AKASTOR

2021 ANNUAL REPORT

2021 in brief

- MHWirth merged with Baker Hughes' Subsea Drilling Systems business to create HMH, a full-service offshore drilling company that provides customers with a broad portfolio of products and services
- As part of the closing of the HMH transaction, Akastor received a net cash consideration of NOK 644 million, reducing net debt and strengthening the balance sheet
- Simultaneously with the completion of the HMH transaction, Akastor completed a refinancing of its existing corporate credit facilities
- Contracts with a total value of around USD 160 million secured within HMH regarding delivery of drilling equipment to Guangzhou Marine Geological Survey
- DDW Offshore entered into bareboat and forward sale agreements with OceanPact for two vessels for a period of 26 months

NOK **5.1** bn
Net Capital Employed
(2020: 5.0bn)

NOK **984** m
Net Interest-bearing Debt
(2020: 1 357m)

-25%
Total Shareholder return
(2020: -29%)

57%
Equity share
(2020: 40%)

Net capital employed per year end 2021

NOK million

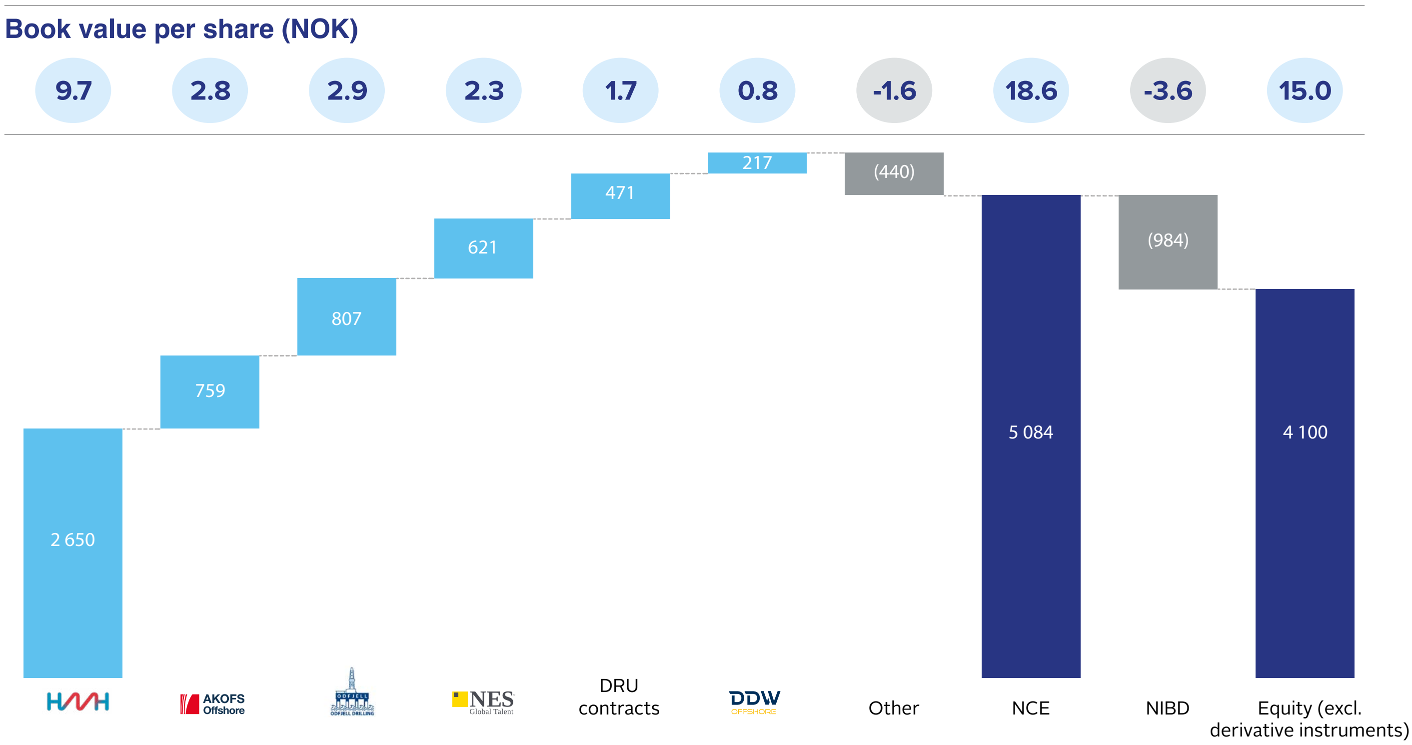

TABLE OF CONTENTS

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 5.1 billion at the end of 2021.

