period		(584)	93
<i>Adjustments for:</i>			
Income tax expense (benefit)		86	44
Net interest cost and unrealized currency (income) loss		45	141
Depreciation, amortization and impairment	13, 14, 33	278	270
(Gain) loss on disposal of subsidiaries		120	54
(Gain) loss on disposal of assets		(2)	(2)
(Profit) loss from equity-accounted investees	16	256	160
Other non-cash effects		106	(244)
Profit (loss) for the period after adjustments		305	516
Changes in operating assets		63	24
Cash generated from operating activities		369	541
Interest paid		(122)	(131)
Interest received		45	76
Net Interest paid for leases		(34)	(34)
Income taxes paid		(47)	(47)
Net cash from operating activities		211	406
<i>Cash flow from investing activities</i>			
Acquisition of property, plant and equipment	13	(29)	(56)
Payments for capitalized development	14	(38)	(71)
Proceeds from sale of property, plant and equipment		9	3
Acquisition of subsidiaries, net of cash acquired		37	(236)
Payments of contingent considerations for previous divestments		(77)	(209)
Acquisition of other investments		-	(11)
Proceeds of receivables from equity-accounted investees		-	560
Payments to equity-accounted investees		(120)	(556)
Other changes in interest-bearing receivables		(1)	20
Net cash from investing activities		(219)	(555)
<i>Cash flow from financing activities</i>			
Proceeds from borrowings	24	227	1 135
Repayment of borrowings	24	(316)	(469)
Payment of lease liabilities	33	(139)	(151)
Repayment of dividends/Proceeds from sale of treasury shares	23	2	4
Acquisition of non-controlling interests		-	(3)
Net cash from financing activities		(227)	517
Effect of exchange rate changes on cash and bank deposits		(45)	(11)
Net increase (decrease) in cash and bank deposits		(280)	357
Cash and cash equivalents at the beginning of the period		555	198
Cash and cash equivalents at the end of the period	22	275	555
Of which is restricted cash		6	11

The statement included cash flows from discontinued operations prior to the disposal.



Note 1 | Corporate information

Akastor ASA is a limited liability company incorporated and domiciled in Norway and whose shares are publicly traded. The registered office is located at Oksenøyveien 10, Bærum, Norway. The largest shareholder is Aker Holdings AS (previously Aker Kværner Holding AS) which is wholly owned by Aker ASA as of December 31, 2020.

The consolidated financial statements of Akastor ASA and its subsidiaries (collectively referred as Akastor or the group, and separately as group companies) for the year ended December 31, 2020 were approved by the board of directors and CEO on March 18, 2021. The consolidated financial statements will be authorized by the Annual General Meeting on April 15, 2021.

The group is an oilfield services investment company with a portfolio of industrial holdings and other investments. Akastor is listed on the Oslo Stock Exchange under the ticker AKAST. Information on the group's structure is provided in Note 34 Group companies. Information on other related party relationships of the group is provided in Note 35 Related parties.

Note 2 | Basis for preparation

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2020.

Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the group will be able to meet the mandatory terms and conditions of the banking facilities as disclosed in Note 29 Capital management.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date:

- Derivative financial instruments are measured at fair value.
- Non-derivative financial instruments at Fair Value through Profit or Loss (FVTPL) are measured at fair value.
- Debt instrument at Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value.
- Contingent considerations assumed in business disposals are measured at fair value.
- Net defined benefit (asset) liability is recognized at fair value of plan assets less the present value of the defined benefit obligation.

Functional and presentation currency

The consolidated financial statements are presented in NOK, which is Akastor ASA's functional currency. All financial information presented in NOK has been rounded to the nearest million (NOK million), except when otherwise stated. The subtotals and totals in some of the tables in these consolidated financial statements may not equal the sum of the amounts shown due to rounding.

When the functional currency in a reporting unit is changed, the effect of the change is accounted for prospectively.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although management believes these assumptions to be reasonable, given historical experience, actual amounts and results could differ from these estimates. The items involving a higher degree of judgement or complexity, and items where assumptions and estimates are material to the consolidated financial statements, are disclosed in Note 4 Significant accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Adoption of new and revised standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. The following standards and interpretations were adopted with effect from January 1, 2020, with no implementation impact on the group's consolidated financial statements:

- Amendments to References to Conceptual Framework.
- 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).

Standards issued but not yet effective

The following amended standards and interpretations are effective for annual periods beginning after January 1, 2020. The group has not early adopted any new or amended standards and they are not expected to have a significant impact on the group's consolidated financial statements.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).



- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contract.

Note 3 | Significant accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date of which control ceases.

Business combinations

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Transaction costs, other than those associated with the issue of debt or equity securities incurred in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. Changes in the fair value of the contingent consideration from acquisition of a subsidiary or non-controlling interest for transactions will be recognized in Other income as gain or loss, except for the obligation that is classified as equity.

Non-controlling interests

Non-controlling interests are measured initially at their fair value at the date of acquisition. Changes in the group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

On the loss of control, the group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any resulting gain or loss is recognized in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently it is accounted for as an equity-

accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Any contingent consideration receivable is measured at fair value at the disposal date. Changes in the fair value of the contingent consideration from divestment of a subsidiary for transactions will be recognized in Other income as gain or loss.

Investments in joint ventures and associates

The group's interests in equity-accounted investees comprise interests in joint ventures and associates.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than its assets and obligations for its liabilities. Joint control is established by contractual agreement requiring unanimous consent of the ventures for strategic, financial and operating decisions. An associate is an entity in which the group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in joint ventures and associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit and loss and other comprehensive income of the equity-accounted investees. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and further losses are not recognized except to the extent that the group incurs legal or constructive obligations or has made payments on behalf of the investee.

The purpose of the investment determines the presentation of the group's share of profit and loss of the equity-accounted investee in the income statement. When the entity is established to share risk in executing a project or is closely related to Akastor's operating activities, the share of profit or loss is reported as part of Other income in Operating Profit. Share of the profit or loss of a financial investment is reported as part of Net finance expenses.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated to the extent of the group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected



to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized, but are considered in the overall impairment testing of the disposal group.

No reclassifications are made for years prior to the year when non-current assets or disposal groups are classified as a held for sale.

Discontinued operations

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

In the consolidated income statement, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative year.

The statement of cash flow includes the cash flow from discontinued operations prior to the disposal. Cash flows attributable to the operating, investing and financing activities of discontinued operations are presented in the notes to the extent these represent cash flows with third parties.

Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate on that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates on the date the fair value is determined.

Investments in foreign operations

Items included in the 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 results and financial positions of all the group entities that have a functional currency different from the group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments, are translated at the closing exchange rate at the reporting date.
- Income statements are translated at average exchange rate for the year, calculated on the basis of 12 monthly end rates.

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are included in other comprehensive income as currency translation reserve. These translation differences are reclassified to the income statement upon disposal of the related operations or when settlement is likely to occur in the near future.

Monetary items that are receivable from or payable to a foreign operation are considered as part of the net investment in that foreign operation, when the settlement is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from these monetary items are recognized in other comprehensive income.

Current/non-current classification

An asset is classified as current when it is expected to be realized or is intended for sale or consumption in the group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realized or settled within twelve months after the reporting date. Other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in the group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period, or if the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Financial assets, financial liabilities and equity

On initial recognition, a financial asset is classified as measured at amortized costs, FVOCI or FVTPL. The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

- A financial asset is measured at amortized costs if the business model is to hold the asset to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interests (SPPI criterion).
- A debt instrument is classified at FVOCI if the business model is both collecting contractual cash flows and selling the financial asset, and it meets the SPPI criterion.
- All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets.



Other investments

Other investments include equity and debt investments in companies where the group has neither control nor significant influence, usually represented by less than 20 percent of the voting power. The investments are categorized as financial assets measured at FVTPL or FVOCI and recognized at fair value at the reporting date. Subsequent to initial recognition, changes in financial assets measured at FVTPL are recognized in profit and loss.

When a debt instrument is classified as financial asset measured at FVOCI, interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit and loss. Other changes in fair value are recognized in other comprehensive income and presented as part of fair value reserve. When financial asset measured at FVOCI is derecognized, the gain or loss accumulated in other comprehensive income is reclassified to profit and loss.

Trade and other receivables

Trade and other receivables are generally classified as financial assets measured at amortized costs. They are recognized at the original invoiced amount, less loss allowance made for credit losses. The interest rate element is disregarded if insignificant, which is the case for the majority of the group's trade receivables.

Interest-bearing receivables

Interest-bearing receivables include loans to related parties and are generally classified as financial assets measured at amortized costs. Such financial assets are recognized initially at fair value and subsequent measurement at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits held at banks and other short-term highly liquid investments with original maturity of three months or less.

Trade and other payables

Trade payables are recognized at the original invoiced amount. Other payables are recognized initially at fair value. Trade and other payables are valued at amortized cost using the effective interest rate method. The interest rate element is disregarded if it is insignificant, which is the case for the majority of the group's trade payables.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Share capital

Ordinary shares are classified as equity. Repurchase of share capital is recognized as a reduction in equity and is classified as treasury shares.

Derivative financial instruments

The group uses derivative financial instruments such as currency forward contracts and currency swaps to hedge its exposure to foreign exchange risks arising from operational, financial and investment activities. These derivative financial instruments are accounted for as cash flow hedges since highly probable future cash flows are hedged (rather than committed revenues and expenses). The group also has embedded foreign exchange derivatives which have been separated from their ordinary commercial contracts. Derivative financial instruments are recognized initially at fair value. Derivatives are subsequently measured at fair value, and changes in fair value are accounted for as described below.

Cash flow hedge

Hedging of the exposure to variability in cash flows that is attributable to a particular risk or a highly probable future cash flow is defined as a cash flow hedge. The effective portion of changes in the fair value is recognized in other comprehensive income as a hedge reserve. All foreign exchange exposure is hedged. Any gain or loss relating to the ineffective portion of derivative hedging instruments is recognized immediately in the income statement as finance income or expense.

Hedge accounting is discontinued when the hedge no longer qualifies for hedge accounting. Disqualification occurs when the hedging instrument expires, is sold, terminated or exercised, or when a forecast transaction is no longer expected or the hedge is no longer effective. When a hedge is disqualified, the cumulative gain or loss that was recognized in the hedge reserve is recognized immediately in the income statement unless it relates to a future cash flow that is likely to occur, but don't qualify for hedge accounting, in which the accumulated hedge reserve remains in other comprehensive income until the hedged cash flow is recognized in income statement. For cash flow hedges associated with forecast transactions that subsequently result in recognition of a non-financial asset, the amounts accumulated in the cash flow hedge reserve and the cost of hedging reserve are included directly in the initial cost of the non-financial asset when recognized.

Net investment hedge

Hedge of net investment in a foreign operation is accounted for similarly to cash flow hedges. Gains or losses arising from the hedging instruments relating to the effective portions of the net investment hedge are recognized in other comprehensive income as currency translation reserves. These translation reserves are reclassified to the income statement upon disposal of the hedged net investments, offsetting the translation differences from these net investments. Any ineffective portion is recognized immediately in the income statement as finance income or expenses. Gains and losses accumulated in other comprehensive income are reclassified to the income statement when the foreign operation is partially disposed of or sold.

Embedded derivatives

Embedded derivatives are derivatives that are embedded in other financial instruments or other non-financial host contracts. Under certain conditions, the embedded derivative must be separated from its host contract and the derivative is then to be recognized and measured as



any other derivative in the financial statements. Embedded derivatives must be separated when the settlement for a commercial contract is denominated in a currency different from any of the major contract parties' own functional currency, or that the contract currency is not considered to be commonly used for the relevant economic environment defined as the countries involved in the cross-border transaction. Changes in the fair value of separated embedded derivatives are recognized immediately in the income statement. All foreign currency exposure is hedged, so the hedging instrument to the embedded derivative will also have corresponding opposite fair value changes in the income statement.

Finance income and expense

Finance income and expense include interest income and expense, foreign exchange gains and losses, dividend income, gains and losses on derivatives, as well as change in fair value of financial assets measured at FVTPL. Interest income and expenses include calculated interest using the effective interest method, in addition to discounting effects from assets and liabilities measured at fair value. Gains and losses on derivatives include effects from derivatives that do not qualify for hedge accounting and embedded derivatives, in addition to the ineffective portion of qualifying hedges.

Revenue from contract with customers

The significant accounting policies relating to revenue recognition from contracts with customers are described in Note 7 Revenue and other income.

Income tax

Income tax recognized in the income statement comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends, recognized at the same time as the liability to pay the related dividend.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Goodwill not deductible for tax purposes.
- The initial recognition of assets or liabilities that affects neither accounting nor taxable profit.
- Temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the tax assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Measurement of deferred tax assets are reviewed at each reporting date.

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost principle and includes expenditures incurred in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment

Trade receivables and contract assets

Loss allowance is recognized in profit or loss and measured at lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. The group considers a financial asset to be in default when the group is unlikely to receive its outstanding contractual amount in full, or the contractual payments are more than 90 days past due. When estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort, based on the group's historical experience including forward-looking information. The loss allowance is recognized in financial items to the extent that impairment is caused by the insolvency of the customer.

The gross carrying amount of trade receivable is written off when the group has no reasonable expectations of recovering a trade receivable in its entirety or a portion thereof. The group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Trade receivables that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Debt instruments measured at amortized cost or at FVOCI

Debt instruments measured at amortized cost or at FVOCI are considered to be "credit-impaired" when there is significant financial difficulty of the borrower or it is probable that the borrower will enter bankruptcy or other financial reorganization. The loss allowance is charged to profit and loss.

**Non-financial assets**

The carrying amounts of the group's non-financial assets (other than employee benefit assets, inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset's recoverable amount is estimated. Cash-generating units (CGU) containing goodwill, intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized whenever the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in the income statement.

An impairment loss recognized in respect of a CGU (or a group of CGUs) containing goodwill is allocated first to goodwill and then to the other assets in the CGU(s) on a pro rata basis.

An impairment loss on goodwill is not reversed. An impairment loss on other assets is reversed if there has been a change in the estimates used to determine the recoverable amount, and the change can be objectively related to an event occurring after the impairment is recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized when the group has a present obligation as a result of a past event that can be estimated reliably and it is probable that the group will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a market based pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the liability-specific risks. The unwinding of the discount is recognized as finance expense.

Warranties

Provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

Provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the lower of the expected cost of terminating

the contract and the expected net cost of continuing with the contract. Before a provision is recognized, the group recognizes any impairment loss on the assets associated with the contract.

Restructuring

A restructuring provision is recognized when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that the entity will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Leases**As a lessee****Right-of-use assets**

The group recognizes right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any prepaid lease payments made at or before the commencement date, plus any initial direct costs. Subsequently, the right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. In addition, the right-of-asset is subject to impairment assessment of non-financial assets and adjusted for certain remeasurement of the lease liability.

Lease liabilities

At the lease commencement date, the group recognizes lease liability measured at the present value of the lease payments over the lease term, discounted using the group's incremental interest rate. Generally, the lease payments include fixed payments and variable lease payments that depend on an index or rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or as appropriate, changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised .

Short term leases and leases of low-value assets

The group applies the recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option (short-term leases). The group also applies recognition exemption to leases that are considered of low-value assets, mainly IT equipment and office equipment. Lease payments associated with the short -term leases and leases of low -value assets are recognized as expenses on a straight -line basis over the lease term.

Lease term

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered



by an option to terminate the lease if it is reasonably certain not to be exercised. The group applies judgment in evaluating whether it is reasonably certain to exercise extension option, considering all relevant factors that create economic incentive to exercise the extension option.

As a lessor

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The group recognizes lease payments received under operating leases as income on a straight line basis over the lease term as part of "Lease revenue".

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, borrowing costs on qualifying assets, production overheads and the estimated costs of dismantling and removing the assets and restoring the site on which they are located.

If the components of property, plant and equipment have different useful lives, they are accounted for as separate components.

Subsequent costs

The group capitalizes the cost of a replacement part or a component of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are expensed as incurred.

Depreciation

Depreciation is normally recognized on a straight-line basis over the estimated useful lives of property, plant and equipment.

Intangible assets

Goodwill

Goodwill that arises from the acquisition of subsidiaries is presented as intangible asset. For the measurement of goodwill at initial recognition, see Business combinations.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and

any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

When the group disposes of an operation within a CGU or group of CGUs to which goodwill has been allocated, a portion of the goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal. The portion of the goodwill allocated is measured based on the relative values of the operation disposed of and the portion of the CGU retained at the date of partial disposal, unless it can be demonstrated that another method better reflects the goodwill associated with the operation disposed of. The same principle is used for allocation of goodwill when the group reorganizes its businesses.

Research and development

Expenditures on research activities undertaken with the prospect of obtaining new scientific or technical knowledge and understanding is recognized in the income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. The capitalized expenditure includes cost of materials, direct labour overhead costs that are directly attributable to preparing the asset for its intended use and capitalized interest on qualifying assets. Other development expenditures are recognized in the income statement as an expense as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

Other intangible assets

Acquired intangible assets are measured at cost less accumulated amortization and impairment losses.

Subsequent expenditures

Subsequent expenditures on intangible assets are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are expensed as incurred.

Amortization

Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such useful lives are indefinite. Intangible assets are amortized from the date they are available for use.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

**Defined benefit plans**

The group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the reporting date on government bonds or high-quality corporate bonds with maturities consistent with the terms of the obligations.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the income statement.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the income statement. The group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Fair value measurement

When available, the group measures the fair value of a financial instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, and the difference between the fair value on initial recognition and the transaction price is recognized as a deferred gain or loss. Subsequently, the deferred gain or loss is recognized in profit or loss on an appropriate basis over the life of the instrument.



Note 4 | Significant accounting estimates and judgements

Estimates and judgements are continually reviewed and are based on historical experiences and expectations of future events. The resulting accounting estimates will, by definition, seldom accurately match actual results, but are based on the best estimate at the time. Estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

Revenue from performance obligations satisfied over time, typically in construction contracts and service contracts, are recognized according to progress. This requires estimates of the final revenue and costs of the performance obligations, as well as measurement of progress achieved to date as a proportion of the total work to be performed.

The main uncertainty when assessing contract revenue is related to recoverable amounts from variation orders, claims and incentive payments which are recognized when, in the group's judgement, it is highly probable that they will not result in a significant reversal of revenue. This assessment is adjusted by management's evaluation of liquidated damages to be imposed by customers, typically relating to contractual delivery terms. In many contracts, there are frequent changes in scope of work resulting in a number of variation orders. The contracts with customers normally include procedures for issuing and approval of variation orders. There can be unapproved variation orders and claims included in the contract revenue where recovery is assessed as highly probable and other criteria are met. Even though management has extensive experience in assessing the outcome of such negotiations, uncertainties exist.

One of the key uncertainties related to revenue recognition arises in the final stages of the completion of long term contracts which can involve renegotiations with customers. The estimates of the likely outcome of these renegotiations are based on management's assessments subject to complex interpretations of contractual, engineering, design and project execution issues. There can be a wide range of reasonably possible outcomes from such renegotiations and the estimates made require a high degree of judgment.

Estimate of the remaining contract costs depends on productivity factors and the cost of inputs. Weather conditions, the performance of subcontractors and others with an impact on schedules, commodity prices and currency rates can affect cost estimates. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that estimates may change significantly. A risk contingency is included in estimated contract costs based on the risk register for identified significant risks.

Progress measurement based on costs incurred has an inherent risk related to the cost estimate as described above. The estimation uncertainty during the early stages of a contract is mitigated by a policy of normally not recognizing revenue in excess of costs on large lump sum projects before the contract reaches 20 percent of completion. Earlier recognition can be made on a project-by-project basis if cost estimates are certain, typically in situations of repeat projects, proven technology or proven execution model.

Warranties

A provision is made for expected warranty expenditures. The warranty period is normally 12-30 months as one operating cycle. Based on experience, the provision is often estimated at one percent of the contract value, but can also be a higher or lower amount following a specific evaluation of the actual circumstances for each contract. Both the general one percent provision and the evaluation of project specific circumstances are based on experience from earlier projects. Factors that could affect the estimated warranty cost include the group's quality initiatives and project execution model. Reference is made to Note 27 Provisions for further information about provisions for warranty expenditures on delivered projects.

Deferred and contingent considerations

Deferred and contingent considerations resulting from business combinations and disposals are measured at fair value at transaction date. When a deferred and contingent consideration meets the definition of a financial asset or liability, it is subsequently remeasured at fair value at the reporting date. The determination of fair value is based on discounted cash flows. Key assumptions made by the management include the probability of meeting each performance target and the discount factor.