Highlights 2021

2021 continued to be affected by the COVID-19 virus, and the following turmoil in the oil and gas markets. Akastor has thus remained focused on mitigating operational effects and minimizing negative financial consequences for its portfolio companies while preserving liquidity and assuring financial flexibility. However, 2021 also brought positive market development through higher covid vaccination rates and fewer restrictions as well as increasing crude oil price through the year followed by higher offshore upstream capex and rig activity compared to 2020.

In March, Baker Hughes and Akastor announced an agreement to create a joint venture company bringing together Baker Hughes' Subsea Drilling Systems (SDS) business with Akastor's wholly owned subsidiary, MHWirth. The new joint venture company, later branded HMH, delivers a global full-service offshore drilling equipment offering that provides customers with a broad portfolio of products and services. The broad scope of services gives the company a solid foundation for future growth, including the capability to contribute to the oil & gas industry's transition towards more energy-efficient solutions. Also, the transaction is viewed as an important milestone for Akastor to prepare for a future exit, considerably increasing size of the holding and thus increasing the potential for a separate listing. As a result of the transaction, MHWirth was presented as discontinued operations as from the first quarter.

Later in March, Akastor announced that its wholly owned subsidiary, DDW Offshore, had entered into bareboat charter agreements with OceanPact Servicos Maritimos S.A., a Brazilian subsea and logistic company, for the two AHTS vessels Skandi Saigon and Skandi Pacific for a period of 26 months. As part of the agreements, forward sale of the vessels has been agreed whereby OceanPact shall purchase the vessels at the end of the charter period. The arrangement will ensure revenue and predictability going forward.

In September, Akastor announced that the previously announced award regarding a contract for delivery of a drilling equipment package to Guangzhou Marine Geological Survey (GMGS) had been signed. The contract had a total value of about USD 83 million.

In October, Akastor and Baker Hughes completed the merger between MHWirth and SDS. The company, which is owned 50/50 by Baker Hughes and Akastor, was named HMH. As part of the closing of the transaction, Akastor received a net cash consideration of approximately USD 78 million. Simultaneously with the completion of the transaction, Akastor completed a refinancing of its existing corporate credit facilities. As a result of the transaction, MHWirth was deconsolidated and a gain upon divestment was recognized in the fourth quarter as part of net profit from discontinued operations. As from closing, Akastor's 50 percent ownership in HMH was initially recognized at fair value and HMH is accounted for as a joint venture using the equity method.

In December, AKOFS Offshore was awarded a three-year contract with Petrobras for its vessel Skandi Santos. The vessel will perform a broad scope of subsea services in Brazil. The services will commence in the fourth quarter of 2022 and the total contract value is about USD 107 million, of which USD 53 million was booked as order intake in AKOFS Offshore in the quarter, while the remaining value will go through separate contracts between the end-client and sub-suppliers of AKOFS Offshore.

Also in December, HMH was awarded the contract to deliver a pressure control system to Guangzhou Marine Geological Survey (GMGS). The system will be comprised of a blowout preventer (BOP) stack, control system, as well as a riser package, with a total contract value of approximately USD 77 million. This award followed the contract awarded by GMGS to MHWirth in September for the delivery of a topside drilling equipment package and was the first joint commercial project win in HMH. The award can be viewed as a concrete example of the revenue synergy potential going forward for the new combined company.

Akastor's total net capital employed increased from NOK 5.0 billion in 2020 to NOK 5.1 billion in 2021, driven by MHWirth divestment and subsequent recognition of Akastor's 50 percent ownership in HMH. Net interest-bearing debt for Akastor was reduced from NOK 1.4 billion per year end 2020 to NOK 1.0 billion per 2021 driven by proceeds received in connection with the HMH transaction. Based on this, total equity of Akastor increased by NOK 0.5 billion through the year to NOK 4.1 billion per year end 2021.

Company Overview

Aker 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 2021 covers several industrial holdings in this sector, including:

- HMH, which provides drilling systems, equipment and aftermarket services. Ownership interest is 50 percent.
- 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 approximately 15 percent.
- Odfjell Drilling, preferred equity instrument with carrying amount of USD 89.5 million plus a warrant structure of up to 5.9 million shares.
- DRU contracts, full economic interest in four drilling equipment contracts with Jurong Shipyard. This position was carved out from MHWirth in connection with the merger with Baker Hughes' SDS business.
- 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 431 employees (including hired-ins) within its consolidated subsidiaries at year end 2021.

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 remains as before, targeting to generate an acceptable return on its current investments. New 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, however ensuring that Akastor has a solid capital structure.

Market Outlook

Akastor's portfolio companies operate mainly in the oilfield services industry. Over the last couple of years, this industry has been heavily affected by the outbreak of the COVID-19 virus which caused significant disruption to the global economy. The oil and gas market was strongly affected by negative demand development following lower global activity, adding additional pressure on the global economy, with direct effects on the investment level of oil companies and thereby effects also for the oilfield services industry. These effects continued into 2021, however with mitigation through increased vaccination rate and loosening of restrictions. Towards the end of 2021, the Omicron variant created additional uncertainty and increased restriction in many regions. Thus, new variants and mutations still make the market situation uncertain. Despite this, the oil and gas markets saw a positive development in key macro fundamentals through 2021, including crude oil prices, which in turn should have a positive bearing on Akastor's portfolio companies. During the first months of 2022, the world has seen increased geopolitical tension driven by the Russian invasion of Ukraine. Despite Akastor's portfolio companies having very limited exposure towards the Russian or Ukrainian markets, the situation could still have negative effects for Akastor through increased volatility as well as implications on financial markets and general industrial activity levels going forward.

Through 2021, the oil and gas markets have seen an increase in important macro fundamentals such as global offshore upstream capex spending and rig utilization, which in turn should have a positive bearing on Akastor through increased activity for the Akastor group of companies. As an example, AGR with its primary exposure towards the Norwegian continental shelf experienced an increasing level of activity in 2021, with revenues for the year around 14% higher than in 2020. Assuming these tail winds continue, Akastor management remains optimistic that activity levels within the oilfield services industry will increase going forward.

The low level of investments among oil companies seen over the last couple of years continued to affect the capital equipment segment of HMH through relatively low activity within both single equipment and larger projects following low order intake last year. However, HMH secured important orders within the Project and Products segment in 2021, both within larger projects as well as within single equipment, which serves as a good sign regarding the competitive strength of the company and caters for growth in activity in 2022 within this segment. The Aftermarket Services segment of HMH, which accounted for 74 percent of revenues in 2021 (pro-forma, adjusted), around same level as last year, is also affected through a lower number of active units with HMH equipment than pre-COVID. However, this segment has remained resilient through the market turmoil with a lower decline in nominal revenues. Going forward, the development of macro fundamentals through 2021, including increased rig activity and offshore capex spending among oil companies, should have positive longer-term bearings for all segments within HMH assuming that development continues.

An important milestone for Akastor in 2021 was the combination between MHWirth and SDS, which created HMH as a stronger and more resilient unit with a broader scope of services and a stronger installed base generating stable and increasing aftermarket revenues. The new entity will also provide a more solid foundation for future growth, including the capability to participate in the oil & gas industry's transition towards more energy-efficient solutions, as well as deploying technologies and service solutions to make the sector more competitive through increased drilling efficiency.