Impairment of non-financial assets

Property, plant and equipment and intangible assets

The group has significant non-current assets recognized in the consolidated statement of financial position related to Property, plant and equipment and intangible assets. The value in use of some of these assets can be significantly impacted by changes of market conditions. The group considers whether there are indications of impairment on the carrying amounts of such non-current assets. If such indications exist, an impairment test is performed to assess whether or not the assets should be impaired. The valuations, often determined by value in use calculations, will often be performed based on estimates of future cash flows discounted by an appropriate discount rate. Significant estimates and judgments are made by the management, including determining appropriated cash-generating units and discount rate, projections for future cash flows and assumptions of future market conditions. References are made to Note 13 Property, plant and equipment and Note 14 Intangible assets.

Goodwill

The group performs impairment testing of goodwill annually or more frequently if any impairment indicators are identified. The recoverable amounts of cash-generating units to which goodwill is allocated have been determined based on value-in-use calculations. These calculations require management to estimate future cash flows expected to arise from these cash-generating units and an appropriate discount rate to reflect the time value of the money. Key assumptions made by the management include also assumptions for future market conditions, which require a high degree of judgment. Further details about goodwill allocation and impairment testing are included in Note 15 Impairment testing of goodwill.

Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required to determine the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate



tax determination is uncertain during the ordinary course of business. Provisions for anticipated tax audit issues are based on estimates of eventual additional taxes.

Income tax expense is calculated based on reported income in the different legal entities. Deferred income tax expense is calculated based on the temporary differences between the assets' carrying amount for financial reporting purposes and their respective tax basis. The total amount of income tax expense and allocation between current and deferred income tax requires management's interpretation of complex tax laws and regulations in the many tax jurisdictions where the group operates.

Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the near future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability, and such change may affect the results for each future reporting period.

Tax authorities in different jurisdictions may challenge calculation of income taxes from prior periods. Such processes may lead to changes to prior periods' taxable income, resulting in changes to income tax expense. When tax authorities challenge income tax calculations, management is required to make estimates of the probability and amount of possible tax adjustments. Such estimates may change as additional information becomes known. Further details about income taxes are included in Note 11 Income tax.

Pension benefits

The present value of the pension obligations depends on a number of factors determined on the basis of actuarial assumptions. These assumptions include financial factors such as the discount rate, expected salary growth, inflation and return on assets as well as demographical factors concerning mortality, employee turnover, disability and early retirement. Assumptions about all these factors are based on the situation at the time the assessment is made. However, it is reasonably certain that such factors will change over the very long periods for which pension calculations are made. Any changes in these assumptions will affect the calculated pension obligations with immediate recognition in other comprehensive income. Further information about the pension obligations and the assumptions used are included in Note 26 Employee benefits - pension.

Fair value measurement

The group has invested in significant financial assets that require the measurement of fair value. If there is no quoted price in an active market, then the group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The fair value measurement requires a high degree of judgment. Judgements include considerations of inputs such as cash flow projection, discount rate and volatility. Further information about the fair value measurement using level 3 inputs is included in Note 32 Financial Instruments.

Lease terms

Some of the property leases, in which the group is a lessee, contain extension or termination options exercisable before the end of the non-cancellable period. These options are used to provide operational flexibility for the group. In determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The most relevant factors to be considered as "creating economic incentive" include significant leasehold improvement, alternatives for the leased property and the costs and business disruption required to replace the leased assets. Most extension options in offices leases have not been included in the lease term, because the group expects to be able to replace the assets without significant cost or business disruption. Most of the early termination options are not considered in the lease term either as the group assesses it as reasonably certain that the leases will not be terminated early.

The lease term assessment requires management's judgment and is made at the commencement of the leases. The lease term is reassessed if an option is actually exercised or the group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the group's control. Please see Note 33 Leases for more information about the leases where the group is a lessee.

Legal disputes and contingent liabilities

Given the scope of the group's worldwide operations, group companies are inevitably involved in legal disputes in the course of their business activities. In addition, as an investment company, Akastor and its portfolio companies from time to time engage in mergers, acquisitions and other transactions that could expose the companies to financial and other non-operational risks, such as indemnity claims and price adjustment mechanisms resulting in recognition of deferred settlement obligations.

Provisions have been made to cover the expected outcome of the legal claims and disputes to the extent negative outcomes are likely and reliable estimates can be made. However, the final outcomes of these cases are subject to uncertainties, and resulting liabilities may exceed provisions recognized. The group follows the development of these disputes on case-by-case basis and makes assessment based on all available evidence as at the reporting date.



Note 5 | Business combinations

Business combinations in 2020

Acquisition of DDW Offshore AS

DDW Offshore AS (previously DOF Deepwater AS) was a joint venture between Akastor and DOF ASA ("DOF"). On October 9, 2020, DDW Offshore completed a restructuring of its debt with its lenders. The restructuring involved DOF transferring all of its shares in DDW Offshore to Akastor for a nominal amount, and Akastor hence assuming 100 percent ownership in the company. Further, 50 percent of the debt in DDW Offshore was converted to equity and the remaining 50 percent remains on existing terms, including a parent company guarantee from Akastor ASA, albeit with certain adjustments that include i.a. no fixed instalments except an upfront repayment of NOK 20 million. The maturity date of the debts is in October 2023. The company is obliged to divest all its five vessels on or around the maturity date of the debts and the sales proceeds after transaction costs shall be shared 50/50 between the lenders and DDW Offshore.

DDW Offshore AS owns five modern Anchor Handling Tug Supply (AHTS) vessels with capability to operate and support clients on a world-wide basis. The vessels are specially designed to perform anchor-handling, towing, and supply services at offshore oil and gas fields.

The group expects that the restructuring will give the company a predictable and viable financial structure for the coming three years. DDW Offshore operates in a market which remains challenging, but with this financial structure and the relative modern and versatile fleet, the company should be well positioned to remain as a market player and thereby secure revenue in a more normalized market in the future.

The acquired DDW Offshore contributed revenues of NOK 8 million and net loss of NOK 18 million for the period from the acquisition date to December 31, 2020. If the acquisition of DDW Offshore had occurred on January 1, 2020, the group estimates that consolidated revenue would have been NOK 4 693 million and net loss after tax would have been NOK 881 million for the year ended December 31, 2020. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2020.

Details of the net assets acquired are as follows. No goodwill is identified in the transaction.

Identifiable assets and liabilities acquired

<i>Amounts in NOK million</i>	DDW Offshore
Property, plant and equipment	397
Inventories	12
Trade and other receivables	9
Cash and cash equivalents	37
External borrowings	(493)
Trade and other payables	(24)
Other liabilities	(198)
Total net identifiable assets acquired	(262)

Trade and other receivables comprise gross contractual amounts due of NOK 66 million in DDW Offshore, of which NOK 57 million was expected to be uncollectable at the date of acquisition.

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, the accounting for the acquisition will be revised.

Business combinations in 2019

Acquisition of AGR

On April 2, 2019, Akastor completed the transaction to merge First Geo AS (First Geo) and AGR AS (AGR). The transaction was carried out primarily as an asset deal, whereby assets in the old AGR legal structure and three legal entities were transferred to a new legal structure AGR AS. Akastor contributed 100 percent of its shares in First Geo AS to AGR AS to form the combined AGR/ First Geo group (referred as a new portfolio company AGR). After the transaction, Akastor holds 100 percent of the shares and held 55 percent of the economic interest in the merged company AGR. Silver fleet Capital, DNB Bank ASA and Nordea Bank Abp, Norway branch, held the remaining 45 percent economic interest. In February 2020, Akastor increased its economic interest in AGR to 64 percent after acquiring the equity interest previously held by Silverfleet. In addition, AGR AS has rolled over NOK 180 million of the debt, of which DNB and Nordea holds NOK 90 million each.

The group expects that the merged company AGR will be a world leading provider of well management-, reservoir- and subsurface services, ranging from consultancy services to fully outsourced well and rig management projects. The company's service offering covers the entire value chain from qualifications to plugging and abandonment.

The acquired AGR business contributed revenues of NOK 478 million and net loss of NOK 15 million for the period from the acquisition date to December 31, 2019. If the acquisition of AGR had occurred on January 1, 2019, the group estimates that consolidated revenue and profit after tax for the year ended December 31, 2019 would have been NOK 5 493 million and NOK 86 million respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2019.

Acquisition of Bronco

On June 7, 2019, Akastor, through its portfolio company MHWirth, acquired 100 percent ownership interest in Bronco Manufacturing LLC (Bronco) for a cash consideration of USD 31.5 million at a cash-free and debt-free basis. Bronco is consolidated as part of MHWirth. By utilizing the competencies and supply chain of Bronco, Akastor sees potential on current MHWirth equipment, as well as the potential to re-engineer relevant equipment to make it more suitable for onshore applications. In addition, Akastor expects that Bronco will strengthen MHWirth's presence in North America and increase local manufacturing capabilities in the Houston region.

The acquired Bronco business contributed revenues of NOK 123 million



and net profit of NOK 8 million for the period from the acquisition date to December 31, 2019. If the acquisition of Bronco had occurred on January 1, 2019, the group estimates that consolidated revenue and profit after tax for the year ended December 31, 2019 would have been NOK 5 472 million and NOK 105 million respectively. In determining these amounts, management has assumed that the fair value adjustments, determined

provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2019.

Details of the net asset acquired, purchase consideration and goodwill are as follows.

<i>Amounts in NOK million</i>	AGR	Bronco
Property, plant and equipment	2	4
Intangible assets	38	111
Right-of-use assets	43	9
Deferred tax assets	12	15
Inventories	2	59
Trade and other receivables	101	44
Cash and cash equivalents	33	2
Other assets	2	-
External borrowings	(152)	(5)
Lease liabilities	(43)	(9)
Deferred tax liabilities	(8)	-
Trade and other payables	(111)	(23)
Other liabilities	(1)	-
Total net identifiable assets acquired	(82)	207

Acquisition-related costs of NOK 5 million are included in "other operating expenses" in the consolidated income statement.

The group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

Trade and other receivables comprise gross contractual amounts due of NOK 104 million and NOK 48 million in AGR and Bronco, respectively, of which NOK 3 million in AGR and NOK 4 million in Bronco was expected to be uncollectable at the date of acquisition.

Consideration transferred and goodwill

<i>Amounts in NOK million</i>	AGR	Bronco
Cash consideration	-	270
Fair value of non-cash consideration	6	-
Total consideration transferred	6	270
Non-controlling interests (NCI) measured at fair value	10	-
Fair value of net identifiable assets	82	(207)
Goodwill	98	63



The goodwill resulting from the acquisitions is mainly attributable to the value of the assembled workforce in AGR and Bronco as well as expected synergies arising from the acquisitions. NOK 43 million of the goodwill recognized in AGR is expected to be tax deductible for tax purposes.

The fair value of the non-controlling interests in AGR, a non-listed company, has been estimated by applying a discounted cash flow analysis, an income based approach. The fair value measurement is based on significant inputs that are not observable in the market:

- An assumed discount rate of 12%.
- Explicit forecast period of 10 years.
- Terminal growth rate of 1.0%.

Acquisition of subsidiaries with NCI

In April 2019, Akastor contributed 100 percent of its shares in First Geo AS to AGR AS to form the combined AGR/ First Geo group (AGR). After the transaction, Akastor holds 55 percent of the economic interest in AGR, and non-controlling interests (NCI) in AGR were recognized. As a result of the transaction, the ownership interest in First Geo has decreased from 100 percent to 55 percent without a loss of control. The change in ownership interest in First Geo was treated as equity transaction and resulted in a loss directly to equity.

<i>Amounts in NOK million</i>	2019
NCI in acquired AGR business	10
NCI in First Geo	17
Total NCI in AGR	27
Fair value of consideration received	6
Carrying amount of NCI in First Geo	(17)
Loss in equity attributable to equity holders of the parent company	(11)



Note 6 | Operating segments

Basis for segmentation

As of December 31, 2020, Akastor has three reportable segments which are the strategic business units of the group. The strategic business units are managed separately and offer different products and services due to different market segments and different strategies for their projects, products and services:

- MHWirth is a supplier of drilling systems and drilling lifecycle services globally. The company offers a full range of drilling equipment, drilling riser solutions and related products and services for the drilling market, primarily the offshore sector.
- AKOFS Offshore is a global provider of vessel-based subsea well construction and intervention services to the oil and gas industry, covering all phases from conceptual development to project execution and offshore operations.
- AGR is a well design and drilling project management, HSEQ, reservoir and field management service company delivering solutions for the entire field life cycle. The company also provides rig procurement, tailored training, software and technical manpower for clients globally.

As a result of divestment of 50 percent ownership in AKOFS Offshore in September 2018, AKOFS Offshore is classified as a joint venture and consolidated using the equity method, see Note 16 Equity-accounted investees.

Further, Akastor holds 100 percent ownership in Cool Sorption, 100 percent in DDW Offshore AS, 15,6 percent economic interest in NES Fircroft and 93 percent of Aker Pensjonskasse, as well as equity instruments in Odfjell Drilling and Awilco Drilling. These are included in "Other holdings". Step Oiltools, previously part of "Other holdings", is included in the segment MHWirth. Historical figures have been restated.

Measurement of segment performance

Segment performance is measured by operating profit before depreciation, amortization and impairment (EBITDA) which is reviewed by the group's Executive Management Group (the chief operating decision maker). Segment profit, together with key financial information as described below, gives the Executive Management Group relevant information in evaluating the results of the operating segments and is relevant in evaluating the results of the segments relative to other entities operating within these industries. Inter-segment pricing is determined on an arm's length basis.

The accounting policies of the reportable segments are the same as described in Note 2 Basis of preparation and Note 3 Significant accounting principles.



Information about reportable segments

<i>Amounts in NOK million</i>	<i>Note</i>	MHWirth	AKOFS Offshore	AGR	Other holdings	Total operating segments	Adjust- ment of AKOFS Offshore	Elim- inations	Total Akastor
2020									
<i>Income statement</i>									
External revenue and other income		3 758	1 000	637	182	5 577	(1 000)	-	4 577
Inter-segment revenue		2	-	-	3	5	-	(5)	-
Total revenue and other income		3 760	1 000	637	186	5 582	(1 000)	(5)	4 577
Operating profit before de- preciation, amortization and impairment (EBITDA)		401	414	31	(102)	745	(414)	-	331
Depreciation and amortization	13,14,33	(217)	(333)	(18)	(39)	(436)	333	-	(274)
Impairment	33	-	(215)	-	(4)	(4)	215	-	(4)
Operating profit (loss) (EBIT)		184	(134)	13	(145)	(81)	134	-	53
<i>Assets</i>									
Current operating assets		2 537	677	115	58	3 386	(677)	(5)	2 704
Non-current operating assets		2 799	4 609	178	1 929	9 516	(3 546)	-	5 970
Finance lease receivables	33	1	-	-	22	23	-	-	23
Segment assets		5 336	5 286	294	2 009	12 925	(4 223)	(5)	8 697
<i>Liabilities</i>									
Current operating liabilities		1 845	332	122	216	2 515	(332)	(5)	2 177
Non-current operating liabilities		307	6	14	605	932	(6)	-	926
Lease liabilities	33	384	1 203	10	199	1 795	(1 203)	-	592
Segment liabilities		2 535	1 542	146	1 019	5 242	(1 542)	(5)	3 695
Net current operating assets		692	344	(7)	(158)	872	(344)	-	527
Net capital employed		2 801	3 744	148	990	7 683	(2 681)	-	5 002



Amounts in NOK million	Note	MHWirth	AKOFS Offshore	AGR	Other holdings	Total operating segments	Adjust- ment of AKOFS Offshore	Elimi- nations	Total Akastor
2019									
<i>Income statement</i>									
External revenue and other income		4 186	1 093	573	602	6 454	(1 093)	-	5 361
Inter-segment revenue		1	-	-	7	8	-	(8)	-
Total revenue and other income		4 187	1 093	573	609	6 462	(1 093)	(8)	5 361
Operating profit before depreciation, amortization and impairment (EBITDA)		476	560	14	2	1 052	(560)	-	492
Depreciation and amortization	13,14,33	(161)	(323)	(15)	(85)	(584)	323	-	(261)
Impairment	33	-	-	-	(9)	(9)	-	-	(9)
Operating profit (loss) (EBIT)		315	237	(1)	(92)	459	(237)	-	222
<i>Assets</i>									
Current operating assets		3 238	360	191	288	4 078	(362)	-	3 716
Non-current operating assets		2 648	5 076	191	2 150	10 065	(4 026)	-	6 039
Finance lease receivables	33	3	-	-	22	25	-	-	25
Segment assets		5 889	5 437	382	2 460	14 168	(4 389)	-	9 779
<i>Liabilities</i>									
Current operating liabilities		2 609	312	178	319	3 418	(314)	-	3 105
Non-current operating liabilities		275	6	16	621	918	(6)	-	912
Lease liabilities	33	397	1 385	17	263	2 062	(1 385)	-	677
Segment liabilities		3 281	1 703	211	1 203	6 399	(1 705)	-	4 694
Net current operating assets		629	49	12	(31)	660	(49)	-	611
Net capital employed		2 608	3 734	170	1 257	7 769	(2 684)	-	5 085

Reconciliations of information on reportable segments to IFRS measures

Amounts in NOK million	Note	2020	2019
<i>Assets</i>			
Total segment assets		8 697	9 779
Derivative financial instruments	31	61	43
Cash and cash equivalents	22	275	555
Non-current interest-bearing receivables	19	115	201
Consolidated assets		9 147	10 578
<i>Liabilities</i>			
Total segment liabilities		3 695	4 694
Derivative financial instruments	31	37	65
Current borrowings	24	1 119	3
Non-current borrowings	24	628	1 444
Consolidated liabilities		5 479	6 206



Geographical information

Geographical revenue is presented on the basis of geographical location of the group companies selling to the customers. Non-current segment assets and capital expenditures are based on the geographical location of the assets.

<i>Amounts in NOK million</i>	Revenue and other income		Non-current assets excluding deferred tax assets and financial instruments	
	2020	2019	2020	2019
Norway	2 269	2 755	2 482	2 179
Germany	668	745	770	762
United States	254	316	430	441
Brazil	127	135	254	306
Asia	368	464	91	122
Other Europe	433	475	73	87
Middle East	222	253	5	5
Other countries	236	218	39	41
Total	4 577	5 361	4 144	3 944

Major customer

Revenues from one customer of MHWirth represents approximately NOK 870 million (NOK 580 million in 2019) of the group's total revenue.

Note 7 | Revenue and other income

Revenue types

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Revenue from contracts with customers		4 434	5 184
Other revenue and income			
Lease revenue	33	102	148
Other revenue		44	28
Gain (loss) on disposal of subsidiaries		(5)	-
Gain on disposals of assets		2	2
Total revenue and other income		4 577	5 361

Disaggregation of revenue from contracts with customers

Revenue from contracts with customer is disaggregated in the following table by major contract and revenue types and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with revenue information as shown in Note 6 Operating segments.

<i>Amounts in NOK million</i>	MHWirth	AKOFS Offshore	AGR	Other holdings	Adjustment of AKOFS Offshore	Total Akastor
2020						
<i>Major contract/revenue types</i>						
Construction revenue	971	-	-	105	-	1 076
Sale of standard products	1 364	-	6	-	-	1 370
Service revenue	1 306	316	631	51	(316)	1 988
Total Revenue from contracts with customers	3 642	316	636	156	(316)	4 434
<i>Timing of revenue recognition</i>						
Transferred over time	2 278	316	631	156	(316)	3 064
Transferred at point in time	1 364	-	6	-	-	1 370
Total Revenue from contracts with customers	3 642	316	636	156	(316)	4 434
Other revenue and income	116	684	-	26	(684)	143
Total external revenue and other income in segment reporting	3 758	1 000	637	182	(1 000)	4 577
2019						
<i>Major contract/revenue types</i>						
Construction revenue	1 338	-	-	217	-	1 555
Sale of standard products	1 301	-	36	128	-	1 466
Service revenue	1 513	335	537	112	(335)	2 162
Total Revenue from contracts with customers	4 153	335	573	458	(335)	5 184
<i>Timing of revenue recognition</i>						
Transferred over time	2 851	335	537	329	(335)	3 717
Transferred at point in time	1 301	-	36	128	-	1 466
Total Revenue from contracts with customers	4 153	335	573	458	(335)	5 184
Other revenue and income	33	757	-	144	(757)	178
Total external revenue and other income in segment reporting	4 186	1 093	573	602	(1 093)	5 361



Contract balances

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Receivables, which are included in "trade and other receivables"		1 070	1 136
Contract assets	21	764	1 468
Contract liabilities	28	344	609

Contract assets relate to the group's rights to consideration for work completed, but not yet invoiced at the reporting date. The contract assets are transferred to receivables when the rights to payment become unconditional, which usually occurs when invoices are issued to the customers. No impairment has been recognized on contract assets in 2020 or 2019.

Contract liabilities relate to advance consideration received from customer for work not yet performed. Revenue recognized in 2020 that

was included in contract liabilities in the beginning of the year is NOK 560 million (NOK 354 million in 2019). There was an increase of NOK 15 million of the contract liability due to acquisition of subsidiaries in 2019.