In 2022, Akastor will continue to monitor the COVID-19 situation with a target of minimizing disruptions to operations throughout the portfolio. Akastor management remains cautiously optimistic that the market situation will improve through easing of restrictions and gradual re-opening of the society, 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, there is a risk for continued effects of the epidemic in 2022, for instance through new mutations. Also, Akastor will closely follow the war in Ukraine and target also here to mitigate any direct effects following these circumstances, including securing compliance with relevant economic sanctions. Despite limited direct exposure to the regions, Akastor could be affected through more general market effects. The financial impact as a result of both these situations remain uncertain as it is difficult to predict the duration and the longer-term impact on financial markets and 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.

Based on the current footprint of the portfolio, the oilfield services industry will remain the primary market for Akastor going forward. However, Akastor will through its role as an active owner also focus on developing its offering within non-oil markets and the renewable energy space to further diversify the portfolio. Technology development remains a clear strategic target for all portfolio companies and Akastor is targeting to support the industry's transition to more energy-efficient operations for its clients through development of new solutions. As an example, HMH is continuing its efforts to optimize and reduce fuel consumption and carbon footprint for its clients through enabling more efficient drilling operations while also seeking opportunities within industries outside of oil and gas. AGR is strongly focusing on developing its suite of software solutions, enabling more efficient operations for oil companies and are also positioning themselves within low carbon solutions such as carbon capture, geothermal drilling and wind solutions. Early 2022, AGR established Føn Energy Services, a joint venture together with IKM to provide wind power project management, operations and maintenance services to offshore wind farms.

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. Please note that following the deconsolidation of MHWirth in 2021 as a result of the merger with Baker Hughes' SDS business, consolidated revenue and operating profit in Akastor only include financial performance of portfolio companies that constitute a minor part of Akastor's total net capital employed.

Income Statement

Revenue and other income for 2021 increased by 16 percent to NOK 953 million. Operating profit before interest, tax, depreciation and amortization (EBITDA) increased by NOK 71 million to break even.

Depreciation, amortization and impairment was NOK 82 million in 2021, compared to NOK 61 million in the previous year.

Net financial expenses were NOK 152 million in 2021 compared to NOK 387 million in the previous year. The net financial expenses included Akastor's share of net loss of NOK 346 million from the equity-accounted investees AKOFS Offshore and HMH, dividend income of NOK 74 million from equity investment and an unrealized gain of NOK 11 million in fair value changes of financial investments.

The pre-tax loss for the year was NOK 235 million, compared to a loss of NOK 519 million the previous year.

The income tax benefit for 2021 was NOK 20 million, compared to a tax expense of NOK 18 million in 2020. 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 215 million, while net profit from discontinued operations was NOK 1 140 million. The net profit from discontinued operations was mainly related to operating losses in the discontinued operation MHWirth, as well as gain from the divestment of MHWirth. The group had an operating profit of NOK 925 million for the year.

The board of directors has resolved to propose to the annual general meeting that no dividend is distributed for 2021.

Financial Position

Total assets of Akastor amounted to NOK 7.2 billion as of December 31, 2021, compared with NOK 9.1 billion at year-end 2020. The decrease is mainly related to reductions in non-current assets of NOK 4.6 billion as a result of divestment of MHWirth, offset by investment of NOK 2.7 billion in the new joint venture HMH.

Net debt (excluding lease liabilities) was NOK 1.3 billion at the end of the period, while net interest-bearing debt (NIBD) was NOK 1.0 billion. Net debt decreased through the year, primarily explained by the cash release from MHWirth divestment in October 2021.

Total equity amounted to NOK 4.1 billion at year-end 2021, of which non-controlling interests were NOK 18 million. The equity ratio was 57 percent as of December 31, 2021, compared to 40 percent in 2020.

Cash Flow

As of December 31, 2021, Akastor had cash of NOK 89 million, compared to NOK 275 million in 2020. The net cash flow from operating activities was negative NOK 96 million, compared to operating cash flow of positive NOK 211 million in the previous year. The net cash flow from operating activities comprises of cash flow generated from operating activities of negative NOK 8 million as well as net payments of NOK 88 million for interest costs and income tax.