The amount of revenue recognized in 2020 from performance obligation satisfied (or partially satisfied) in previous period is NOK 95 million (NOK 66 million in 2019). This is mainly due to changes in the estimates of progress measurement for performance obligations satisfied over time and changes in estimates relating to the constraining of revenues.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) as of December 31, 2020.

<i>Amounts in NOK million</i>	2021	Later	Total
Transaction price allocated	2 231	352	2 583

The amounts disclosed above do not include variable consideration which is constrained. The group applies the practical expedient under IFRS 15 and does not disclose information about remaining performance obligation when revenue is recognized in the amount to which the group has right to invoice.

The group applies the practical expedient and does not adjust the transaction price allocated to performance obligations for the effects of a significant financing component if the group expects, at contract inception, that the period between when the group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The following provides information about nature of performance obligations, including significant payment terms, and related significant revenue recognition policies.



Type of contract/revenue	Nature of performance obligations, including significant payment terms	Significant revenue recognition policies
Construction contracts	<p>Under construction contracts, specialized products are built to a customer's specifications and the assets have no alternative use to the group. If a construction contract is terminated by the customer, the group has an enforceable right to payment for the work completed to date. The contracts usually establish a milestone payment schedule. The group has assessed that these performance obligations are satisfied over time.</p> <p>Each of the construction contracts normally includes a single, combined output for the customer, such as an integrated drilling equipment package. One single performance obligation is usually identified in each contract.</p> <p>Assurance-type warranty for a period of 12-30 months is normally included in construction contracts.</p>	<p>Revenue from the construction performance obligations is recognized according to progress. The progress is measured using an input method that best depicts the group's performance. The input method used to measure progress is determined by reference to the costs incurred to date relative to the total estimated contract costs. Revenue in excess of costs is not recognized until the outcome of the performance obligation can be measured reliably, usually at 15-20 percent of completion.</p> <p>Variable considerations, such as incentive bonus or penalties, are included in construction revenue when it is highly probable that a significant revenue reversal will not occur. Potential penalty for Liquidated Damages is recognized as a reduction of the transaction price unless it is highly probable that it will not be incurred. Disputed amounts and claims are only recognized when negotiations have reached an advanced stage, customer acceptance is highly likely and the amounts can be measured reliably.</p> <p>Contract modifications, usually in form of variation orders, are only accounted for when they are approved by the customers.</p>
Sale of standard products	<p>This revenue type involves sale of products or equipment that are of a standard nature, not made to the customer's specifications. Customers obtain control of these products usually when the goods are delivered to the customers according to the contract terms. Invoices are usually generated when the products are delivered. The group has assessed that these performance obligations are satisfied at a point of time.</p> <p>Assurance-type warranty for a period of 12-18 months is normally included in these contracts.</p>	<p>Revenue from these performance obligations is recognized when the customers obtain control of the goods, which is essentially similar to the timing when the goods are delivered to the customers.</p>
Service revenue	<p>Service revenue is generated from rendering of services to customers. The customers simultaneously receive and consume the benefits provided by these services. The invoicing is usually based on the service provided at regular basis. Under some service contracts, the invoices are based on hours or days performed at agreed rates. The group has assessed that these performance obligations are satisfied over time.</p>	<p>Service revenue is recognized over time as the services are provided.</p> <p>The revenue is recognized according to progress, or using the invoiced amounts when the invoiced amounts directly correspond with the value of the services that are transferred to the customers. The progress is normally measured using an input method, by the reference of costs incurred to date relative to the total estimated costs.</p>



Note 8 | Salaries, wages and social security costs

<i>Amounts in NOK million</i>	Note	2020	2019
Salaries and wages including holiday allowance		1 387	1 411
Social security tax/ national insurance contribution		179	175
Pension cost	26	66	66
Other employee costs		36	68
Salaries, wages and social security costs		1 668	1 719

Note 9 | Other operating expenses

<i>Amounts in NOK million</i>	2020	2019
External consultants and hired-ins inclusive audit fees	266	235
Rental and other costs for premises and equipment	162	178
Office supplies	26	25
Travel expenses	22	47
Insurance	15	16
Other	150	62
Total other operating expenses	640	564

Fees to the auditors

The table below summarizes audit fees, as well as fees for audit related services, tax services and other services incurred by the group during 2020 and 2019.

<i>Amounts in NOK million</i>	Akastor ASA		Subsidiaries		Total	
	2020	2019	2020	2019	2020	2019
Audit	2	3	8	7	10	10
Other assurance services	-	-	1	1	1	1
Total	3	3	9	9	11	11

Note 10 | Net finance expenses

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Profit (loss) from equity-accounted investees	16	(256)	(160)
Interest income on bank deposits measured at amortized cost		20	34
Interest income on debt instruments at FVOCI		86	77
Interest income on finance lease receivables	33	1	3
Net foreign exchange gain		27	-
Dividend income from equity instrument		77	69
Net changes in fair value of financial assets at FVTPL		-	37
Liquidation of foreign entity ¹⁾		7	99
Other finance income		4	2
Finance income		222	321
Interest expense on financial liabilities measured at amortized cost		(94)	(101)
Interest expense on financial liabilities measured at fair value		(20)	(10)
Interest expense on lease liabilities	33	(36)	(37)
Net foreign exchange loss		-	(30)
Net changes in fair value of financial assets at FVTPL		(94)	-
Impairment loss on receivables ²⁾		(120)	-
Other financial expenses		(39)	(13)
Financial expenses		(402)	(192)
Net finance expenses recognized in profit and loss		(436)	(30)

¹⁾ Relates to currency translation differences that were reclassified from Other Comprehensive Income to the income statement as result of liquidation.

²⁾ Impairment loss on receivables related to loss allowance on debt instruments measured at FVOCI and impairment triggered by insolvency of certain customers.

See Note 32 Financial instruments for information of the finance income and expense generating items.

Note 11 | Income tax

Income tax expense

<i>Amounts in NOK million</i>	2020	2019
Current tax expense		
Current year	(32)	(45)
Adjustments for prior years	5	2
Total current tax expense	(27)	(44)
Deferred tax expense		
Origination and reversal of temporary differences	13	6
Write down of tax loss and deferred tax assets	(136)	(22)
Recognition of previously unrecognized deferred tax assets	66	16
Total deferred tax income (expense)	(59)	-
Total tax income (expense)	(86)	(44)



Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the corporate income tax rate in Norway.

<i>Amounts in NOK million</i>	2020		2019	
Profit (loss) before tax, continuing operations	(383)		191	
Tax income (expense) using the company's domestic tax rate	84	22.0%	(42)	22.0%
<i>Tax effects of:</i>				
Difference between local tax rate and Norwegian tax rate	7	1.8%	13	(6.5%)
Permanent differences ¹⁾	(90)	(23.5%)	(9)	4.5%
Prior year adjustments (current tax)	5	1.4%	2	(0.8%)
Prior year adjustments (deferred tax)	(10)	(2.7%)	2	(0.9%)
Recognition of previously unrecognized deferred tax assets ²⁾	66	17.3%	16	(8.3%)
Write down of tax loss or deferred tax assets ³⁾	(136)	(35.4%)	(22)	11.7%
Other	(12)	(3.2%)	(2)	1.2%
Total tax income (expenses)	(86)	(22.4%)	(44)	23.0%

¹⁾ Relates mainly to net profit and loss after tax from equity-accounted investees and profit and loss recognized on various tax-exempted investments.

²⁾ Relates mainly to previously not recognized tax loss carry-forward in Norway that were utilized in 2020.

³⁾ The impairment relates mainly to deferred tax assets in Akastor Corporate entities, MHWirth entities in USA and Brazil as well as Step Oiltools.

Recognized deferred tax assets and liabilities

<i>Amounts in NOK million</i>	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	40	46	(5)	(7)	35	39
Intangible assets	2	2	(7)	(10)	(5)	(8)
Projects under construction	-	-	(50)	(102)	(50)	(102)
Pensions	65	80	-	-	65	80
Provisions	37	50	(9)	(8)	28	42
Derivatives	-	5	(14)	(70)	(14)	(65)
Other items	226	241	(9)	(10)	217	231
Tax loss carry-forwards	44	160	-	-	43	160
Total before set offs	414	584	(95)	(207)	320	377
Set-off of tax	(85)	(196)	85	196	-	-
Total deferred tax assets(liabilities)	329	388	(10)	(11)	320	377

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the deductible temporary difference can be utilized. The group has made an evaluation of taxable profit for the next five years based on management's projection. The estimates indicate that it is probable that future tax profit will be available for which such tax losses or deductible temporary differences can be utilized.

Change in net recognized deferred tax assets (liabilities)

<i>Amounts in NOK million</i>	Property, plant and equip- ment	Intan- gible assets	Projects under construc- tion	Pen- sions	Provi- sions	Deriva- tives	Other items	Tax loss carry-for- wards	Total
Balance as of December 31, 2018	40	(10)	(248)	72	56	(19)	122	352	365
Acquisition of subsidiaries	-	(2)	-	-	-	(6)	15	12	20
Recognized in profit and loss	(1)	4	147	(1)	(14)	(25)	94	(205)	-
Recognized in other comprehensive income	-	-	-	9	-	(15)	-	-	(6)
Currency translation differences	-	-	(1)	-	-	-	-	1	(1)
Balance as of December 31, 2019	39	(8)	(102)	80	42	(65)	231	160	377
Recognized in profit and loss	(5)	3	53	(23)	(17)	59	(12)	(117)	(59)
Recognized in other comprehensive income	-	-	-	6	-	(8)	1	-	(1)
Currency translation differences	1	-	-	2	2	-	(2)	1	3
Balance as of December 31, 2020	35	(5)	(50)	65	28	(14)	217	43	320

Tax loss carry-forwards and deductible temporary differences for which no deferred tax assets are recognized

Deferred tax assets have not been recognized in respect of tax loss carry-forwards or deductible temporary differences when the group evaluates that it is not probable that future taxable profit will be available against which the group can utilize these benefits based on forecasts and realistic expectations.

Expiry date of unrecognized tax loss carry-forwards

<i>Amounts in NOK million</i>	2020	2019
Expiry in 2021	1	1
Expiry in 2022	43	41
Expiry in 2023 and later	531	448
Indefinite	2 135	2 182
Total	2 710	2 671

Unrecognized other deductible temporary differences are NOK 1 105 million in 2020 (NOK 489 million in 2019).



Note 12 | Earnings per share

Akastor ASA holds 2 390 215 treasury shares at year end 2020 (2 390 215 in 2019). Treasury shares are not included in the weighted average number of ordinary shares.

<i>Amounts in NOK million</i>	2020	2019
Profit (loss) from continuing operations	(469)	147
Non-controlling interests	3	7
Profit (loss) attributable to ordinary shares from continuing operations	(466)	154
Profit (loss) from discontinued operations	(115)	(54)
Profit (loss) attributable to ordinary shares	(581)	100

Basic/ diluted earnings per share

The calculation of basic/diluted earnings per share is based on the profit (loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

	2020	2019
Issued ordinary shares as of January 1	274 000 000	274 000 000
Weighted average number of issued ordinary shares for the year adjusted for treasury shares	271 609 785	271 548 422
Basic/ diluted earnings (loss) per share (NOK)	(2.14)	0.37
Basic/ diluted earnings (loss) per share for continuing operations (NOK)	(1.72)	0.57
Basic/ diluted earnings (loss) per share for discontinued operations (NOK)	(0.42)	(0.20)

Note 13 | Property, plant and equipment

The table below includes discontinued operations until these met the criteria to be classified as held for sale.

<i>Amounts in NOK million</i>	<i>Note</i>	Buildings and land	Vessels	Machinery, equipment, software	Under construction	Total
<i>Historical cost</i>						
Balance as of January 1, 2019		743	-	1 377	33	2 153
Additions		-	-	49	7	56
Additions through business combinations	5	-	-	6	-	6
Reclassifications		-	-	(19)	-	(19)
Transfer from assets under construction		12	-	-	(12)	-
Disposals and scrapping		-	-	(10)	-	(10)
Currency translation differences		(14)	-	3	-	(11)
Balance as of December 31, 2019		741	-	1 407	28	2 175
Additions		38	-	30	-	68
Additions through business combinations	5	-	397	-	-	397
Reclassifications		27	-	8	6	41
Transfer from assets under construction		-	-	17	(17)	-
Disposals and scrapping		(7)	-	(105)	(11)	(123)
Currency translation differences		(128)	(31)	(14)	(1)	(175)
Balance as of December 31, 2020		671	366	1 343	4	2 384
<i>Accumulated depreciation</i>						
Balance as of January 1, 2019		(328)	-	(990)	(11)	(1 328)
Depreciation for the year		(16)	-	(96)	-	(112)
Reclassifications		-	-	13	-	13
Disposals and scrapping		-	-	8	-	8
Currency translation differences		6	-	(2)	-	4
Balance as of December 31, 2019		(338)	-	(1 067)	(11)	(1 415)
Depreciation for the year		(15)	(8)	(78)	-	(101)
Reclassifications		(27)	-	(15)	-	(43)
Disposals and scrapping		7	-	98	11	115
Currency translation differences		63	1	12	-	76
Balance as of December 31, 2020		(310)	(7)	(1 051)	-	(1 368)
Book value as of December 31, 2019		404	-	339	17	760
Book value as of December 31, 2020		361	359	292	4	1 017

Depreciation

Estimates for useful life, depreciation method and residual values are reviewed annually. Assets are mainly depreciated on a straight-line basis over their expected economic lives as follows:

Machinery, equipment and software	3–15 years
Vessels	20–25 years
Buildings	8–30 years
Land	No depreciation



Note 14 | Intangible assets

<i>Amounts in NOK million</i>	<i>Note</i>	Development costs	Goodwill	Other	Total
<i>Historical cost</i>					
Balance as of January 1, 2019		437	1 211	127	1 775
Reclassification		19	-	-	19
Capitalized development		70	-	1	71
Acquisition through business combinations	5	14	162	137	312
Currency translation differences		(1)	(1)	(1)	(3)
Balance as of December 31, 2019		539	1 372	263	2 174
Reclassification		2	-	-	2
Capitalized development		35	-	2	38
Currency translation differences		7	20	5	32
Balance as of December 31, 2020		583	1 392	270	2 246
<i>Accumulated amortization and impairment</i>					
Balance as of January 1, 2019		(325)	(87)	(104)	(516)
Reclassification		(13)	-	-	(13)
Amortization for the year		(33)	-	(21)	(53)
Currency translation differences		1	(1)	2	2
Balance as of December 31, 2019		(370)	(88)	(123)	(581)
Amortization for the year		(35)	-	(25)	(60)
Currency translation differences		(6)	2	(5)	(10)
Balance as of December 31, 2020		(411)	(86)	(154)	(651)
Book value as of December 31, 2019		169	1 284	140	1 593
Book value as of December 31, 2020		172	1 307	116	1 595

Research and development costs

NOK 38 million has been capitalized in 2020 (NOK 71 million in 2019) related to development activities. In addition, research and development costs of NOK 12 million were expensed during the year because the criteria for capitalization are not met (NOK 31 million in 2019).

Amortization

Intangible assets all have finite useful lives and are amortized over the expected economic life, ranging between 5-10 years.

Note 15 | Impairment testing of goodwill

Goodwill originates from a number of acquisitions. For the purpose of impairment testing, goodwill has been allocated to the group's cash-generating units (portfolio companies) as shown in the table below, which represents the lowest level at which goodwill is monitored in management reporting. Please see Note 5 Business combinations for information about the goodwill acquired in MHWirth and AGR during 2019.

Amounts in NOK million	2020	2019
MHWirth	1 190	1 168
AGR	116	116
Total goodwill	1 306	1 284

Impairment testing for cash-generating units containing significant goodwill

The recoverable amounts of cash-generating units (portfolio companies) are determined based on value-in-use calculations. Discounted cash flow models are applied to determine the value in use for the portfolio companies with goodwill. The management has made cash flow projections based on budget and strategic forecast for the periods 2021-2025. Beyond the explicit forecast period of five years, the cash flows are extrapolated using a constant growth rate.

Key assumptions used in the calculation of value in use are discussed below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries as well as management's expectations regarding margin, and have been based on historical data from both external and internal sources.

EBITDA used in the value-in-use calculations represents the operating earnings before depreciation and amortization and is estimated based on the expected future performance of the existing businesses in their main markets. Assumptions are made regarding revenue growth, gross

margins and other cost components based on historical experience as well as assessment of future market development and conditions. These assumptions require a high degree of judgement, given the significant degree of uncertainty regarding oilfield service activities in the forecast period.

Terminal value growth rate The group uses a constant growth rate not exceeding 2% (including inflation) for periods beyond the management's forecast period of five years. The growth rates used do not exceed the growth rates for the industry in which the portfolio company operates.

Discount rates are estimated based on Weighted Average Cost of Capital (WACC) for the industry in which the portfolio company operates. The risk-free interest rates used in the discount rates are based on the 10 year state treasury bond rate at the time of the impairment testing. Optimal debt leverage is estimated for each portfolio company. The discount rates are further adjusted to reflect any additional short to medium term market risk considering current industry conditions

Discount rate assumptions used in impairment testing	Discount rate after tax		Discount rate pre tax	
	2020	2019	2020	2019
MHWirth	12.2%	10.4%	14.7%	12.4%
AGR	14.4%	12.5%	17.5%	15.0%

Sensitivity to changes in assumptions

For the portfolio companies containing goodwill, the recoverable amounts are higher than the carrying amounts based on the value in use analysis and consequently no impairment loss of goodwill was recognized in 2020 or 2019.

The group has performed sensitivity calculations to identify any reasonably possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount. In MHWirth, if the average revenue

growth in the forecast period were reduced by more than 12%, or the average EBITDA margin in the forecast period were reduced by more than 6%, the estimated recoverable amount would be lower than the carrying amount and it would result in impairment in MHWirth. In AGR, if the average revenue growth in the forecast period were reduced by more than 9%, or if the average EBITDA margin in the forecast period were reduced by more than 2%, the estimated recoverable amount would be lower than the carrying amount and it would result in impairment in AGR.



Note 16 | Equity-accounted investees

Equity-accounted investees include joint ventures and associates. Such investments are defined as related parties to Akastor. See Note 35 Related parties for overview of transactions and balances with joint ventures and associates, and any guarantees provided on behalf of or from such entities.

<i>Amounts in NOK million</i>	DOF Deepwater AS ¹⁾	AKOFS Offshore	Electrical Subsea & Drilling AS	Total
Business office	Storebø, Norway	Oslo, Norway	Straume, Norway	
Percentage of voting rights and ownership	50%	50 %	20%	
2020				
Share of profit (loss) reported in Financial items	(140)	(117)	-	(256)
Carrying amount of investments	-	1 064	1	1 064
2019				
Share of profit (loss) reported in Financial items	(124)	(35)	(1)	(160)
Carrying amount of investments	-	1 050	1	1 051

¹⁾ DOF Deepwater AS was a joint venture with DOF ASA, which became a 100 percent owned subsidiary in October 2020. Please see Note 5 for more information.

AKOFS Offshore

AKOFS Offshore is a joint venture where Akastor, MITSUI & CO., Ltd. ("Mitsui") and Mitsui O.S.K. Lines, Ltd. ("MOL") hold 50%, 25% and 25% of the shares respectively, and have joint control over the company.

Electrical Subsea & Drilling AS

MHWirth is a shareholder in Electrical Subsea & Drilling AS (ESD) with 20% ownership. ESD is a privately owned Norwegian company and working on the development and qualification of two drilling technologies; all electric control of Blow Out Preventers (BOP) and a Rotating Control Device for Managed Pressure Drilling.

Summary of financial information for significant equity-accounted investee (100 percent basis)

Amounts in NOK million	DOF Deepwater AS ¹⁾		AKOFS Offshore	
	2020	2019	2020	2019
Current assets	-	142	928	638
– Cash and cash equivalents	-	32	247	272
Non-current assets	-	592	4 609	5 076
Current liabilities	-	(139)	(1 379)	(1 373)
– Current financial liabilities (excluding trade and other payables and provisions)	-	(30)	(1 047)	(1 061)
Non-current liabilities	-	(1 146)	(2 219)	(2 207)
– Non-current financial liabilities (excluding trade and other payables and provisions)	-	(1 146)	(2 212)	(2 201)
Net assets (100%)	-	(551)	1 939	2 134
Akastor's share of net assets (50%)	-	(275)	969	1 067
Recognized against non-current receivables and liabilities ²⁾	-	275	-	-
Goodwill	-	-	125	126
Elimination of unrealized gain on downstream sales ³⁾	-	-	(30)	(143)
Akastor's carrying amount of the investment	-	-	1 064	1 050
Revenue	116	163	1 000	1 093
Depreciation, amortization and impairment	(196)	(148)	(548)	(323)
Interest expense	(47)	(68)	(306)	(343)
Income tax expense	-	-	(18)	(7)
Profit (loss) for the year	(290)	(248)	(473)	(94)
Other comprehensive income (loss)	-	-	(39)	(22)
Total comprehensive income (loss) (100%)	(290)	(248)	(513)	(117)
Total comprehensive income (loss) (50%)	(145)	(124)	(256)	(58)
Gain on disposal of equity accounted investees	5	-	-	-
Elimination of unrealized gain on downstream sales	-	-	120	12
Akastor's share of total comprehensive income (loss)	(140)	(124)	(136)	(46)

¹⁾ Income statement information for DOF Deepwater in 2020 is related to the period between January 1 – October 9, 2020 prior to the acquisition of the company.