Net cash flow from investing activities was positive NOK 431 million, compared to negative NOK 219 million in 2020. The cash flow from investing activities included net proceeds from sale of subsidiaries of NOK 591 million, related to proceeds from the divestment of MHWirth as well as contingent consideration payments related to divestments in previous years. Capex investments were NOK 136 million compared to NOK 67 million in 2020.

Net cash flow from financing activities amounted to negative NOK 516 million, including net repayment of borrowings of NOK 405 million and payment of lease liabilities of NOK 112 million.

Going Concern

The COVID-19 situation, as well as the increased geopolitical tension seen in the beginning of 2022, gives higher uncertainty for the going concern assumption for most companies. This is also the case for Akastor. However, the current assessment is that the entity has the ability to meet the mandatory terms and conditions of its banking facilities, taking into account the amendments agreed with banks in February 2022 including removal of a mandatory prepayment in March 2022 and adjustments to the gearing covenant level and minimum required liquidity (see Note 29 Capital Management for more information). 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.

The Akastor Portfolio

HMH

HMH was established in October 2021 following the merger between MHWirth (previously 100% owned by Akastor) and Baker Hughes' Subsea Drilling Systems (SDS) business. Akastor owns 50 percent of the shares in HMH, with the remaining shares owned by Baker Hughes. HMH is per year end 2021 classified as a joint venture and accounted for using equity method in the consolidated financial statements.

HMH is a global provider of drilling solutions, engineering, projects, equipment and services. HMH has a track record of product and service delivery in more than 120 countries worldwide. At year-end 2021, the company employed approximately 2 100 people. The company's operations are divided in two main business areas: Projects, Products and Other and Aftermarket Services. HMH is Akastor's largest portfolio company both in terms of sales revenue and employees.

Key Figures [1]

Amounts in USD million	**Proforma 2021**	Proforma 2020
Revenue (adj) [2]	**586**	715
Revenue	**568**	688
EBITDA (adj) [3]	**85**	107
EBITDA	**64**	97
Order intake	**820**	568
NIBD (incl. shareholder loans)	**226**	n/a

1) HMH figures presented on 100% basis, proforma figures for full year 2021 and 2020 are unaudited

2) Revenue (adj) includes revenue from Step Oiltools

3) EBITDA (adj) excludes integration costs and other non-recurring items

The revenue for 2021 of USD 586 million was down 18 percent compared to 2020 proforma figures for the combined entity. Proforma revenues from Projects, Products and Other decreased with around 37 percent to USD 150 million in 2021, driven by lower revenues from large projects following the schedule of ongoing projects and also lower recorded revenues from single equipment after a low order backlog within this segment as per the beginning of the year. Proforma full year revenues from Aftermarket Services was USD 436 million in 2021, down from USD 481 million in 2020. The number of active rigs with equipment package from HMH remained relatively stable through the year, however affected by a lower starting point compared to 2020. EBITDA adjusted for integration cost and defined non-recurring items decreased from USD 107 million in 2020 to USD 85 million in 2021. The adjusted EBITDA margin ended at 14.5 percent for 2021, down from 15.0 percent in 2020, primarily driven by a lower activity level.

The offshore drilling market continued to be affected by the global turmoil during 2020 and is still suffering from overcapacity of offshore drilling rigs. Despite this, order intake within Projects and Products increased considerably in 2021 compared to last year, driven primarily by the award of three larger project contracts. Order intake within single equipment also increased in 2021, with the non-oil segment as the main driver. Total order intake for HMH was USD 820 million in 2021, compared to USD 568 million in 2020.

An important focus area for HMH through 2022 will be to secure a successful integration between the two entities. A strategy and business plan for the combined company will be established together with Baker Hughes. The new company will focus on growth through both organic initiatives as well as M&A and will mainly focus on the global offshore and onshore drilling markets. However, HMH 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 employed 292 people as per the end of 2021.

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 accounted for using equity method in the consolidated financial statements.