²⁾ In 2019, Akastor's share of losses from DOF Deepwater AS was recognized against the carrying amount of its interest including non-current receivables. Further losses were recognized as a liability as the group has provided guarantees for the funding of the vessels in the company. See also Note 25 Other non-current liabilities.

³⁾ In 2016, Akastor sold the Skandi Santos topside equipment to Avium Subsea AS, a wholly owned subsidiary to AKOFS Offshore. 50% of the accounting gain from the sale was eliminated upon consolidation, reducing Akastor's carrying amount of the investment.

Note 17 | Other non-current assets

Amounts in NOK million	Note	2020	2019
Deferred and contingent considerations	32	26	62
Other assets		3	3
Total other non-current assets		29	65

Deferred and contingent considerations relate to divestments of subsidiaries in previous years and are measured at fair value.



Note 18 | Other investments

Amounts in NOK million	Note	2020	2019
Aker Pensjonskasse		158	158
NES Fircroft investment ¹⁾		537	644
Awilco Drilling investment ²⁾		14	47
Odfjell Drilling investment ³⁾		758	792
Other equity securities		2	2
Total other investments	32	1 469	1 643

¹⁾ Akastor holds 15,6% economic ownership interest in NES Fircroft (previously NES Global Talent), a global oil and gas manpower provider.

²⁾ Akastor holds 5,6% of the common shares in Awilco Drilling, which is listed on the Oslo Stock Exchange.

³⁾ In May 2018, Akastor made an investment of USD 75 million in preferred equity in Odfjell Drilling, which generates 5% p.a. cash dividend and 5% p.a. payment-in-kind (PIK) dividend for the first six years, with step-up cash dividend after 6 years. In addition, Akastor has acquired warrants for 5 925 000 common shares in Odfjell Drilling, divided by six exercisable tranches until May 30, 2024. Odfjell Drilling is listed on the Oslo Stock Exchange.

Other investments are measured at fair value.

Note 19 | Interest-bearing receivables

Amounts in NOK million	Note	2020	2019
Receivable from AKOFS Offshore	35	94	191
Receivable from Aker Pensjonskasse	35	21	10
Total non- current interest-bearing receivables		115	201

Note 20 | Inventories

Amounts in NOK million	2020	2019
Stock of raw materials	141	140
Goods under production	53	91
Finished goods	291	297
Total inventories	485	528
Inventories expensed in the period	(1 221)	(1 604)
Write-down of inventories in the period	(16)	(102)
Reversal of write-down in the period	6	14

The reversal of write down of inventory is due to change in estimate of the net realizable value.

Note 21 | Trade and other receivables

Amounts in NOK million	Note	2020	2019
Trade receivables ¹⁾		1 226	1 231
Less provision for impairment		(131)	(49)
Trade receivables, net of provision		1 094	1 182
Other receivables		25	42
Trade and other receivables	32	1 120	1 224
Advances to suppliers		94	98
Contract assets	7	764	1 468
Prepaid expenses		167	297
Public duty and tax refund		46	83
Contingent considerations	32	-	7
Total		2 191	3 177

¹⁾ Trade receivables are financial instruments and an impairment loss of NOK 36 million was recognized in the income statement in 2020 (NOK 11 million in 2019).

Book value of trade and other receivables is approximately equal to fair value.

Aging of trade receivables

Amounts in NOK million	2020	2019
Not overdue	464	426
Past due 0-30 days	59	168
Past due 31-90 days	37	39
Past due more than 90 days	665	597
Total trade receivables	1 226	1 231

A majority of the trade receivables past due is related to major customers. These outstanding receivables are monitored regularly and impairment analysis is performed on an individual basis for major customers. As of December 31, 2020, trade receivables of a face value of NOK 131 million (NOK 49 million in 2019) were impaired. See below for the movements in the provision for impairment of receivables.

Amounts in NOK million	Note	2020	2019
Balance as of January 1		49	49
New provisions		36	11
Utilized		(1)	(7)
Unused amounts reversed		(4)	(11)
Acquisition of subsidiaries	5	57	7
Currency translation differences		(6)	-
Balance as of December 31		131	49



Note 22 | Cash and cash equivalents

<i>Amounts in NOK million</i>	2020	2019
Restricted cash	6	11
Interest-bearing deposits	269	544
Total cash and cash equivalents	275	555

Additional undrawn committed current bank revolving credit facilities amount to NOK 1.5 billion, that together with cash and cash equivalents gives a total liquidity reserve of NOK 1.7 billion as of December 31, 2020. See also Note 24 Borrowings.

Note 23 | Capital and reserves

Share capital

Akastor ASA has one class of shares, ordinary shares, with equal rights for all shares. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at General Meetings. Total outstanding shares are 274 000 000 at par value NOK 0.592 per share (NOK 0.592 in 2019). All issued shares are fully paid.

Treasury shares

At the Annual General Meeting in 2014, authorization was given to repurchase up to 27.4 million shares, representing 10 percent of the share capital of Akastor ASA. The group purchases treasury shares to meet the obligation under employee share purchase programs. As of December 31, 2020, Akastor ASA holds 2 390 215 treasury shares (2 390 215 treasury shares in 2019), representing 0.87 percent of total outstanding shares.

The Board of Directors has proposed no dividends for 2020 or 2019.

Hedging reserve

The hedging reserve relates to cash flow hedges of future revenues and expenses against exchange rate fluctuations. The income statement effects of such instruments are recognized in accordance with the progress of the underlying construction contract as part of revenues or expenses as appropriate. The hedging reserve represents the value of such hedging instruments that is not yet recognized in the income statement. The underlying nature of a hedge is that a positive value on a hedging instrument exists to cover a negative value on the hedged position, see Note 10 Net finance expenses and Note 31 Derivative financial instruments.

Fair value reserve

The fair value reserve comprises the cumulative net changes in the fair value of financial assets classified as Fair Value to OCI (FVOCI) until these assets are impaired or derecognized.

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences from hedges of net investments in foreign operations.

The currency translation reserve includes exchange differences arising from the translation of the net investments in foreign operations, and foreign exchange gain or loss on loans defined as net investment hedge or part of net investments in foreign operations. Upon the disposal of investments in foreign operations or liquidation of such entities, the accumulated currency translation differences related to these entities are reclassified from the currency translation reserve to the income statement.

Net investments in foreign operations have been hedged with a gain of NOK 16 million in 2020 (loss NOK 9 million in 2019). Accumulated gain in equity on net investment hedges as of 2020 is a gain of NOK 11 million (gain of NOK 11 million in 2019) and relate to investments in the United States and Cyprus.

Note 24 | Borrowings

Below are contractual terms of the group's interest-bearing loans and borrowings which are measured at amortized cost. For more information about the group's exposure to interest rates, foreign currency and liquidity risk, see Note 30 Financial risk management and exposures.

<i>Amounts in million</i>	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Fixed interest margin	Interest coupon	Maturity ²⁾	Interest terms
2020								
Revolving credit facility (NOK 1 250 million)	NOK	350	347	0.39%	3.25% ¹⁾	3.64%	Dec 2021	NIBOR + margin
Revolving credit facility (USD 155 million)	USD	90	772	0.15%	3.25% ¹⁾	3.40%	Dec 2021	USD LIBOR + margin
Term loan facility AGR	NOK	180	173	1.88%	2.12%	4.00%	Apr 2027	Fixed rate
Term loan facility DDW Offshore	USD	53	455	0.23%	4.25%	4.48%	Oct 2023	USD LIBOR + margin
Total borrowings			1 746					
Current borrowings			1 119					
Non-current borrowings			628					
Total borrowings			1 746					
2019								
Revolving credit facility (NOK 1 250 million)	NOK	800	794	1.65%	3.25% ¹⁾	4.90%	Dec 2021	NIBOR + margin
Revolving credit facility (USD 155 million)	USD	56	494	1.71%	3.25% ¹⁾	4.96%	Dec 2021	USD LIBOR + margin
Term loan facility AGR	NOK	180	161	1.88%	2.12%	4.00%	Apr 2027	Fixed rate
Total borrowings			1 448					
Current borrowings			3					
Non-current borrowings			1 444					
Total borrowings			1 448					

¹⁾ The margin applicable to the facilities is decided by a price grid based on the leverage ratio and level of utilization. Commitment fee is 35 percent of the margin (2019: 35 percent).

²⁾ The maturity date reflects maturity date as defined in the loan agreements. For information about contractual maturities of borrowings including interest payments and the period in which they mature, see Note 30 Financial risk management and exposures.

Bank debt (Norway)

The revolving credit facilities are provided by a bank syndicate consisting of high-quality Nordic and international banks. The terms and conditions include restrictions which are customary for these kinds of facilities, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers, dividend distribution and change of control provisions. For information about financial covenants, see Note 29 Capital management. The revolving credit facilities are classified as current borrowings as of December 31, 2020 as the maturity date defined in the loan agreements is December 2021.

The term loan facility of NOK 180 million term loan to AGR is provided by Nordea and DNB. The lenders have no recourse to Akastor ASA. This facility includes restrictions which are customary for these kinds of facilities.

The term loan of USD 53 million to DDW Offshore is provided by GIEK, DNB and BNPParibas and matures in October 2023. The Facility is guaranteed by Akastor ASA and the lenders benefit from first priority mortgages in the vessels. This facility includes restrictions which are customary for these kinds of secured financing.



Reconciliation of liabilities arising from financing activities

<i>Amounts in NOK million</i>	Balance as of December 31, 2019	Cash flows	Foreign exchange movements	Capitalized borrowing costs	Accrued interest	Acquisition of business	Balance as of December 31, 2020
Revolving credit facilities	1 287	(89)	(81)	4	(2)	-	1 119
Term loan facility - AGR	161	-	-	-	12	-	173
Term loan facility - DDW Offshore	-	-	(38)	-	-	493	455
Total liabilities arising from financing activities	1 448	(89)	(120)	4	10	497	1 746

Note 25 | Other non-current liabilities

<i>Amounts in NOK million</i>	Note	2020	2019
Deferred gain		72	93
Deferred settlement obligations	32	197	195
Guarantee obligation related to joint venture	32	-	177
Liability for profit split	5, 32	185	-
Other liabilities	32	24	26
Total other non-current liabilities		478	491

Deferred gain

In May 2018, Akastor invested in preferred equity and warrants in Odfjell Drilling. On initial recognition, the investment in the financial assets is recognized at fair value and the difference between the fair value and the transaction price, NOK 117 million, was recognized as "Deferred gain". The deferred gain is subsequently amortized and recognized to profit and loss at straight-line basis over six years. See Note 18 Other investments for more information about the investment.

Deferred settlement obligations

Deferred settlement obligations represent contingent considerations resulting from disposal of subsidiaries. The obligations are mainly related to provision for guaranteed preferred return to Mitsui and MOL in connection with the divestment of 50 percent shares in AKOFS Offshore. See Note 35 Related parties for more information.

Guarantee obligation related to joint venture

Akastor's share of losses in DOF Deepwater AS, as a joint venture, in excess of the carrying amount of Akastor's investment interest in the joint venture was recognized as a liability as the group has provided guarantees for the funding of the vessels in the company. DOF Deepwater was acquired as a 100 percent owned subsidiary in October 2020 and renamed to DDW Offshore AS. See Note 5 Business combination for more information.

Liability for profit split

DDW Offshore AS has obligation to share 50 percent of the sale proceeds from disposal of its vessels with its lenders prior to the maturity of the debts. See Note 5 Business combination for more information.

Other liabilities

Other liabilities are mainly related to welfare fund.

Note 26 | Employee benefits – pension

Akastor's pension costs represent the future pension entitlement earned by employees in the financial year. In a defined contribution plan the company is responsible for paying an agreed contribution to the employee's pension assets. In such a plan, this annual contribution is also the cost. In a defined benefit plan, it is the company's responsibility to provide a certain pension. The measurement of the cost and the pension liability for such arrangements is subject to actuarial valuations. Akastor has over a long time period gradually moved from defined benefit arrangements to defined contribution plans. Consequently, the impact of the remaining defined benefit plans is gradually reduced.

Pension plans in Norway

The main pension arrangement in Norway is a general pension plan organized by the Norwegian Government. This arrangement provides the main general pension entitlement of all Norwegians. All pension arrangements by employers consequently represent limited additional pension entitlements.

Norwegian employers are obliged to provide an employment pension plan, which can be organized as a defined benefit plan or as a defined contribution plan. The Norwegian companies in Akastor have closed the earlier defined benefit plans in 2008 and are now providing defined contribution plans for all employees.

Defined benefit plan

Employees who were 58 years or older in 2008, when the change took place, are still in the defined benefit plan, which is a funded plan. There are no longer any active employees in this plan. The estimated contributions expected to be paid to the Norwegian plan during 2021 amount to NOK 4 million.

Compensation plan

To ensure that the employees were treated fairly on the change over to the contribution plan in 2008, the company introduced a compensation plan. The basis for deciding the compensation amount is the difference between calculated pension capital in the defined benefit plan and the value of the defined benefit plan at the age of 67 years. The compensation amount will be adjusted annually in accordance with the adjustment of the employees' pensionable income, and accrued interest according to market interest. If the employee leaves the company voluntarily before the age of 67 years, the compensation amount will be reduced.

AFP – early retirement arrangement

AFP is an early retirement arrangement organized by Norwegian employers, the main Labor Union organization in Norway (LO) and the Norwegian Government. The AFP plan is providing additional lifelong pensions to employees that retire before the general retirement age, to compensate for the reduction of the ordinary pension entitlements. The employees are given a choice of retirement age, with lower pension at earlier retirement.

The Norwegian Accounting Standards Board has issued a comment concluding that the AFP plan is a multi-employer defined benefit plan. The AFP plan exposes the participating entities to actuarial risk associated with employees of other entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual participating entities. Sufficient information is not available to use defined benefit accounting and the AFP plan is accounted for as a defined contribution plan.

Pension plans outside Norway

Pension plans outside Norway are predominately defined contribution plans.

Pension cost

Amounts in NOK million	Note	2020	2019
Defined benefit plans		9	9
Defined contribution plans including AFP		57	57
Total pension cost	8	66	66

Net employee defined benefit obligations

Amounts in NOK million	2020	2019
Defined benefit plans Norway	222	199
Defined benefit plans Germany	136	122
Defined benefit plans USA	31	35
Defined benefit plans other countries	(2)	3
Total employee benefit obligations	388	359



Movement in net defined benefit (asset) liability

<i>Amounts in NOK million</i>	Pension obligation		Pension asset		Net pension obligation	
	2020	2019	2020	2019	2020	2019
Balance as of January 1	619	587	(260)	(255)	359	332
Included in profit or loss						
Service cost	9	9	-	-	9	9
Interest cost (income)	8	11	(3)	(3)	5	7
	17	20	(3)	(3)	14	16
Included in OCI						
<i>Remeasurements (loss) gain:</i>						
Actuarial loss (gain) arising from:						
- demographic assumptions	7	5	-	-	7	5
- financial assumptions	35	40	-	(1)	35	39
- experience adjustments	(4)	9	-	-	(4)	9
Return on plan assets excluding interest income			1	(1)	1	(1)
Changes in asset ceiling			(1)	(5)	(1)	(5)
Effect of movements in exchange rates	6	2	5	(1)	11	1
	44	55	4	(8)	49	48
Other						
Benefits paid by the plan	(41)	(43)	26	26	(14)	(16)
Contributions paid into the plan	-	-	(20)	(20)	(20)	(20)
	(41)	(43)	7	6	(34)	(37)
Balance as of December 31	639	619	(251)	(260)	388	359

Plan assets

<i>Amounts in NOK million</i>	2020	2019
<i>Plan assets at fair value Norwegian plan</i>		
Government	7	1
Finance	10	12
Private and Government enterprise	26	24
Municipalities	25	42
Bonds	68	79
Fund/private equity	59	55
Total plan assets Norway at fair value	126	134
Equity securities	28	43
Debt securities	72	59
Total plan assets US at fair value	100	101
Total plan assets Germany at fair value	23	24
Total plan assets at fair value	249	260

The equity portfolio is invested globally. The fair value of the equities is based on their quoted prices at the reporting date without any deduction for estimated future selling cost.

The investments in bonds are done in the Norwegian market and most of the bonds are not listed on any exchange. The market value as at year end is based on official prices provided by the Norwegian Securities Dealers Association. The Bond investments have on average a high credit rating. Most of the investments are in Norwegian municipalities with a credit rating of AA.

The investment in fund/private equity is mainly funds that invests in listed securities and where the fund value is based on quoted prices.

Defined benefit obligation – actuarial assumptions

The group's most significant defined benefit plans are in Norway, Germany and USA. The followings are the principal actuarial assumptions at the reporting date for the plans in these countries.

	Norway		Germany		USA	
	2020	2019	2020	2019	2020	2019
Discount rate	1.50%	2.20%	2.30%	2.71%	1.91%	2.89%
Asset return	1.50%	2.20%	2.30%	2.71%	1.91%	2.89%
Salary progression	2.25%	2.75%	n/a	n/a	n/a	n/a
Pension indexation	0 -1.75%	0 -2.25%	1.60%	1.75%	n/a	n/a
Mortality table	K2013	K2013	RT 2018 G	RT 2018 G	Pri-2012 Total Dataset Mortality with Scale MP-2020	Pri-2012 Total Dataset Mortality with Scale MP-2019

The information below relates only to Norwegian plans as these represent the majority of the plans.

The discount rates and other assumptions in 2020 and 2019 are based on the Norwegian high quality corporate bond rate and recommendations from the Norwegian Accounting Standards Board. It should be expected that fluctuations in the discount rates would also lead to fluctuations

in the pension indexations. The total effect of fluctuations in economic assumptions is consequently unlikely to be very significant.

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current life expectancy underlying the values of the defined benefit obligation at the reporting date is shown below.

Years	2020	2019
Life expectancy of male pensioners	22.5	22.4
Life expectancy of female pensioners	25.8	25.7

As of December 31, 2020, the weighted-average duration of the defined benefit obligation was 9.6 years.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as of December 31, 2020 by the amounts shown below.

Amounts in NOK million	Increase	Decrease
Discount rate (1% movement)	(11)	14
Future salary growth (1% movement)	1	(1)
Future pension growth (1% movement)	13	(4)

The change in discount rate assumptions would affect plan assets in the income statement in next period as it would change the estimated asset return but have no effect on pension assets as of year-end.



Note 27 | Provisions

Amounts in NOK million	2020	2019
Provision, current	109	119
Provision, non-current	50	51
Total provisions	160	170

Development of significant provisions

Amounts in NOK million	Warranties	Restructuring	Onerous contracts	Other	Total
Balance as of December 31, 2019	65	16	57	32	170
New provisions	30	20	-	-	50
Provisions utilized	(22)	(4)	(17)	(16)	(58)
Provisions reversed	(1)	(1)	-	(6)	(8)
Unwind of discount	-	-	7	-	7
Currency translation differences	(1)	-	-	-	(1)
Balance as of December 31, 2020	72	30	47	10	160
<i>Expected timing of payment</i>					
Within the next twelve months	61	21	8	8	99
After the next twelve months	12	9	39	2	61
Total	72	30	47	10	160

Warranties

The provision for warranties relates mainly to the possibility that Akastor, based on contractual agreements, needs to perform guarantee work related to products and services delivered to customers. Warranty provision is presented as current as it is expected to be settled in the group's normal operating cycle. See Note 4 Significant accounting estimates and judgments for further descriptions.

Restructuring

Restructuring mainly relates to significant workforce reduction and

reorganization in MHWirth due to the challenging rig market. The provision includes provision for vacant office premises after the workforce reduction and is estimated based on the detailed restructuring plans for the businesses and locations affected.

Onerous contracts

Provision for onerous contracts relates mainly to unavoidable operational costs for vacant properties where the group has committed to under lease contracts.

Note 28 | Trade and other payables

Amounts in NOK million	Note	2020	2019
Trade creditors ¹⁾		305	451
Accrued expenses		1 232	1 725
Trade and other payables	32	1 537	2 176
Public duty and tax payables		101	112
Contract liabilities	7	344	609
Deferred settlement obligations	32	77	77
Total trade and other payables		2 060	2 974

¹⁾ Trade creditors are due within one year.

Book value of trade creditors and other current liabilities is approximately equal to fair value.

Note 29 | Capital management

Akastor's capital management is designed to ensure that the group has sufficient financial flexibility, short-term and long-term. One main objective is to maintain a financial structure that, through solidity and cash flow, secures the group's strong long-term creditworthiness, as well as maximize value creation for its shareholders through:

- Investing in projects and business areas which will increase the company's Return On Capital Employed (ROCE) over time.
- Optimizing the company's capital structure to ensure both sufficient and timely funding over time to finance its activities at the lowest cost.

Investment policy

Akastor's capital management is based on a rigorous investment selection process which considers not only Akastor's weighted average cost of capital and strategic orientation but also external factors such as market expectations.

Funding policy

Liquidity planning

Akastor has a strong focus on its liquidity situation in order to meet its short-term working capital needs and to ensure solvency for its financial obligations. Akastor had a liquidity reserve per year end 2020 of NOK 1.7 billion, composed of an undrawn committed credit facility of NOK 1.5 billion and cash and cash equivalents of NOK 0.3 billion.

Funding of operations

Akastor's group funding policy is that subsidiaries should finance their operations with the treasury department (Akastor Treasury). This ensures optimal availability and transfer of cash within the group and better control of the company's overall debt as well as cheaper funding for its operations. However, AGR is financed directly through a NOK 180 million Term Loan maturing in 2027, and DDW Offshore is financed directly through a USD 53 million Term loan maturing in 2023.

Funding duration

Akastor emphasizes financial flexibility and steers its capital structure accordingly to limit its liquidity and refinancing risks. In this perspective, loans and other external borrowings are to be renegotiated well in advance of their due date and generally for periods of 3 to 5 years.

Funding cost

Akastor aims to have diversified funding sources in order to reach the lowest possible cost of capital. These funding sources might include:

- The use of banks based on syndicated credit facilities.
- The issue of debt instruments in the Norwegian capital market.
- The issue of debt instruments in foreign capital markets.

Ratios used in monitoring of capital/Covenants

Akastor monitors capital on the basis of a gearing ratio (net debt/equity) and interest coverage ratio (ICR) based on EBITDA/net interest costs.

These ratios are similar to covenants as defined in loan agreements for the revolving credit facilities which are shown below. See Note 24 Borrowings for details about these loans.

- The company's gearing ratio shall not exceed 1.0 times and is calculated from the consolidated total borrowings to the consolidated Equity.
- The ICR shall not be lower than 3.0, calculated from the consolidated EBITDA to consolidated Net Finance Cost when gearing ratio is below 0.5
- The ICR shall not be lower than 4.0, calculated from the consolidated EBITDA to consolidated Net Finance Cost when gearing ratio exceeds 0.5
- Minimum liquidity amount shall exceed NOK 500 million on consolidated level.

The ratios are calculated based on net debt including cash and borrowings as shown in Note 32 Financial instruments, EBITDA (earnings before interest, tax, depreciation, amortization) and net interest costs, however adjusted for certain items as defined in the loan agreement. Covenants ratios are based on accounting principles as of December 31, 2020.

The covenants are monitored on a regular basis by the Akastor Treasury department to ensure compliance with the loan agreements and are tested and reported on a quarterly basis. Akastor was in compliance with its covenants as of December 31, 2020. Based on current financial forecasts, there is a risk of breaching the ICR covenant in the first quarter of 2021. This is driven by lower earnings post COVID-19 outbreak as well as the consolidation of DDW Offshore which from October 2020 has contributed negative EBITDA and increased interest cost in Akastor's consolidated financial statements. To mitigate this risk, the group has obtained a waiver of the ICR covenant in March 2021 for the remaining period of the current financing. The waiver is contingent on closing of the refinancing of Akastor following the creation of a joint venture between MHWirth AS and Baker Hughes' Subsea Drilling Systems business as described below.

On March 2, 2021, Akastor announced an agreement with Baker Hughes to create a joint venture company that will bring together Akastor's wholly owned subsidiary, MHWirth AS and Baker Hughes' Subsea Drilling Systems business. The transaction will require refinancing of Akastor's existing corporate credit facility. Akastor has received commitments for a total of NOK 1 250 million in revolving credit facilities that will be entered into prior to closing of the transaction, which is expected to take place in the second half of 2021. Please see Note 37 Events after the reporting date for more information of the transaction.

Based on the received ICR covenant waiver and committed refinancing of the group following the MHWirth transaction, management believes that the risk of additional covenant breach is low and that the group will continue as a going concern for the foreseeable future.

AGR's external financing has one financial covenant the Liquidity shall be not less than NOK 20 million, applicable from 1 January 2021..



Note 30 | Financial risk management and exposures

The group is exposed to a variety of financial risks: currency risk, interest rate risk, price risk, credit risk, liquidity risk and capital risk. The capital market risk affects the value of financial instruments held. The objective of financial risk management is to manage and control financial risk exposures and thereby increase the predictability of earnings and minimize potential adverse effects on the group's financial performance. Akastor group uses financial derivative instruments to hedge certain risk exposures and applies hedge accounting in order to reduce the profit or loss volatility.

Risk management is present in every project. It is the responsibility of the project managers, with the support of Akastor Treasury, to identify, evaluate and hedge financial risks under policies approved by the Board of Directors. The group has well-established principles for overall risk management, as well as policies for the use of derivatives and financial investments. There have not been any changes in these policies during the year.

Currency risk

The group operates internationally and is exposed to currency risk on commercial transactions, recognized assets and liabilities and net investments in foreign operations. Commercial transactions and recognized assets and liabilities are subject to currency risk when payments are denominated in a currency other than the respective functional currency of the group company. The group's exposure to currency risk is primarily to USD, EUR and BRL, but also other currencies.

Akastor's policy requires business units to mitigate currency exposure in any project. Akastor manages exposures by entering into forward contracts or currency options with the financial marketplace. Akastor has a large number of contracts involving foreign currency exposures and the currency risk policy has been well-established for many years.

The group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and

amount of their respective cash flows. The group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. In these hedge relationships, the main sources of ineffectiveness can arise from:

- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

Currency exposures from investments in foreign currencies are only hedged when specifically instructed by management. As of December 31, 2020, Akastor had no net investment hedges.

The change in hedge reserve in 2020 is related to hedges of forecast sales and purchases.

Exposure to currency risk

Estimated forecasted receipts and payments in the table below are calculated based on the group's hedge transactions, adjusted for hedged balance sheet items. These are considered to be the best estimate of the currency exposure, given that all currency exposure is hedged in accordance with the group's policy. The net exposure is managed by Akastor Treasury.

Changes in currency rates change the values of hedging derivatives, embedded derivatives, borrowings, receivables and cash balances. Hedges that qualify for hedge accounting are reported in the profit and loss according to progress of projects, and deferred value of cash flow hedges is reported as hedging reserve in equity. Any changes to currency rates will therefore affect equity.

Amounts in million	2020			2019		
	USD	EUR	BRL	USD	EUR	BRL
Bank	(59)	5	-	(124)	(29)	-
Intercompany loans	33	24	-	40	31	-
Loans and receivables	55	(3)	127	98	(9)	96
Deferred settlement assets and obligations	(29)	-	-	(23)	-	-
Balance sheet exposure	-	26	127	(8)	(7)	96
Estimated forecast receipts from customers	108	-	-	185	-	-
Estimated forecast payments to vendors	(5)	(7)	-	(39)	(17)	-
Cash flow exposure	104	(7)	-	146	(17)	-
Forward exchange contracts	(154)	12	-	(198)	28	-
Net exposure	(50)	31	127	(60)	4	96

Sensitivity analysis

A strengthening of EUR, USD and BRL against NOK as of December 31 would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and income statement by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the group considered

to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Figures in the table below only include the effect in income statement and equity for change in currency regarding financial instruments and do not include effect from operating cost and revenue.

Effect of weakening of NOK against significant currencies:

Amounts in NOK million	2020		2019		
	Profit (loss) after tax	Equity Increase (decrease)	Profit (loss) before tax	Equity Increase (decrease)	
USD (30%)	(101)	(296)	USD (10%)	(41)	(126)
EUR (25%)	64	81	EUR (7%)	2	15
BRL (35%)	57	57	BRL (15%)	11	11

A strengthening of the NOK against the above currencies as of December 31 would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant. The sensitivity analysis does not include effects on the consolidated result and equity from changed exchange rates used for consolidation of foreign subsidiaries.

The primary currency-related risk is the risk of reduced competitiveness abroad in the case of a strengthened NOK. This risk relates to future commercial contracts and is not included in the sensitivity analysis above.

Interest rate risk

The group's interest rate risk arises from cash balances, interest-bearing borrowings and interest-bearing receivables. Borrowings and receivables issued at variable rates as well as cash expose the group to cash flow interest rate risk. Borrowings and receivables issued at fixed rates expose the group to fair value interest rate risk. However, as these borrowings are measured at amortized cost, interest rate variations do not affect profit and loss when held to maturity.

An increase of 100 basis points in interest rates during 2020 would have increased (decreased) equity and profit and loss by the amounts shown on the table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2019.

Effect of increase of 100 basis points in interest rates on profit (loss) before tax

Amounts in NOK million	2020	2019
Cash and cash equivalents	3	3
Current interest-bearing receivables	2	4
Borrowings	(18)	(14)
Net	(14)	(7)

A decrease of 100 basis points in interest rates during 2020 would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant. There are no effects on equity as there are no interest swaps.



Guarantee obligations

The group has provided the following guarantees on behalf of subsidiaries and related parties as of December 31, 2020 (estimated remaining exposure as of December 31, 2020):

- Performance guarantees on behalf of group companies are NOK 0.7 billion (NOK 0.6 billion in 2019)
- Performance guarantees on behalf of related parties NOK 2.6 billion (NOK 3.4 million in 2019)
- Parent company indemnity guarantees for fulfillment of lease obligations and finance obligations are NOK 3.4 billion (NOK 4.0 billion in 2019).
- Financial guarantees including counter guarantees for bank/surety bonds and guarantees for pension obligations to employees are NOK 0.5 billion (NOK 0.7 billion in 2019).

Although guarantees are financial instruments, they are considered contingent obligations and the notional amounts are not included in the financial statements. See more information about guarantees for related parties in Note 35 Related parties.

Price risk

The group is exposed to fluctuations in market prices in the operational areas related to contracts, including changes in market prices for raw materials, equipment and development in wages. These risks are to the extent possible managed in bid processes by locking in committed prices from vendors as a basis for offers to customer or through escalation clauses with customers.

Credit risk

Credit risk is the risk of financial losses to the group if customer or counterparty to financial investments/instruments fails to meet contractual obligations and arise principally from investment securities and receivables.

Derivatives are only traded against approved banks. All approved banks have investment grade ratings. Credit risk related to investment securities and derivatives is therefore considered to be insignificant.

Assessment of credit risk related to customers and subcontractors is an important requirement in the bid phase and throughout the contract period. Such assessments are based on credit ratings, income statement and balance sheet reviews and using credit assessment tools available (e.g. Dun & Bradstreet and Credit Watch). Sales to customers are settled in cash.

Revenues are mainly related to large and long-term projects closely followed up in terms of payments up front and in accordance with agreed milestones. Normally, lack of payments is due to disagreements related to project deliveries and is solved together with the customer or escalated to the local authority.

Based on estimates of incurred losses in respect of trade receivables and contract assets, the group establishes a provision for impairment losses. Provisions for loss on debtors are based on individual assessments. Provisions for loss on receivables were NOK 131 million in 2020 (NOK 49 million in 2019).

The group evaluates that significant credit risk concentrations are related to trade receivables from major corporate customers. The maximum exposure to credit risk at the reporting date equals the carrying amounts of financial assets (see Note 32 Financial instruments) and contract assets (see Note 7 Revenue and other income). The group does not hold collateral as security.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. The group manages its liquidity to ensure that it will always have sufficient liquidity reserves to meet its liabilities when due.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Akastor Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group policy for the purpose of optimizing availability and flexibility of cash within the group is to operate a centrally managed cash pooling arrangement. An important condition for the participants (business units) in such cash pooling arrangements is that the group as an owner of such pools is financially viable and is able to prove its capability to service its obligations concerning repayment of any net deposits made by business units. Management monitors rolling weekly and monthly forecasts of the group's liquidity reserve on the basis of expected cash flow.

Financial liabilities and the period in which they mature

The following is the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Amounts in NOK million	Note	Book value	Total cash flow ¹⁾	6 months and less	6–12 months	1–2 years	2–5 years	More than 5 years
2020								
Borrowings ²⁾	24	1 746	1 895	37	1 172	54	568	64
Lease liabilities	33	592	732	84	76	125	219	228
Other non-current liabilities	25	210	239	2	2	5	227	2
Derivative financial instruments	31	37	37	28	1	8	-	-
Deferred settlement obligations	25, 28	274	274	11	68	67	128	-
Trade and other payables	28	1 537	1 537	1 266	272	-	-	-
Total financial liabilities		4 396	4 714	1 429	1 590	258	1 142	295
Financial guarantees ³⁾			7 175	294	5	382	3 666	2 828
2019								
Borrowings ²⁾	24	1 448	1 639	39	35	1 380	70	115
Lease liabilities	33	677	847	84	78	136	275	274
Other non-current liabilities	25	203	203	23	23	50	103	5
Derivative financial instruments	31	22	22	(19)	23	18	-	-
Deferred settlement obligations	25, 28	272	272	-	69	81	121	-
Trade and other payables	28	2 176	2 176	1 745	431	-	-	-
Total financial liabilities		4 798	5 159	1 871	659	1 666	569	394
Financial guarantees ³⁾			8 538	585	226	7	1 239	6 480

¹⁾ Nominal currency value including interest.

²⁾ The interest costs are calculated using the last fixing rate known by year end (plus applicable margin).

³⁾ Financial guarantees are not recognized on the consolidated balance sheet. The undiscounted cash flows potentially payable under financial guarantees are classified on the basis of expiry date.



Note 31 | Derivative financial instruments

The group uses derivative financial instruments such as currency forward contracts and currency options to hedge its exposure to foreign exchange arising from operational, financial and investment activities. In addition, there are embedded foreign exchange forward derivatives separated from ordinary commercial contracts. Further information regarding risk management policies in the group is available in Note 30 Financial risk management and exposures. Derivative financial instruments are classified as current assets or liabilities as they are a part of the operating cycle.

The group is holding the following foreign exchange forward contracts:

<i>Amounts in NOK million</i>	Total	Maturity		
		6 months and less	6-12 months	1-2 years
2020				
Foreign exchanges forward contracts to hedge highly probable forecasted sales				
Notional amounts USD	153	123	8	22
Average forward rate (USD/NOK)		8.72	9.05	9.13
Foreign exchanges forward contracts to hedge highly probable forecasted purchases				
Notional amounts USD	36	36	-	-
Average forward rate (USD/NOK)		8.91	-	-
Notional amounts EUR	12	9	3	-
Average forward rate (EUR/NOK)		10.05	10.75	-
2019				
Foreign exchanges forward contracts to hedge highly probable forecasted sales				
Notional amounts USD	243	124	75	45
Average forward rate (USD/NOK)		9.05	8.43	8.37
Average forward rate (EUR/USD)		1.54	1.12	-
Foreign exchanges forward contracts to hedge highly probable forecasted purchases				
Notional amounts USD	46	41	4	-
Average forward rate (USD/NOK)		8.85	8.45	-
Notional amounts EUR	28	15	8	4
Average forward rate (EUR/NOK)		9.95	9.96	10.05

Fair value of derivative instruments with maturity

The table below presents the fair value of the derivative financial instruments and a maturity analysis of the derivatives cash flows.

<i>Amounts in NOK million</i>	Instruments at fair value	Total cash flow ¹⁾	6 months or less	6–12 months	1–2 years ²⁾
2020					
<i>Assets</i>					
Cash flow hedges	44	44	29	4	11
Embedded derivatives in ordinary commercial contracts	6	6	6	-	-
Fair value adjustments to hedged assets	11	11	11	-	-
Total forward foreign exchange contracts, assets	61	61	46	4	11
<i>Liabilities</i>					
Cash flow hedges	(27)	(27)	(19)	(1)	(8)
Fair value adjustments to hedged liabilities	(9)	(9)	(9)	-	-
Total forward foreign exchange contracts, liabilities	(37)	(37)	(28)	(1)	(8)
2019					
<i>Assets</i>					
Cash flow hedges	48	48	43	4	1
Embedded derivatives in ordinary commercial contracts	4	4	4	-	-
Fair value adjustments to hedged assets	(10)	(10)	(10)	-	-
Total forward foreign exchange contracts, assets	43	43	37	4	1
<i>Liabilities</i>					
Cash flow hedges	(55)	(55)	(9)	(27)	(19)
Embedded derivatives in ordinary commercial contracts	(7)	(7)	(7)	-	-
Fair value adjustments to hedged liabilities	(3)	(3)	(3)	-	-
Total forward foreign exchange contracts, liabilities	(65)	(65)	(19)	(27)	(19)

¹⁾ Cash flows from matured derivatives are translated to NOK using the exchange rates on the balance sheet date.

²⁾ No derivatives with maturity later than 2 years.

Foreign exchange derivatives

Akastor entities hedge the group's future transactions in foreign currencies with external banks. The exposure to foreign exchange variations in future cash flows is hedged back-to-back in order to meet the requirements for hedge accounting. The foreign exchange derivatives are either subject to hedge accounting or separated embedded derivatives. Hedges qualifying for hedge accounting are classified as cash flow hedges (hedges of highly probable future revenues and/or expenses).

Embedded derivatives are foreign exchange derivatives separated from construction contracts. The reason for separation is that the agreed payment is in a currency different from any of the major contract parties' own functional currency, or that the contract currency is not considered to be commonly used for the relevant economic environment defined as the countries involved in the cross-border transaction. The embedded derivatives represent currency exposures, which is hedged against external banks. Since the embedded derivatives are measured and classified in the same way as their hedging derivatives, they will have an

almost equal, opposite effect to profit and loss. In the table above, the derivatives hedging the embedded derivatives are included in Forward foreign exchange contracts - not hedge accounted.

The hedged transactions in foreign currency that are subject to cash flow hedge accounting are highly probable future transactions expected to occur at various dates during the next one to four years, depending on progress in the projects. Gains and losses on forward foreign exchange contracts are recognized in other comprehensive income and reported as hedging reserve in equity until they are recognized in the income statement in the period or periods during which the hedged transactions affect the income statement. If the forward foreign exchange contract is rolled due to change in timing of the forecasted cash flow, the settlement effect is included in Contract assets or Contract liabilities.



Unsettled cash flow hedges' impact on profit and loss and equity (not adjusted for tax)

Amounts in NOK million	2020	2019
Fair value of all hedging instruments	8	(6)
Recognized in profit and loss	(13)	11
Deferred in equity (the hedge reserve)	21	(17)

The purpose of the hedging instrument is to secure a situation where the hedged item and the hedging instrument together represent a predetermined value independent of fluctuations of exchange rates. Revenue and expense on the underlying construction contracts are recognized in the income statement in accordance with progress. Consequently, negative NOK 13 million (positive NOK 11 million in 2019)

of the value of the forward contracts have already affected the income statement indirectly as revenues and expenses are recognized based on updated forecasts and progress. The positive NOK 21 million (negative NOK 17 million in 2019) that are currently recorded directly in the hedging reserve, will be reclassified to income statement over the next years.

Note 32 | Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. For financial instruments measured at fair value, the levels in the fair value hierarchy are as shown below.

Level 1 - fair values are based on prices quoted in an active market for identical assets or liabilities.

Level 2 - fair values are based on price inputs other than quoted prices derived from observable market transactions in an active market for identical assets or liabilities. Level 2 includes currency or interest derivatives and interest bonds, typically when the group uses forward prices on foreign exchange rates or interest rates as inputs to valuation models.

Level 3 - Fair values are based on unobservable inputs, mainly based on internal assumptions used in the absence of quoted prices from an active market or other observable price inputs.