Key Figures [1]

Amounts in USD million	**2021**	2020
Revenue and other income	**147**	107
EBITDA	**37**	44
EBIT	**(15)**	(14)
CAPEX and R&D capitalization	**5**	23
NCOA	**25**	40
Net capital employed	**375**	437
Order intake	**80**	28
Order backlog	**384**	446
Employees (FTE)	**292**	294

[1] *The figures are presented at 100 percent basis.*

The company's revenue was USD 147 million in 2021, around 38 percent higher than previous year, driven by full year operations of the Seafarer vessel which commenced in the fourth quarter of 2020, partly mitigated by the Skandi Santos vessel that extended its contract with Petrobras in 2021 at a reduced scope- and income level. The EBITDA decreased by USD 7 million to USD 37 million in 2021, primarily explained by the Skandi Santos day-rate, but also a planned yard stay for AKOFS Wayfarer due to a SPS in the first quarter.

AKOFS Offshore has through 2021 continued to focus on mitigating operational effects of the ongoing COVID-19 pandemic, among other initiatives through strict regulations regarding crew handling. Despite these efforts, AKOFS Offshore also in 2021 was affected through reduced utilization as a result of virus outbreaks on board its vessels. Also, the market situation for AKOFS is affected by lowered investment levels among oil companies. This has affected the prospects available for the company, however AKOFS Offshore is expecting a somewhat higher activity level on new tenders and contracts going forward.

Through 2021, both of the vessels Skandi Santos and Aker Wayfarer have operated on contracts with Petrobras in Brazil for subsea equipment installation work. In December 2021, the contract of Skandi Santos expired after almost twelve years of operations in Brazil. Also in December, AKOFS Offshore signed a firm three-year contract with Petrobras for Skandi Santos. The new contract will commence in Q4 2022, under which the vessel will perform a broad scope of subsea services in Brazil. Skandi Santos is currently operating on a shorter contract in Brazil with a third party, before it will go to yard in the third quarter to prepare for the new contract with Petrobras.

The Brazilian fleet was affected by certain periods of downtime related to outbreaks of COVID-19 onboard Wayfarer, however utilization for the two vessels was in general high throughout the year, with revenue utilization of Wayfarer and Santos of approximately 96 and 98 percent respectively, adjusted for the planned SPS on Wayfarer in the first quarter.

In October 2020, AKOFS Seafarer commenced its five-year contract with Equinor for Light Well Intervention services in the North Sea and has through 2021 operated on this contract delivering solid operational performance. The vessel recorded a revenue utilization above 90 percent in 2021, which is deemed satisfactory taking into account that the vessel had limited operational experience going into the year and also considering the challenging weather conditions in the North Sea in the winter season, as the vessel only receives 50 percent of its dayrate when waiting on weather.

Going forward, AKOFS will continue to focus on delivering high uptime on its existing contracts. Further, evaluation of options regarding the AKOFS Wayfarer vessel, for which the contract expires per year end 2022, will be a key focus area in 2022. Also, 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 2021, Akastor held 100 percent of the shares and 64 percent of the economic interest in the company. Nordea and DNB held the remaining 36 percent economic interest.

Key Figures

Amounts in NOK million	**2021**	2020
Revenue and other income	**723**	637
EBITDA	**33**	31
EBIT	**9**	13
CAPEX and R&D capitalization	**16**	10
NCOA	**(9)**	(7)
Net capital employed	**192**	148
Order intake	**769**	618
Order backlog	**518**	483
Employees (FTE)	**388**	319

AGR had total revenues of NOK 723 million in 2021, while the revenues in 2020 were NOK 637 million. EBITDA in 2021 ended at NOK 33 million, up from 31 million in 2020.

During 2021, the activity level in AGR was affected by an increase in activity within its Norwegian consultancy business. The Norwegian market remains the largest segment in AGR, constituting around 71 percent of revenues in 2021.