Amounts in NOK million	Note	Carrying amount	Financial instruments measured at fair value	Level in fair value hierarchy
2020				
Financial assets measured at fair value				
<i>Fair value – hedging instruments</i>				
Derivative financial instruments	31	61	61	Level 2
<i>Fair value through P&L (mandatorily at FVTPL)</i>				
Equity securities	18	14	14	Level 1
Equity securities ¹⁾	18	906	906	Level 3
Warrants	18	16	16	Level 3
Contingent considerations	17, 21	26	26	Level 3
<i>Fair value through Other comprehensive income</i>				
Debt instruments ¹⁾	18	533	533	Level 3
Financial assets not measured at fair value				
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents	22	275		
Non-current interest-bearing receivables	19	115		
Trade and other receivables	21	1 120		
Financial assets		3 063		

<i>Amounts in NOK million</i>	<i>Note</i>	Carrying amount	Financial instruments measured at fair value	Level in fair value hierarchy
Financial liabilities not measured at fair value				
<i>Financial liabilities at amortized cost</i>				
Borrowings ²⁾	24	(1 746)	(1 753)	Level 2
<i>Other financial liabilities</i>				
Other non-current liabilities	25	(210)		
Trade and other payables	28	(1 537)		
Financial liabilities measured at fair value				
<i>Fair value – hedging instruments</i>				
Derivative financial instruments	31	(37)	(37)	Level 2
<i>Fair value through profit & loss</i>				
Deferred settlement obligations	25, 28	(274)	(274)	Level 3
Financial liabilities		(3 804)		

<i>Amounts in NOK million</i>	<i>Note</i>	Carrying amount	Financial instruments measured at fair value	Level in fair value hierarchy
2019				
Financial assets measured at fair value				
<i>Fair value – hedging instruments</i>				
Derivative financial instruments	31	43	43	Level 2
<i>Fair value through P&L (mandatorily at FVTPL)</i>				
Equity securities	18	47	47	Level 1
Equity securities ¹⁾	18	904	904	Level 3
Warrants	18	79	79	Level 3
Contingent considerations	17, 21	69	69	Level 3
<i>Fair value through Other comprehensive income</i>				
Debt instruments ¹⁾	18	613	613	Level 3
Financial assets not measured at fair value				
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents	22	555		
Current interest-bearing receivables	19	9		
Non-current interest-bearing receivables	19	201		
Trade and other receivables	21	1 223		
Financial assets		3 743		

Financial liabilities not measured at fair value				
<i>Financial liabilities at amortized cost</i>				
Borrowings ²⁾	24	(1 448)	(1 456)	Level 2
<i>Other financial liabilities</i>				
Other non-current liabilities	25	(203)		
Trade and other payables	28	(2 176)		
Financial liabilities measured at fair value				
<i>Fair value – hedging instruments</i>				
Derivative financial instruments	31	(65)	(65)	Level 2
<i>Fair value through profit & loss</i>				
Deferred settlement obligations	25, 28	(272)	(272)	Level 3
Financial liabilities		(4 164)		

¹⁾ Investments in level 3 in the hierarchy relate to equity securities and debt securities with no active market. These investments are measured at the best estimate of fair value.

²⁾ For credit facilities and other loans with floating interest, notional amounts are used as approximation of fair values.



Reconciliation of Level 3 financial assets and financial liabilities

<i>Amounts in NOK million</i>	Assets	Liabilities
Balance as of December 31, 2018	1 458	(408)
Additions	2	-
Settlements	(18)	204
Net gain (loss) in the income statement	207	(65)
Fair value through OCI	17	-
Currency translation difference	(2)	(3)
Balance as of December 31, 2019	1 665	(271)
Settlements	(39)	77
Net gain (loss) in the income statement	(96)	(78)
Fair value through OCI	(42)	-
Currency translation difference	(8)	-
Balance as of December 31, 2020	1 480	(274)

Measurement of fair values at level 3

Debt instruments at FVOCI

Financial assets measured at FVOCI are related to debt instruments in NES Fircroft. The valuation model considers the present value of the expected cash flows from the ultimate disposal of the investments weighted with different probabilities. The expected disposal value is determined by forecast EBITDA at the time of disposal and market multiples, adjusted by forecast net debt of the investee. The estimated fair value would increase (decrease) if:

- The forecast EBITDA were higher (lower);
- The market multiples applied were higher (lower); or
- The net debt of the investees at the date of disposal were lower (higher).

Financial assets at FVTPL

Financial assets measured using Level 3 inputs relate mainly to preferred equity and warrant investment in Odfjell Drilling.

- Preferred equity: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate of 10%. The estimated fair value would increase (decrease) if the risk-adjusted discount rate were lower (higher).
- Warrants: The valuation is obtained from external valuation experts, using a Monte Carlo simulation model where the simulated stock prices are based on a lognormal stock price model assumed to follow a Geometric Brownian Motion. The key inputs to the valuation model consist of the stock price of Odfjell Drilling (listed on the Oslo Stock Exchange under ticker ODL) at the valuation date, as well as assumption of future volatility based on the share's historical prices. The estimated fair value is mostly sensitive to the ODL share price and would increase (decrease) if the ODL share price were higher (lower).

Contingent considerations and deferred settlement obligations

These assets and liabilities relate to contingent considerations and obligations from business acquisitions and disposals. Final amounts to be paid or received depend on future earnings in the acquired and disposed companies or outcome of indemnity claims and price adjustment mechanisms.

- Assets and liabilities depending on future earnings: The recognized amounts are determined based on recent forecasts and strategy figures for these entities, thus the final realized values are sensitive to the above inputs as driven by market conditions.
- Assets and liabilities depending of outcome of indemnity claims and price adjustment mechanisms: Provisions are made based on all available evidence as at the reporting date.

The credit exposure on the Level 3 asset is limited to the amount recognized and the credit risk is not considered to be significant due to the nature of the arrangement.

Note 33 | Leases

Group as lessee

The group has property leases on a number of locations worldwide. The leases typically run for a period of 3-10 years and some of the leases have extension options. The group has also lease agreements related to cars, machinery, IT equipment and office equipment. These leases have an average lease period of 2-3 years, generally with no renewal options included.

The group applies the short-term lease recognition exemptions for leases of property or machinery with lease term of 12 months or less. Leases of IT equipment and office equipment are considered as leases of low-value assets. The right-of-use assets and lease liabilities are not recognized for short-term leases or leases of low-value assets.

The lease agreements do not impose any covenants or restrictions.

Right-of-use assets

Amounts in NOK million	Note	2020	2019
Balance as of January 1		537	522
Additions		43	121
Additions through business combinations		-	51
Depreciation		(113)	(96)
Impairment		(4)	(9)
Remeasurement		(1)	(53)
Currency translation differences		5	1
Balance as of December 31		468	537

The right-of-assets are mainly related to leases of properties.

Lease liabilities

Amounts in NOK million	Note	2020	2019
Balance as of January 1		677	707
Cash payments		(139)	(151)
Additions		43	121
Additions through business combinations		-	51
Remeasurement		6	(53)
Currency translation differences		5	1
Balance as of December 31	29	592	677
Current lease liabilities		159	160
Non-current lease liabilities		433	516

Lease payments recognized in the income statement

Amounts in NOK million	2020	2019
Expenses related to short term leases	11	81
Expenses related to leases of low-value items	104	103
Total	115	184

Lease payments recognized in statement of cash flow

Amounts in NOK million	2020	2019
Total cash outflow for leases	(279)	(339)

Some property leases contain extension or termination options exercisable before the end of the non-cancellable period. They are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The extension and termination options held are exercisable only by the group and not by the respective lessor. The group assesses at lease commencement date whether it is reasonably certain to exercise the extension or termination options.

Most extension options in offices leases have not been included in the lease liability, because the group expects to be able to replace the assets without significant cost or business disruption. Most of the early termination options are not considered in the lease term either as the group assesses it as reasonably certain that the leases will not be terminated early. If the group had exercised the extension options in significant property leases as of December 31, 2020, the group estimates potential future lease



payments (undiscounted) of approximately NOK 420 million, which are not included in the lease liabilities.

Group as lessor

The group subleases out some of the property leases which are presented as part of the right-of-use assets as well as some machinery.

Finance leases

Some of the subleases of right-of-use assets are classified as finance lease, with reference to the right-of-use assets arising from the head leases.

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Amounts in NOK million	2020	2019
Due within one year	7	9
Due in one to two years	7	5
Due in two to three years	7	5
Due in three to four years	5	5
Due in four to five years	-	5
Total undiscounted lease receivable	25	28
Unearned interest income	2	4
Total finance lease receivables	23	25
Current finance lease receivables	7	9
Non-current finance lease receivables	15	16

Operating leases

Most of the subleases are classified as operating leases except for the finance leases identified above. The lease income from subleasing right-of-use assets in 2020 was NOK 30 million (NOK 73 million in 2019).

The following table sets out future undiscounted sublease income under the non-cancellable lease periods.

Amounts in NOK million	2020	2019
Due within one year	49	38
Due in one to two years	10	14
Due in two to three years	3	3
Due in three to four years	3	3
Due in four to five years	3	3
Due in more than five years	8	10
Total	75	70

Note 34 | Group companies

This note gives an overview of subsidiaries of Akastor ASA. For information about other investments in the group, refer to Note 16 Equity-accounted investees and Note 18 Other investments. If not stated otherwise, ownership equals share of voting rights.

Group companies as of December 31

Company	Country	Ownership (%)	
		2020	2019
Akastor ASA	Norway		
MHWirth			
MHWirth Pty Ltd	Australia	100	100
MHWirth do Brasil Equipamentos Ltda	Brazil	100	100
MHWirth Canada Inc	Canada	100	100
MHWirth Offshore Petroleum Engineering (Shanghai) Co Ltd	China	100	100
MHWirth GmbH	Germany	100	100
MHWirth (India) Pvt Ltd	India	100	100
MHWirth Sdn Bhd ¹⁾	Malaysia	-	100
Drilltech AS ²⁾	Norway	-	100



Maritime Promeco AS ²⁾	Norway	-	100
MHWirth AS	Norway	100	100
Frontica Engineering AS ³⁾	Norway	100	-
MHWirth Singapore Engineering Management Pte Ltd	Singapore	100	100
MHWirth (Singapore) Pte Ltd	Singapore	100	100
MHWirth UK Ltd	UK	100	100
MHWirth FZE	UAE	100	100
MHWirth Inc	USA	100	100
Bronco Manufacturing LLC	USA	100	100
Step Oiltools (Australia) Pty Ltd	Australia	100	100
Step Oiltools GmbH	Germany	100	100
PT Step Oiltools	Indonesia	100	100
Step Oiltools LLP	Kazakhstan	100	100
Step Oiltools (M) Sdn Bhd	Malaysia	100	100
Step Oiltools BV	Netherlands	100	100
Step Oiltools AS	Norway	100	100
Step Oiltools Services LLC	Oman	67	67
Step Oiltools LLC	Russia	100	100
Step Oiltools Pte Ltd	Singapore	100	100
Step Oiltools (Thailand) Ltd	Thailand	100	100
Step Oiltools (UK) Ltd	UK	100	100
Step Oiltools FZE	UAE	100	100

AGR⁴⁾

AGR (Australia) Pty Ltd	Australia	64	55
AGR AS	Norway	64	55
AGR Petroleum Services AS	Norway	64	55
AGR Software AS	Norway	58	43
AGR Consultancy Services AS	Norway	64	55
First Geo AS ⁵⁾	Norway	-	100
AGR Mexico Well Management S. de R. L. de C. V	Mexico	64	54
AGR Well Management Ltd	UK	64	55
AGR Consultancy Solutions Ltd	UK	64	55
AGR Group Americas, Inc.	USA	64	55

OTHER COMPANIES

Zoetermeer Process Belgium NV/SA ¹⁾	Belgium	-	100
Frontica Global Employment Ltd	Cyprus	100	100
Cool Sorption A/S	Denmark	100	100
Well Systems Servicing Ltd	Nigeria	100	100
AKA SPH AS	Norway	100	100
DDW Offshore AS	Norway	100	50
Akastor AS	Norway	100	100
Akastor Real Estate AS	Norway	100	100
KOP Surface Products Singapore Pte Ltd	Singapore	100	100
Aker Cool Sorption Siam Ltd	Thailand	100	100
Frontica Business Solutions Ltd	UK	100	100
AK Pharmaceuticals LLC ¹⁾	USA	-	100
AK Willfab Inc	USA	100	100
AKOFS Angola Limitada	Angola	100	100

¹⁾ Liquidated in 2020.

²⁾ Merged into MHWirth AS in 2020.

³⁾ Demerged from MHWirth AS in 2020.

⁴⁾ Akastor holds 100 percent of the shares and 64 percent of the economic interests.

⁵⁾ Merged into AGR Petroleum Services AS in 2020.

⁶⁾ MHWirth UK Ltd. (registered number 01753931), STEP Oiltools (UK) Ltd. (registered number SC412738) and Frontica Business Solutions Ltd (registered number 4962691) are exempted from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006, UK.



Note 35 | Related parties

Related party relationships are those involving control (either direct or indirect), 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 with related parties to Akastor have been based on arm's length terms.

Akastor ASA is a parent company with control of around 50 companies around the world. These subsidiaries are listed in Note 34 Group companies. Any transactions between the parent company and the subsidiaries are shown line by line in the separate financial statements of the parent company, and are eliminated in the consolidated financial statements.

Joint ventures and associates are consolidated using the equity method, see Note 16 Equity-accounted investees. Transactions between the group and these entities are shown in the table below.

Remunerations and transactions with directors and executive officers are summarized in Note 36 Management remunerations.

The largest shareholder of Akastor, Aker Holdings AS (previously Aker Kværner Holding AS), is wholly-owned by Aker ASA, which in turn is controlled by Kjell Inge Røkke through TRG Holding AS and The Resource Group TRG AS. In December 2020, the previous common ownership in Aker Holdings AS between Aker ASA and the Norwegian government was dissolved. As a consequence of the dissolution, Aker ASA is no longer deemed to control Akastor or Aker Solutions. Akastor is an associate to Aker ASA as per year end 2020.

Aker Solutions and Aker BP, which are associates of Aker ASA, are no longer related parties of Akastor as of December 31, 2020. These companies were considered as related parties to Akastor in 2019 and referred as "Aker entities" in the table below. The entities controlled directly by Kjell Inge Røkke through TRG Holding AS and The Resource Group TRG AS, are referred as "Related parties to Aker ASA".

Summary of transactions and balances with significant related parties

Amounts in NOK million	2020			2019		
	Aker entities ¹⁾	Joint ventures	Total	Aker entities	Joint ventures	Total
<i>Income statement</i>						
Revenue	146	8	154	210	14	224
Operating expenses	(53)	-	(53)	(16)	-	(16)
Depreciation and impairment (ROU assets)	(26)	-	(26)	(26)	-	(26)
Net financial items	(5)	16	11	(4)	29	25
<i>Assets (liabilities)</i>						
Right-of-use assets	-	-	-	49	-	49
Finance lease receivables	-	-	-	22	-	22
Interest-bearing receivables	-	94	94	-	191	191
Trade receivables	-	1	1	32	2	34
Trade payables	-	-	-	(11)	-	(11)
Lease liabilities	-	-	-	(87)	-	(87)

1) Aker entities are not considered as related parties to the group as of December 31, 2020. The information shown is related to the periods prior to the date when Akastor became an associate to Aker ASA.

Below are descriptions of significant related party agreements.

Related party transactions with Aker entities

Aker Solutions

Akastor has entered into a number of agreements and arrangements with Aker Solutions, including:

- Various lease agreements from Akastor Real Estate AS and other Akastor companies to subsidiaries of Aker Solutions.
- Some parent company guarantees issued on behalf of Aker Solutions entities by Akastor (as their previous parent company) were not transferred in connection with the demerger of Aker Solutions in 2014. Aker Solutions is liable to indemnify Akastor for any rightful claim such parent company guarantees and to pay

a guarantee commission to Akastor.

- Several of the agreements addressing various separation issues between Akastor and Aker Solutions are still valid after the demerger in 2014, including secondary joint liability for obligations existing in Aker Solutions at the time of the demerger, yet limited in amount to the net value allocated to Akastor in the demerger.

Aker BP

In 2017, Akastor Real Estate AS entered into agreement to sublease offices in Stavanger, Norway, to Aker BP.

**Agreements with related parties to Aker ASA*****The Resource Group TRG AS***

MHWirth AS, a wholly owned subsidiary of Akastor, entered into long-term lease agreements in 2015 with subsidiaries of The Resource Group TRG AS, for properties in Kristiansand in Norway. The annual lease payment is approximately NOK 22 million for a lease period of 19 years starting October 1, 2015, with options for renewal.

AK Wilfab Inc, a wholly owned subsidiary of Akastor, is together with Aker Solutions Inc and The Resource Group TRG AS sponsoring the US pension plan named the Kvaerner Consolidated Retirement Plan. Akastor holds one third of the liability of the sponsors for the underfunded element of the plan and The Resource Group TRG AS holds two thirds of the ultimate liability. Aker ASA guarantees for The Resource Group TRG AS' liability and covers for all its expenses related to the pension plan.

Fornebuporten Næring 3 AS

Akastor leases its headquarter offices at Fornebu from Fornebuporten Næring 3 AS, an associated company of The Resource Group TRG AS. The contract term is 10 years starting August 31, 2015, with two additional five-year options.

Related party transactions with joint ventures***DOF Deepwater AS***

In October 2020, DDW Offshore AS (previously DOF Deepwater AS) became a wholly owned subsidiary of the group. See Note 5 Business Combinations for more information.

AKOFS Offshore

As of December 31, 2020, Akastor has interest-bearing receivables of NOK 94 million against AKOFS Offshore, including term loan of NOK 79 million (LIBOR 0.21 percent + margin 5.5 percent) and drawn working capital facility of NOK 15 million (NIBOR 0.53 percent + margin 5.5 percent). Akastor has made available a NOK 100 million working capital revolving facility to AKOFS Seafarer AS from contract commencement with Equinor.

As part of the joint venture shareholders agreement, the other two investors, Mitsui and MOL, are entitled to a guaranteed preferred equity return, in respect of the operations of AKOFS Seafarer, amounting to a total of USD 46 million over a 6 year's period. The payment of preferred return will be settled firstly by ordinary dividend from AKOFS Offshore, yet any shortfall is guaranteed by Akastor. Akastor ASA has issued a bank guarantee for payment of preferred return for a total amount of NOK 244 million.

Akastor has issued a financial guarantee of NOK 127 million in favour of finance institutions for fulfilment of lease obligations related to Avium Subsea AS. Akastor has issued a financial parent company indemnity guarantee of NOK 1.6 billion in favour of OCY Wayfarer Limited for fulfilment of lease obligations related to AKOFS 3 AS. In addition, Akastor is guaranteeing the performance of AKOFS Norway Operations AS (operating AKOFS Seafarer) under the 5 year charter agreement with Equinor. The total contract value of this charter agreement is NOK 2.6 billion. Avium Subsea AS, AKOFS 3 AS and AKOFS Seafarer AS are wholly owned subsidiaries of AKOFS Offshore.

Other related parties***Aker Pensjonskasse***

Aker Pensjonskasse was established by Aker ASA to manage the retirement plan for employees and retirees in Akastor as well as related Aker companies. Akastor holds 93.4 percent of the paid-in capital in Aker Pensjonskasse and Akastor's share of paid-in equity was NOK 158 million at the end of 2020 (NOK 158 million in 2019). Akastor's premium paid to Aker Pensjonskasse amounts to NOK 7 million in 2020 (NOK 8 million in 2019). Akastor also has an interest-bearing receivable against Aker Pensjonskasse of NOK 21 million and an additional financing commitment NOK 10 million (3% interest of drawn amount and 1% interest of committed amount).

Even though Akastor owns 93.4 percent in Aker Pensjonskasse, the ownership does not constitute control since Akastor does not have the power to govern the financial and operating policies so as to obtain benefits from the activities in this entity.

Grants to employee representative's collective fund

Aker ASA has signed an agreement with employee representatives that regulate use of grants from Akastor ASA for activities related to professional development. The grant in 2020 was NOK 510 000 (NOK 521 250 in 2019).



Note 36 | Management remunerations

Board of directors

The board of directors did not receive any other fees than those listed in the table below, except for employee representatives who has market based salaries. The members of the board of directors have no agreements that entitle them to any extraordinary remuneration.

The fees in the table below represent expenses recognized in the income statement based on assumptions about fees to be approved at the general assembly rather than actual payments made in the year.

Amounts in NOK	2020		2019	
	Audit Committee fees	Board fees	Audit Committee fees	Board fees
Kristian Monsen Røkke	-	600 000	-	600 000
Øyvind Eriksen (until April 15, 2020)	-	97 808	-	340 000
Svein Oskar Stoknes (from April 15, 2020)	-	242 192	-	-
Lone Fønss Schrøder ¹⁾	205 000	452 500	205 000	490 000
Kathryn Baker	115 000	340 000	115 000	340 000
Sarah Ryan ¹⁾	-	372 300	-	395 600
Stian Sjølund	-	170 000	-	170 000
Henning Jensen	115 000	170 000	115 000	170 000
Asle Christian Halvorsen	-	170 000	-	170 000
Total	435 000	2 614 800	435 000	2 675 600

¹⁾ Board fees include an allowance of NOK 12 500 per meeting per physical attendance for board members residing outside the Nordic countries.

According to policy in Aker, fees to directors employed in Aker companies are paid to the Aker companies, not to the directors in person. Therefore, board fees for Kristian Monsen Røkke, Øyvind Eriksen and Svein Oskar Stoknes were paid to Aker ASA.

Audit Committee

Akastor has an audit committee comprising three of the directors, which held 9 meetings in 2020. As of December 31, 2020, the audit committee comprises Lone Fønss Schrøder (chairperson), Kathryn M. Baker and Henning Jensen.