The company continued to have strong focus on its cost base, targeting to improve profitability within its international segments. Due to the market situation, activity level in certain segments outside of Norway remains low. As a result of this, AGR in December 2021 closed down its UK well management business through the sale of AGR Well Management Limited to SpotOn Energy Holding AS. As compensation for the transfer, AGR has received 20 percent ownership in SpotOn Energy, which will strengthen the cooperation between AGR and SpotOn Energy going forward. AGR recognized a loss of NOK 11 million in relation to this transaction, affecting EBITDA of the company negatively in the fourth quarter.

Going forward, the focus is to make all geographical segments profitable. Also, the company is continuing its effort 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. Also, the newly created joint venture between AGR and IKM, Føn Energy Services, is an important strategic priority for AGR, aiming to create a complete wind power project management, operations and maintenance provider with strong growth ambitions.

Other Holdings

Other Holdings mainly include 100 percent ownership of Cool Sorption, 100 percent ownership of DDW Offshore AS, around 15 percent economic interest of NES Fircroft, 5.6 percent shareholding in Awilco Drilling, and a preferred equity instrument of USD 89.5 million in Odfjell Drilling. Also, the financial interest in four drilling equipment contracts with Jurong Shipyard (the DRU contracts) is included within Other Holdings. 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

Amounts in NOK million	**2021**	2020
Revenue and other income	**232**	186
EBITDA	**(32)**	(102)
EBIT	**(92)**	(145)
CAPEX and R&D capitalization	**65**	1
NCOA	**239**	(158)
Net capital employed	**1 483**	990
Order intake	**202**	142
Order backlog	**64**	43
Employees (FTE)	**43**	47

Total EBITDA for Other Holdings for the year was negative NOK 32 million. Cool Sorption delivered an EBITDA of NOK 4 million in 2021, down from NOK 6 million in 2020. DDW Offshore contributed positively with NOK 17 million in 2021, compared to negative NOK 11 million in 2020 (after consolidation of this business as from October 2020). The positive results of DDW Offshore were driven by the gain related to the bareboat charter agreements with OceanPact Servicos Maritimos S.A., a Brazilian subsea and logistic company, for the vessels Skandi Saigon and Skandi Pacific for a period of 26 months. As part of the agreements, forward sale of the vessels was agreed whereby OceanPact shall purchase the vessels at the end of the charter period. The agreement was thus classified as a finance lease. The remaining negative EBITDA in this segment is mainly related to corporate overhead costs, as well as certain legacy costs.

Parent Company and Allocation of Net Loss

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 loss of NOK 664 million in 2021, including dividend income of NOK 7.0 billion from investments in subsidiaries offset by impairment of shares in and receivables on subsidiaries of NOK 7.6 billion.

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 loss (amounts in NOK million):

Dividends:	0
From other equity:	664
Total allocated:	664

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' reputation.

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.

Although effects from the global COVID-19 pandemic continued throughout 2021, we have seen that financial and operational impacts to the Akastor group have been fairly limited. This is largely thanks to our portfolio companies and their focus on mitigating measures and procedures, as well as their proven ability to minimize downtime caused from outbreaks. Moreover, it is also due to the more general fact that global business operations have been gradually going back to a more normalised situation.

Our focus on climate risk has continued throughout 2021. A dedicated project team has engaged with our portfolio companies to develop sustainability policies and targets tailored to each respective operation. The aim is to improve each company's ability to meet the challenges imposed by the necessary global energy transition, as well as to increase climate risk awareness and monitoring of sustainability targets.

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.

The directors and officers of Akastor companies are covered under an Aker group Director & Officer's Liability Insurance (D&O). The insurance covers personal legal liabilities including defence- and legal costs. The officers and directors of the parent company and all subsidiaries globally (owned 50 % or more) are covered by the insurance. The cover also includes employees in managerial positions or employees who become named in a claim or investigation.

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 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 HMH's concept developments towards the offshore wind industry and AGR's Carbon Capture and management services.

Each portfolio company addresses climate-related risks and opportunities within its yearly risk assessment, and the assessment is reviewed by its Board of Directors.