Policy on remuneration to the members of the executive management of Akastor

As of December 31, 2020, the executive management of Akastor comprised the company's CEO Karl Erik Kjelstad and CFO Øyvind Paaske. All personnel are employed under standard employment contracts with terms and conditions consistent with industry standard, including on issues such as notice period and severance pay in the event of termination. In accordance with statutory law, the company may request the resignation of the CEO at its own discretion, but will be obliged to pay severance payment in the amount of 6 months' salary from the expiry of the notice period.

The main purpose of the executive remuneration is to encourage a strong and sustainable performance-based culture, which supports growth in shareholder value. It is also considered important to provide competitive terms that helps to retain key personnel and executive management and in turn mitigate the risk that core qualification and experience is lost by key people leaving the company. Compensation to the executive management has a fixed element which includes a base salary which pursuant to the company's benchmarking is competitive with other investment companies. In addition, the executive management has variable remuneration, as further described below. All variable pay shall be subject to a cap.

The remuneration to the CEO is recommended by the chairman of the board and approved by the board of directors on an annual basis. The remuneration to the remaining executive management shall be approved by the CEO, in consultation with the chairman of the board, and informed to the board of directors of Akastor ASA on an annual basis.

The figures for the remuneration for the executive management represent what has been expensed in the year.

Amounts in NOK	Job title	Base salary	Variable pay ¹⁾	Other benefits ²⁾	Total taxable remuneration	Pension benefit earned/ cost to company ³⁾
2020						
Karl Erik Kjelstad	CEO	4 692 123	2 336 040	27 715	7 055 878	265 171
Leif Borge ⁴⁾	CFO	694 902	-	4 504	699 406	44 844
Øyvind Paaske ⁵⁾	CFO	1 651 315	840 000	22 415	2 513 731	154 936
Total		7 038 340	3 176 040	54 634	10 269 014	464 951
2019						
Karl Erik Kjelstad	CEO	4 631 731	2 336 040	30 164	6 997 935	248 892
Leif Borge	CFO	3 719 523	1 667 764	31 748	5 419 035	257 965
Total		8 351 254	4 003 804	61 912	12 416 970	506 857

¹⁾ See below for further description of principles for performance based remuneration.

²⁾ Other benefits include insurance agreements, such as membership in the standard employee scheme and an additional executive group life and disability insurance.

³⁾ Pension benefits include the standard employee pension scheme, a disability pension scheme and certain management pension rights related to the wound up schemes and early retirement schemes.

⁴⁾ For the period between January 1 and February 29, 2020.

⁵⁾ For the period between March 1 and December 31, 2020.

Benefits

The executive management participates in the standard employee, pension and insurance plan applicable to all employees in the company. No executive personnel in Akastor has performance based pension plans and there are no current loans, prepayments or other forms of credit from the company to its executive management. No members of the executive management are part of any option- or incentive programs other than what is described in this policy.

Further, the executive management may be offered additional variable pay arrangements going forward which differs from the ordinary variable pay program described above. These variable pay arrangements offered to the executive management may in its entirety be linked to the development of the company's share price, the achievement of certain key targets and/or long term employment with the company. Such agreements, including any payments under them and/or material changes, are proposed by the chairman and approved by the board.

Performance based remuneration

In addition to receiving fixed compensation, the executive management (as well as other members of the corporate organization) participates in a variable pay program. The objective of the program is to incentivize the management to contribute to sound financial results for the company, recruit and retain key personnel as well as executing leadership in accordance with the company's values and business ethics. The potential payment under the variable pay program is set individually, with 100 percent of the annual base salary as the maximum. Payment under the program is recommended by the CEO and approved by the board on an annual basis.

Share purchase program

The company had no share purchase program in 2020. The executive management were invited to participate in Akastor's share purchase programs in 2019. The ordinary employee share purchase program gave the executive management the opportunity to purchase maximum 250 000 shares for CEO and CFO with a reduction of 25 percent in addition to NOK 3 000. Shares purchased under the programs is subject to a three year lock-up period during which the acquired shares may not be sold or otherwise disposed of.

The payments under the variable pay program are subject to a discretionary assessment based on three components:

- Development of Akastor ASA's share price.
- Delivery of certain key financial, operational and strategic targets for Akastor.
- Delivery of personal performance objectives during the year.



Directors' and executive management's shareholding

The following number of shares is owned by the directors and the members of the executive management (and their related parties) as of December 31:

	Job title	2020	2019
Karl Erik Kjelstad	CEO	400 000	300 000
Øyvind Paaske	CFO	5 083	-
Kristian Monsen Røkke	Chairman	200 000	200 000
Lone Fønss Schrøder	Deputy chairman	4 400	4 400
Svein Oskar Stoknes	Director	1 297	-
Kathryn Baker	Director	45 683	45 683
Sarah Ryan	Director	5 000	5 000
Asle Christian Halvorsen	Director	10 000	10 000
Stian Sjølund	Director	10 000	10 000

Note 37 | Events after the reporting date

On March 2, 2021, Akastor announced an agreement with Baker Hughes to create a joint venture company (Company) that will bring together Akastor's wholly owned subsidiary, MHWirth AS (MHWirth) and Baker Hughes' Subsea Drilling Systems (SDS) business. The Company will deliver a global full-service offshore drilling equipment offering that will provide customers with a broad portfolio of products and services.

The Company shall be owned 50/50 by Akastor and Baker Hughes. Akastor shall contribute its shares in MHWirth to the Company in return for 50% of the shares of the Company and USD 120 million in consideration, of which USD 100 million is payable in cash at closing. Baker Hughes shall contribute the SDS business to the Company in return for the other 50% of the shares and USD 200 million in consideration, of which USD 120 million is payable in cash at closing. The Company shall issue notes to Akastor and Baker Hughes representing the balance of the consideration owed to them. The notes shall be subordinated to the Company's external debt financing. The Company will finance the cash consideration payable to Baker Hughes and Akastor by way of a USD 220 million bank facility. In addition, the Company will also be financed by a USD 80 million working capital facility.

The transaction agreement entered into by Akastor and Baker Hughes provides for customary terms for agreements of this nature, including representations and warranties relating to the businesses being contributed as well as an agreed form shareholders agreement customary for a 50/50 joint venture, including governance and exit provisions. Completion of the transaction is subject to customary conditions, including regulatory approval. Closing of the transaction is expected to take place in the second half year of 2021. Following completion of the transaction, it is expected that Akastor shall account for the Company as a joint venture using the equity method.

The transaction will require the refinancing of Akastor's existing corporate credit facility. Akastor has received commitments for a total of NOK 1 250 million in revolving credit facilities that will be entered into prior to closing of the transaction.



04.b. FINANCIALS AND NOTES

AKASTOR ASA

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Akastor ASA | Income statement

For the year ended December 31

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Operating revenue	2	1	1
Operating expenses	2	(36)	(31)
Operating profit (loss)		(35)	(30)
Net financial items	3	780	(37)
Profit (loss) before tax		745	(67)
Income tax benefit (expense)	4	(21)	(1)
Profit (loss) for the period		724	(67)
<i>Profit (loss) for the period distributed as follows</i>			
Other equity		724	(67)
Profit (loss) for the period		724	(67)

Akastor ASA | Statement of financial position
 For the year ended December 31

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Assets			
Investments in group companies	5	5 650	5 310
Non-current interest-bearing receivables on group companies	7	891	819
Non-current interest-bearing receivables on related parties	7	-	115
Other non-current interest-bearing receivables		4	2
Total non-current assets		6 545	6 246
Current interest-bearing receivables on group companies	7	2	5
Other receivables on group companies	7	1	-
Cash in cash pool system	7	-	316
Total current assets		3	321
Total assets		6 549	6 567
Equity and liabilities			
Issued capital		162	162
Treasury shares		(1)	(1)
Share premium		2 000	2 000
Other paid in capital		2 003	2 003
Other equity		894	168
Total equity	6	5 057	4 331
Non-current borrowings, external	8	-	1 284
Deferred tax liability	4	-	14
Total non-current liabilities		-	1 298
Current borrowings, external	8	1 119	3
Current borrowings from group companies	7	324	882
Current tax liabilities		1	1
Other liabilities to group companies	7	36	30
Other current liabilities		12	21
Total current liabilities		1 491	937
Total liabilities		1 491	2 235
Total equity and liabilities		6 549	6 567

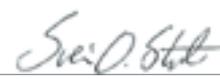
Fornebu, March 18, 2021 | Board of Directors of Akastor ASA



Kristian Røkke | Chairman



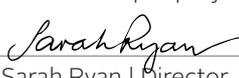
Lone Fønss Schrøder | Deputy Chairman



Svein Oskar Stoknes | Director



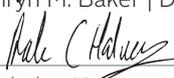
Kathryn M. Baker | Director



Sarah Ryan | Director



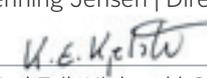
Henning Jensen | Director



Asle Christian Halvorsen | Director



Stian Sjølund | Director



Karl Erik Kjelstad | CEO



Akastor ASA | Statement of cash flow

For the year ended December 31

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Profit (loss) before tax		745	(67)
<i>Adjustments:</i>			
Group contribution and dividend	3	(750)	-
Net interest cost and unrealized currency (income) loss		5	82
Profit (loss), net of adjustments		(1)	15
Changes in net operating assets		(6)	(24)
Net interest paid		(43)	(54)
Net cash from operating activities		(49)	(63)
Change in borrowings to related parties		-	142
Net cash from investing activities		-	142
Proceeds from borrowings		227	1 135
Repayment of borrowings		(316)	(450)
Changes in borrowings to group companies		430	(2)
Change in overdraft cash pool		(559)	(436)
Proceeds from employees share purchase programme		-	4
Repayment of external dividends		2	-
Net cash from financing activities		(216)	251
Effect of exchange rate changes on cash and cash deposits		(51)	(14)
Net increase (decrease) in cash and bank deposits		(316)	316
Cash in cash pool system at the beginning of the period		316	-
Cash in cash pool system at the end of the period ¹⁾	7	-	316

¹⁾ Unused credit facilities amounted to NOK 1.5 billion as of December 31, 2020 (NOK 1.6 billion in 2019).



Note 1 | Accounting principles

Akastor ASA (the parent company) is a company domiciled in Norway. The financial statements are presented in conformity with Norwegian Accounting Act and Norwegian generally accepted accounting principles (NGAAP).

Revenue recognition

Operating revenue mainly comprise parent company guarantees (PCG) recharged to entities within the group. The revenue is recognized over the guarantee period.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company accounts, less any impairment losses. The investments are impaired to fair value if the impairment is not considered temporary. Impairment losses are reversed if the basis for the impairment loss is no longer present. Investments in subsidiaries and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment.

Dividends, group contributions and other distributions from subsidiaries are recognized as income the same year as they are recognized in the financial statement of the provider. If the dividends or group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and is recognized as a reduction of carrying value of the investment.

Classification

Current assets and current liabilities include items due within one year or items that are part of the operating cycle. Other balance sheet items are classified as non-current assets/debts.

Non-current borrowings are presented as current if a loan covenant breach exists at balance date. If a covenant waiver is approved subsequent to year-end and before the approval of the financial statements, the liability is presented as non-current debt to the extent maturity date is beyond one year.

Measurement of borrowings and receivables

Financial assets and liabilities consist of investments in other companies, trade and other receivables, interest-bearing receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowing.

Trade receivables and other receivables are recognized in the balance sheet at nominal value less provision for expected losses.

Interest-bearing borrowings are initially recorded at transaction value less transaction costs. Subsequent to initial recognition, these borrowings are measured at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Cash in cash pool system

Akastor ASA has a cash pool that includes the parent company's cash as well as net deposits from subsidiaries in the group cash pooling system owned by the parent company. Correspondingly, Akastor ASA's current debt to group companies will include their net deposit in the group's cash pool system.

Share capital

Costs for purchase of own shares including transaction costs are accounted for directly against equity. Sales of own shares are performed according to stock-exchange quotations at the time of award and accounted for as increase in equity.

Cash flow statement

The statement of cash flow is prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

Functional currency and presentation currency

The parent company's financial statements are presented in NOK, which is Akastor ASA's functional currency. All financial information presented in NOK has been rounded to the nearest million (NOK million), except when otherwise stated. The subtotals and totals in some of the tables in these financial statements may not equal the sum of the amounts shown due to rounding.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate applicable at the date of the transaction. Monetary items in a foreign currency are translated to NOK using the exchange rate applicable on the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement as they occur.

Tax

Tax income (expense) in the income statement comprises current tax, withholding tax and changes in deferred tax. Deferred tax is calculated as 22 percent of temporary differences between accounting and tax values as well as any tax losses carry-forward at the year end. Net deferred tax assets are recognized only to the extent it is probable that they will be utilized against future taxable profits.



Note 2 | Operating revenue and expenses

Operating revenue comprises NOK 1 million in income from parent company guarantees (NOK 1 million in 2019).

There are no employees in Akastor ASA and hence no salary or pension related costs and also no loan or guarantees related to the executive management team. Group management and corporate staff are employed by other Akastor companies and costs for their services as well as other parent company costs are recharged to Akastor ASA.

NOK 3,0 million has been allocated to payable fees to the Board of Directors for 2020 (2019: NOK 3,2 million). Remuneration to and shareholding of the Board of directors and CEO is described in note 36 Management remunerations in Akastor's consolidated financial statements.

Fees to the auditors

Fees to KPMG for statutory audit amounted to NOK 2,5 million (2019: 2,5 million).

Note 3 | Net financial items

<i>Amounts in NOK million</i>	<i>Note</i>	2020	2019
Interest income from group companies		43	44
Interest income from related parties		4	24
Interest income, external		37	31
Interest expense, external		(85)	(117)
Income on investment in subsidiary (group contribution)		250	-
Dividends from group companies		500	-
Other financial expenses		(2)	(2)
Foreign exchange gain (loss)		33	(17)
Net financial items		780	(37)

Note 4 | Tax

<i>Amounts in NOK million</i>	2020	2019
<i>Calculation of taxable income</i>		
Profit (loss) before tax	745	(67)
Permanent differences ¹⁾	(500)	5
Changes in timing differences	2	-
Group contribution without tax effect	(160)	-
Generated (utilized) tax loss	(88)	61
Taxable income	-	-
<i>Taxable (deductible) temporary differences</i>		
Provisions	(9)	(7)
Interest deduction carry-forward	(5)	-
Tax loss carry-forward ²⁾	-	72
Net temporary differences	(15)	66
Tax rate	22%	22%
Tax effects of temporary differences	3	(14)
Not recognized deferred tax assets ³⁾	(3)	-
Deferred tax assets (liability)	-	(14)
<i>Tax expense</i>		
Origination and reversal of temporary differences in income statement	(18)	(1)
Write down of deferred tax assets	(3)	-
Income tax benefit (expense)	(21)	(1)

¹⁾ Permanent differences in 2020 relate to dividend income from group companies.

²⁾ Akastor ASA has unrecognized tax loss carry forwards of NOK 440 million as of 2020 which is currently being subject to inquiries from Norwegian Tax Authorities. In 2019, the company had unrecognized tax loss carry-forwards of NOK 1,5 billion, of which NOK 1 015 million was subject to inquiries from Norwegian Tax Authorities.

³⁾ Deferred tax assets are not recognized when the management assesses that it is not probable that future taxable profit will be available, against which the deductible temporary difference can be utilized.

Note 5 | Investments in group companies

<i>Amounts in NOK million</i>	Registered office	Share capital	Number of shares held	Percentage owner- / voting share	2020	2019
Akastor AS ¹⁾	Fornebu, Norway	1 004	1	100%	5 650	5 310
Total					5 650	5 310

¹⁾ Shareholding in Akastor AS was increased in 2020 by a contribution-in-kind of NOK 340 million.

Akastor AS financial information (unaudited)

<i>Amounts in NOK million</i>	2020
Profit (loss) for the period	1 517
Equity as of December 31	7 201



Note 6 | Shareholders' equity

<i>Amounts in NOK million</i>	Share capital	Treasury shares	Share premium	Other paid in capital	Retained earnings	Total
Equity as of January 1, 2019	162	(2)	2 000	2 003	231	4 395
Employee share purchase programme	-	-	-	-	4	4
Profit (loss) for the period	-	-	-	-	(67)	(67)
Equity as of December 31, 2019	162	(1)	2 000	2 003	168	4 331
Repayment of dividends	-	-	-	-	2	2
Profit (loss) for the period	-	-	-	-	724	724
Equity as of December 31, 2020	162	(1)	2 000	2 003	894	5 057

The share capital of Akastor ASA is divided into 274 000 000 shares with a nominal value of NOK 0.592. The shares can be freely traded. See note 12 Shareholders for an overview of the company's largest shareholders.

The number of treasury shares held by the end of 2020 are 2 390 215 and are held for the purpose of being used for future awards under any

share purchase program for employees, as settlement in future corporate acquisitions or for other purpose as decided by the board of directors. 386 161 treasury shares were sold during 2019 in relation to the Employee share purchase programme.

Note 7 | Receivables and borrowings from group companies and related parties

<i>Amounts in NOK million</i>	2020	2019
Group companies deposits in the cash pool system	324	882
Akastor ASA's net borrowings in the cash pool system	(324)	(566)
Cash in cash pool system	-	316
Non-current interest-bearing receivables on group companies	891	819
Current interest-bearing receivables on group companies	2	5
Current borrowings from group companies ¹⁾	(324)	(882)
Net interest-bearing receivables on group companies	569	(58)
Other receivables on group companies	1	-
Other liabilities to group companies	(36)	(30)
Total other receivables on group companies	(35)	(30)
Non-current interest-bearing receivables on related parties	-	115
Total interest-bearing receivables on related parties	-	115

¹⁾ Includes Akastor ASA's net borrowings in the cash pool system.

Interest-bearing receivables on and borrowings from group companies

Akastor ASA is the group's central treasury function (Akastor Treasury) and enters into borrowings and deposit agreements with group companies. Deposits and borrowings are done at market terms and are dependent of the group companies' credit rating and the duration of the borrowings.

Cash pool arrangement

Akastor ASA is the owner of the cash pool system arrangements with DNB. The cash pool systems cover a majority of the group geographically and assure good control and access to the group's cash. Participation in the

cash pool is vested in the group's policy and decided by each company's board of directors and confirmed by a statement of participation. The participants in the cash pool system are jointly and severally liable and it is therefore important that Akastor as a group is financially viable and can repay deposits and carry out transactions. Any debit balance on a sub account can be set-off against any credit balance. Hence, a debit balance represents a claim on Akastor ASA and a credit balance a borrowing from Akastor ASA.

The cash pool system has a net cash of NOK 0 million as of December 31, 2020 (net cash of NOK 316 million in 2019).

Note 8 | Borrowings

<i>Amounts in million</i>	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Interest margin ¹⁾	Interest coupon	Maturity ²⁾	Interest terms
2020								
Revolving credit facility (NOK 1 250 million)	NOK	350	347	0.39%	3.25%	3.64%	Dec 2021	NIBOR + margin
Revolving credit facility (USD 155 million)	USD	90	772	0.15%	3.25%	3.40%	Dec 2021	USD LIBOR + margin
Total borrowings			1 119					
Current borrowings			1 119					
Total			1 119					
2019								
Revolving credit facility (NOK 1 250 million)	NOK	800	794	1.65%	3.25%	4.90%	Dec 2021	NIBOR + margin
Revolving credit facility (USD 155 million)	USD	56	494	1.71%	3.25%	4.96%	Dec 2021	USD LIBOR + margin
Total borrowings			1 287					
Current borrowings			3					
Non-current borrowings			1 284					
Total			1 287					

¹⁾ The margin applicable to the facility is decided by a price grid based on the leverage ratio and level of utilization. Commitment fee is 35 percent of the margin (2019: 35 percent).

²⁾ The maturity date reflects maturity date as defined in the loan agreements.

All facilities are provided by a bank syndicate consisting of high-quality Nordic and international banks. The terms and conditions include restrictions which are customary for these kinds of facilities, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers and change of control provisions. The facilities include no dividend restrictions.

The financial covenants are a gearing ratio based on net debt/equity, an interest coverage ratio (ICR) based on EBITDA/net interest costs and a minimum liquidity amount. The financial covenants are tested on a quarterly basis.

- The company's gearing ratio shall not exceed 1.0 times and is calculated from the consolidated net total borrowings to the consolidated equity.
- The ICR shall not be lower than 3.0 when gearing ratio is below 0.5, calculated from the consolidated EBITDA to consolidated Net Finance Cost.
- The ICR shall not be lower than 4.0 when gearing ratio exceeds 0.5, calculated from the consolidated EBITDA to consolidated Net Finance Cost.
- Minimum liquidity amount shall exceed NOK 500 million on consolidated level.

The covenants are monitored on a regular basis by the Akastor Treasury department to ensure compliance with the loan agreements and are tested and reported on a quarterly basis. Akastor was not in breach with any covenants as of December 31, 2020. Based on current financial forecasts, there is a risk of breaching the ICR covenant in the first quarter of 2021. To mitigate this risk, Akastor has obtained a waiver of the ICR covenant in March 2021 for the remaining period of the current financing. The waiver is contingent on closing of the refinancing of Akastor following the creation of a joint venture between MHWirth AS and Baker Hughes' Subsea Drilling Systems business as described below.

On March 2, 2021, Akastor announced an agreement with Baker Hughes to create a joint venture company that will bring together Akastor's wholly owned subsidiary, MHWirth AS and Baker Hughes' Subsea Drilling Systems business. The transaction will require refinancing of Akastor's existing credit facility. Akastor has received commitments for a total of NOK 1 250 million in revolving credit facilities that will be entered into prior to closing of the transaction, which is expected to take place in the second half of 2021. See more information about the transaction in Note 37 Events after the reporting date in Akastor Group consolidated financial statements.

Based on the received ICR covenant waiver and committed refinancing following the MHWirth transaction, management believes that the risk of additional covenant breach is low and that Akastor will continue as a going concern for the foreseeable future. See more information in note 29 Capital management in Akastor Group consolidated financial statements.



Financial liabilities and the period in which they mature

<i>Amounts in NOK million</i>	Carrying amount	Total undiscounted cash flow ¹⁾	6 months and less	6–12 months	1–2 years ²⁾
2020					
Revolving credit facility (NOK 1 250 million)	347	363	6	356	-
Revolving credit facility (USD 155 million)	772	798	13	785	-
Total borrowings	1 119	1 161	19	1 141	-
2019					
Revolving credit facility (NOK 1 250 million)	794	882	23	20	839
Revolving credit facility (USD 155 million)	494	541	12	12	517
Total borrowings	1 288	1 423	35	32	1 356

¹⁾ The interest costs are calculated using the last fixing rate known by year end (plus applicable margin).

²⁾ Repayment of the loan in the table is according to maturity date of the facility in the loan agreement.

Note 9 | Guarantees

Akastor has provided the following guarantees on behalf of wholly owned subsidiaries and related parties as of December 31 (all obligations are per date of issue):

<i>Amounts in NOK million</i>	2020	2019
Parent Company Guarantees to group companies ¹⁾	1 907	1 510
Parent Company Guarantees to related companies ²⁾	4 226	5 806
Counter guarantees for bank/surety bonds, group companies ³⁾	497	730
Counter guarantees for bank/surety bonds, related parties ³⁾	-	5
Total guarantee liabilities	6 630	8 052
<i>Maturity of guarantee liabilities:</i>		
6 months and less	113	99
6-12 months	5	226
1-2 years	18	7
2-5 years	3 666	1 239
5 years and more	2 828	6 480

¹⁾ Parent Company Guarantees to support subsidiaries in contractual obligations towards clients.

²⁾ Parent Company Guarantees to support related parties in contractual obligations towards clients, mainly AKOFS 1 AS, AKOFS 3 AS, AKOFS Norway Operations AS and DOF Deepwater AS (in 2019).

³⁾ Bank guarantees and surety bonds are issued on behalf of Akastor subsidiaries and related parties, and counter indemnified by Akastor ASA.

Although guarantees are financial instruments, they are considered contingent obligations and the notional amounts are not included in the financial statements.

US pension plan

AK Wilfab Inc, a wholly owned subsidiary of Akastor, is together The Resource Group TRG AS and Akastor ASA sponsoring the US pension plan named the Kvaerner Consolidated Retirement Plan. Akastor Group holds one third of the liability of the sponsors for the underfunded element of the plan and The Resource Group TRG AS holds two thirds of the ultimate liability. Aker ASA guarantees for The Resource Group TRG AS' liability and covers for all its expenses related to the pension plan.

Note 10 | Financial risk management and financial instruments

Currency risk

Subsidiaries may enter into financial derivative agreements with the parent company to hedge their foreign exchange exposure. Accordingly, derivatives from external banks are used to mitigate the foreign exchange exposure from the financial derivative agreements with the subsidiaries. In addition, Akastor ASA may have cash flow exposure towards its financial assets and liabilities. Akastor ASA may enter into financial derivative agreements to hedge these potential cash flow exposures.

As of 31 December 2020 or 2019, Akastor ASA had not entered into any forward exchange contracts with subsidiaries.

Interest rate risk

The company is exposed to changes in interest rates because of floating interest rate on loan receivables and loan payables. The company does not hedge transactions exposure in financial markets and does not have any fixed interest rate loan receivables nor loan payables. The company is therefore not exposed to fair value risk on its outstanding loan receivables or loan payables. Interest bearing loan receivables and loan payables expose the company to income statement and cash flow interest risk.

Interest-bearing borrowings to group companies reflect the cost of external borrowing, reducing the interest risk exposure for Akastor ASA.

Credit risk

Credit risk is the risk of financial losses to the company if a customer or counterparty fails to meet contractual obligations. Credit risk relates to loans to subsidiaries and associated companies, hedging contracts, guarantees to subsidiaries and associated companies and deposits with external banks. External deposits and hedging contracts are done according to a list of approved banks and primarily with banks where the company also have a borrowing relationship.

Loss provisions for interest-bearing receivables are made in situations of negative equity if the company is not expected to be able to fulfill its loan obligations from future earnings. No impairment was booked in 2020 or 2019. See note 7 Receivables and borrowings from group companies for more information about receivables.

Liquidity risk

Liquidity risk relates to the risk that the company will not be able to meet its debt and guarantee obligations and is managed through maintaining sufficient cash and available credit facilities. Due to the dynamic nature of the underlying businesses, Akastor Treasury maintains flexibility in funding by maintaining availability under committed credit lines. Development in the group's and thereby Akastor ASA's available liquidity is continuously monitored through weekly and monthly cash flow forecasts, annual budgets and long term planning.

Note 11 | Related parties

Transactions and balances with subsidiaries and related parties are described in the following notes:

Transactions	Note
Other services	Note 2
Financial items	Note 3
Investments	Note 5
Cash pool, receivables and borrowings	Note 7
Guarantees	Note 10

All transactions with related parties are carried out at market terms and in accordance with the arm's lengths principle.



Note 12 | Shareholders

Shareholders with more than 1 percent shareholding as per December 31

<i>Company</i>	<i>Note</i>	Nominee	Number of shares held	Ownership
2020				
Aker Holdings AS (previously "Aker Kværner Holding AS")			100 565 292	36.70%
Morgan Stanley & Co. LLC		Nominee	34 666 034	12.65%
Ministry of Trade, Industry and Fisheries, Norway			33 100 085	12.08%
Goldman Sachs & Co		Nominee	26 159 547	9.55%
Euroclear Bank S.A./N.V.		Nominee	13 198 538	4.82%
ODIN Norge			10 575 925	3.86%
2019				
Aker Kværner Holding AS			110 333 615	40.27%
Goldman Sachs & Co		Nominee	35 373 096	12.91%
Morgan Stanley & Co. LLC		Nominee	31 296 769	11.42%
Aker ASA			23 331 762	8.52%
ODIN Norge			10 575 925	3.86%
Jefferies LLC SP. RES. A/C FBO CUS		Nominee	7 288 162	2.66%
Fond Finans Norge			3 100 000	1.13%

05. AUDITOR'S REPORT



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Enterprise 935 174 627 MVA

To the General Meeting of Akastor ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

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

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

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Fimnesnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



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Akastor ASA

Construction contract accounting estimates

Reference is made to Note 3 Significant accounting policies, Note 4 Significant accounting estimates and judgements, and Note 7 Revenue and other income.

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The majority of the Group's revenues and profits are derived from long-term construction and service contracts.</p> <p>In IFRS 15 <i>Revenue from contracts with customers</i> there is a high degree of judgement in determining the number of performance obligations which can impact the timing and amount of revenue recognition for certain contracts.</p> <p>Accounting for such contracts, where revenue from performance obligations are satisfied over time, is considered to be a risk area due to the significant judgement and estimation applied by management as well as the degree of complexity of the contracts currently in the portfolio.</p> <p>Furthermore, estimating the outcome of disputes and renegotiations on long-term projects is considered to be a risk area due to the significant judgment and estimation applied by management as well as the degree of complexity of the contracts, current market environment and challenges faced by customers.</p> <p>These management estimates and judgments are often complex and involve assumptions regarding future events for which there may be little or no external corroborative evidence available. There are typically a wide range of reasonably possible outcomes, and a high degree of uncertainty on the outcomes of negotiations and disputes linked to complex contract interpretations.</p> <p>As such, these contract accounting estimates also require significant attention during the audit and are subject to a high degree of auditor judgment.</p>	<p>For financially significant contracts and any contracts with a reasonable possibility of being in a significant loss-making position, we applied professional scepticism and critically assessed the accounting estimates and judgments against the requirements of IFRS 15. Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Challenging management's measure of progress estimate and evaluated management's process for assessing the measurement of progress and the method applied; • Updating our understanding of the project performance, comparing changes to previous forecasts, sensitivities and risks by reviewing management's project reporting and discussing with relevant management; • Assessing contractual revenue forecasts including corroborating those forecasts with reference to signed contracts and variation orders to assess the contractual basis of estimated future revenues; • Evaluating the calculation of project revenue and cost and contract assets and contract liabilities in relation to the stage of completion and forecasts; • Analysing preliminary rulings or other relevant pronouncements for items in arbitration and historical outcomes of negotiations with customers and other proceedings; • Challenging management on their assessment of probable settlement negotiations regarding liquidated damages and disputes; • Challenging management on the estimate of cost to complete, timing of the cost and the risk assessment related to forecast cost; • Obtaining and reading a selection of correspondence between the Group and the customer and the Group's legal advisors; and • Considering events subsequent to reporting date and challenged management on their impact to the estimates made at year-end.



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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



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Akastor ASA

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.

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, 18 March 2021
KPMG AS

Vegard Tangerud
State Authorised Public Accountant

06. ALTERNATIVE PERFORMANCE MEASURES

Akastor discloses alternative performance measures as a supplement to the consolidated financial statements prepared in accordance with IFRS. Such performance measures are used to provide an enhanced insight into the operating performance, financing abilities and future prospects of the group. These measures are calculated in a consistent and transparent manner and are intended to provide enhanced comparability of the performance from period to period. It is Akastor's experience that these measures are frequently used by securities analysts, investors and other interested parties.

The definitions of these measures are as follows:

EBITDA - earnings before interest, tax, depreciation and amortization, corresponding to "Operating profit before depreciation, amortization and impairment" in the consolidated income statement.

EBIT - earnings before interest and tax, corresponding to "Operating profit (loss)" in the consolidated income statement.

Capex and R&D capitalization - a measure of expenditure on PPE or intangible assets that qualify for capitalization.

Net current operating assets (NCOA) - a measure of working capital. It is calculated by current operating assets minus current operating liabilities, excluding financial assets or financial liabilities related to hedging activities.

Net capital employed - a measure of all assets employed in the operation of a business. It is calculated by non-current assets and finance lease receivables (excluding non-current interest-bearing receivables) added by net current operating assets minus non-current operating liabilities (deferred tax liabilities, employee benefit obligations, other non-current liabilities and lease liabilities).

Gross debt - sum of current and non-current borrowings, excluding lease liabilities.

Net debt - gross debt minus cash and cash equivalents.

Net interest-bearing debt (NIBD) - net debt minus non-current and current interest-bearing receivables.

Equity ratio - a measure of investment leverage, calculated as total equity divided by total assets at the reporting date.

Liquidity reserve - comprises cash and cash equivalents and undrawn committed credit facilities.

Order intake - represents the estimated contract value from the contracts or orders that are entered into or committed in the reporting period.

Order backlog - represents the remaining unearned contract value from the contracts or orders that are entered into or committed at the reporting date. The backlog does not include options on existing contracts, or contract value from short-cycled service orders.

The tables below show reconciliation of alternative performance measures to the line items in the financial statements according to IFRS.

Net current operating assets (NCOA)

<i>Amounts in NOK million</i>	2020	2019
Current tax assets	28	10
Inventories	485	528
Trade and other receivables	2 191	3 177
Current operating assets	2 704	3 716
Current tax liabilities	(8)	(11)
Provisions, current	(109)	(119)
Trade and other payables	(2 060)	(2 974)
Current operating liabilities	(2 177)	(3 105)
Net current operating assets (NCOA)	527	611



Net capital employed (NCE)

<i>Amounts in NOK million</i>	2020	2019
Total non-current assets	6 100	6 256
Net current operating assets (NCOA)	527	611
Current finance lease receivables	7	9
Non-current interest-bearing receivables	(115)	(201)
Deferred tax liabilities	(10)	(11)
Employee benefit obligations	(388)	(359)
Other non-current liabilities	(478)	(491)
Non-current provisions	(50)	(51)
Total lease liabilities	(592)	(677)
Net capital employed (NCE)	5 002	5 085

Gross debt/Net debt/NIBD

<i>Amounts in NOK million</i>	2020	2019
Non-current borrowings	628	1 444
Current borrowings	1 119	3
Gross debt	1 746	1 448
Cash and cash equivalents	(275)	(555)
Net debt	1 471	893
Non-current interest-bearing receivables	(115)	(201)
Net interest-bearing debt (NIBD)	1 357	692

Equity ratio

<i>Amounts in NOK million</i>	2020	2019
Total equity	3 669	4 371
Divided by Total assets	9 147	10 578
Equity ratio	40%	41%

Liquidity reserve

<i>Amounts in NOK million</i>	2020	2019
Cash and cash equivalents	275	555
Undrawn committed credit facilities	1 457	1 320
Liquidity reserve	1 732	1 875

07. BOARD OF DIRECTORS



Kristian M. Røkke | Chairman

Kristian Røkke is currently CEO of Aker Horizons AS and has extensive experience from offshore oil services, shipbuilding and M&A. Mr. Røkke was Chief Investment Officer of Aker ASA prior to Aker Horizons and CEO of Akastor ASA from August 2015 to December 2017. He is a board member of several companies, including such as TRG Holding AS, American Shipping Company ASA, Philly Shipyard ASA, Aker Offshore Wind AS, Aker Carbon Capture AS and Aker Clean Hydrogen AS. Mr. Røkke holds an MBA from The Wharton School, University of Pennsylvania. As of December 31, 2020, Mr. Røkke holds, through a privately owned company, 200,000 shares in Akastor ASA and has no stock options. Mr. Røkke is both a Norwegian and American citizen and has been elected for the period 2020-2022.



Lone Fønss Schrøder | Deputy Chairman

Lone Fønss Schrøder is CEO of Concordium AG, a global provider of blockchain technologies. She is vice-chair of Volvo Cars AB and chair of the audit committee, and director of Geely Sweden Holdings AB and Ingka Holding B.V. (Ikea Group). She has held several senior management and CEO positions in the A.P. Møller-Maersk group and became CEO and president of Wallenius Lines AB in 2005. Fønss Schrøder has board experience from Kværner ASA, Eukor Inc, Vattenfall AB, Yara ASA, Valmet OY and others. Fønss Schrøder holds an MSc in law from the University of Copenhagen and in economics from Copenhagen Business School in Denmark. As of December 31, 2020, she holds 4,400 shares in the company and has no stock options. She is a Danish citizen and has been elected for the period 2020-2022.



Svein Oskar Stoknes | Director

Svein Oskar Stoknes has been CFO at Aker ASA since August 2019. Prior to this, he served as CFO at Aker Solutions, where he joined in 2007 and was named CFO in 2014. Previously, Mr. Stoknes held a range of senior positions within finance and advisory for organizations like Tandberg, Citigroup and ABB. He graduated from the Norwegian School of Management and has an MBA from Columbia Business School in New York. As of December 31, 2020, Mr. Stoknes owns 1,297 shares and no stock options in the company. He is a Norwegian citizen and has been elected for the period 2020-2022.



Kathryn M. Baker | Director

Kathryn M. Baker has over 30 years of business experience in a broad range of industries and roles. She currently serves as Chairwoman of Fynd Ocean Ventures, Pensionera AB, Genetic Analysis AS and Terra Mater Renewable Investments. Other current positions include board member of DOF ASA and MPC Energy Solutions and member of the Investment Committee of the Norfund. Ms. Baker previously served on the Executive Board of the Central Bank of Norway (Norges Bank), the European Advisory Board of the Tuck School of Business and the Ethics Committee of the Norwegian Private Equity and Venture Capital Association (NVCA), where she also previously served as Chairwoman. Ms. Baker was a partner at the Norwegian private equity firm Reiten & Co for 15 years. Prior to that, she was a management consultant at McKinsey & Company in Oslo and a financial analyst at Morgan Stanley in New York. Ms. Baker holds a bachelor's degree in economics from Wellesley College and an MBA from the Amos Tuck School of Business at Dartmouth College. As of December 31, 2020, she holds 45,683 shares in the company. Ms. Baker is an American citizen and has been elected for the period 2020-2021.



Sarah Ryan | Director

Dr. Sarah Ryan has 30 years of experience in the global oil & gas and oilfield services industries. She currently serves as Non-Executive Director of Woodside Petroleum, where she is also a member of the audit and risk and sustainability committees. Other current board positions include Central Petroleum and Kinetic Energy Services, and previous board positions include Aker Solutions and Vautron. Dr. Ryan also serves as chair of the Advisory Board of Uearthed Solutions and is a Fellow of the Australian Academy of Technological Sciences and Engineering. Dr. Ryan was energy advisor, Investment director and equity analyst at Earnest Partners, a US-based investment management firm. Prior to that, she held various senior management, technical and operational roles during her 15 years with Schlumberger. Dr. Ryan holds a BSc in Geology from the University of Melbourne, a BSc (Hons) in Geophysics and a PhD in Petroleum Geology and Geophysics from the University of Adelaide. As of December 31, 2020, she holds 5,000 shares in the company and has no stock options. Ms. Ryan is an Australian citizen. She has been elected for the period 2020-2021.



Henning Jensen | Director, Elected by the employees

Henning Jensen currently works as a specialist engineer in project control department at MHWirth AS. Mr. Jensen joined MHWirth in 2005. He has since then held various positions in the company. Mr. Jensen holds a bachelor's degree in marine technology and a Master in Industrial Economy and Technology from Agder University College in Grimstad. As of December 31, 2020, Mr. Jensen holds no shares or stock options in the company. Mr. Jensen is a Norwegian citizen and has been elected for the period 2019-2021.

**Asle Christian Halvorsen | Director, Elected by the employees**

Asle Christian Halvorsen currently works as Senior Engineer in Mud Products dept at MHWirth AS. He began his career with the Aker group in 2011 when he joined STEP Offshore. Mr. Halvorsen holds a BS c in mechanical engineering from Sør-Trøndelag University College. As of December 31, 2020, he holds 10,000 shares in the company. Mr. Halvorsen is a Norwegian citizen. He has been elected for the period 2019-2021.

**Stian Sjølund | Director, Elected by the employees**

Stian Sjølund currently works as Performance Optimization Engineer at MHWirth AS. Mr. Sjølund joined the Company in 1998 as an Engineer in Drilling Lifecycle Services department. He has since then held various positions in the company in Norway and abroad. Mr. Sjølund holds a technical college degree in electrical engineering from Grimstad Technical College. As of December 31, 2020, he holds 10,000 shares in the company. Mr. Sjølund is a Norwegian citizen and has been elected for the period 2019-2021.



08. MANAGEMENT



Karl Erik Kjelstad | Chief Executive Officer

Karl Erik Kjelstad joined Akastor in 2014. He has been part of the Aker group since 1998 and has numerous key positions including various CEO positions. Karl Erik has held several board positions in different industries, including oil service, offshore drilling, offshore and merchant shipping, shipbuilding, IT services, real estate and construction industry. Karl Erik holds an MSc in Marine Engineering from the Norwegian University of Science and Technology (NTNU) and an AMP from Harvard Business School. As of December 31, 2020, Kjelstad holds 400,000 shares in Akastor ASA through his company Byesvollen AS.



Øyvind Paaske | Chief Financial Officer

Øyvind Paaske joined the investment team in Akastor as Investment Manager in 2014 and was appointed CFO of Akastor from 1st March 2020. Prior to this he held the position as Investment Manager at Convento (Aker ASA). Øyvind holds an MSc in Financial Economics from the Norwegian School of Economics and Business Administration (NHH) and UNC Kenan-Flagler Business School. As of December 31, 2020, Paaske holds 5,083 shares in Akastor ASA.

09. COMPANY INFORMATION

Reports on the Internet

The quarterly and annual reports of Akastor are available on the internet. Akastor encourages its shareholders to subscribe to the company's annual reports via the electronic delivery system of the Norwegian Central Securities Depository (VPS). Please note that VPS services (VPS Investortjenester) are designed primarily for Norwegian shareholders. Subscribers to this service receive annual reports in PDF format by email. VPS distribution takes place at the same time as distribution of the printed version of Akastor's annual report to shareholders who have requested it. Quarterly reports, which are generally only distributed electronically, are available on the company's website and other sources. Shareholders who are unable to receive the electronic version of interim reports may subscribe to the printed version by contacting Akastor's investor relations staff.

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