War in Ukraine
At the time of issuing this report, there is global geopolitical uncertainty caused by the Russian invasion of Ukraine which has given rise to a large number of global sanctions aimed at impacting any business activities in Russia or towards Russian companies. The Akastor group as a whole has relatively limited business activities towards Russia and the short-term operational impacts from these sanctions are therefore expected to be relatively limited. However, as the scale of this war and its impact on global economics remain uncertain, it represents a clear concern and potentially a larger risk to Akastor that we will need to closely monitor.

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 2021where 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 2021. The full report is available on our website www.akastor.com.

Research, Innovation and Technology Development

NOK 24 million was capitalized in 2021, compared to NOK 38 million in 2020, related to development activities. In addition, research and development costs of NOK 1 million were expensed during the year because the criteria for capitalization were not met (NOK 12 million in 2020).

All research, innovation and development initiatives are performed by the Akastor portfolio companies. Akastor ASA and Akastor AS performed no such activity in 2021.

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 2021, as in previous years, no events violating these agreements were reported.

As of year-end 2021, Akastor ASA's board comprised eight directors inclusive three employee elected directors, of which two shareholders elected directors are female directors. Akastor and its subsidiaries had a total of 431 employees (FTE) as of December 31, 2021. AKOFS Offshore had a total of 292 employees (FTE) as of December 31, 2021. HMH had a total of 2 100 employees (FTE) as of December 31, 2021. In Akastor AS, the male/female ratio was 69/31. The male/female ratio (excluding hired ins) in the major portfolio companies and Akastor Group were as follows:

	HMH[1)]	AKOFS Offshore	AGR	Akastor Group (incl. AKOFS Offshore and HMH*)
Female	18%	11%	29%	19%
Male	82%	89%	71%	81%

[*)] Data reported for HMH contains the MHWirth portion of the company.

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 two out of five shareholder elected directors are women.

Aggregated sick leave in Akastor was 3.0 percent in 2021. 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.

	HMH**	AKOFS Offshore	AGR	Akastor Group (inc AKOFS Off-shore and HMH**)
Lost time Incident Frequency (LTIF)*	0.8	-	-	0.5
Total Recordable Incident Frequency (TRIF)*	3.1	1.5	-	2.3
Fatalities incl. subcontractors	-	-	-	-
Sick leave (percent)	3.7	3.0	2.0	3.0

** Per million hours worked. Includes subcontractors*
*** Data reported for HMH contains the MHWirth portion of the company*

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 25, 2022 I Board of Directors of Akastor ASA

Kristian Røkke I Chairman	Lone Fønss Schrøder I Deputy Chairman	Svein Oskar Stoknes I Director
Kathryn M. Baker I Director	Luis Araujo I Director	Henning Jensen I Director
Asle Christian Halvorsen I Director	Stian Sjølund I Director	Karl Erik Kjelstad I 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, 2021. 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 2021 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, 2021.
- 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 25, 2022 I Board of Directors of Akastor ASA

Kristian Røkke I Chairman	Lone Fønss Schrøder I Deputy Chairman	Svein Oskar Stoknes I Director
Kathryn M. Baker I Director	Luis Araujo I Director	Henning Jensen I Director
Asle Christian Halvorsen I Director	Stian Sjølund I Director	Karl Erik Kjelstad I 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 ("Akastor" or the "company"). The principles are based on the Norwegian Code of Practice for Corporate Governance dated 14 October 2021 (the «Code of Practice»), the regulations set out in the Rule-book 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 statement.

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 2021 include the combination of MHWirth with Baker Hughes' SDS operations to create HMH as an entity controlled 50/50 by Baker Hughes and Akastor. Whilst STEP Oiltools remains under the legal ownership of Akastor, it forms part of the transaction perimeter for HMH and will be transferred to HMH as long as certain regulatory approvals have been obtained. On the other hand, all financial interest in the DRU Contracts still legally held by MHWirth have been agreed excluded from the transaction.

On this background Akastor currently has an active investment portfolio within the oilfield services industry consisting of AGR, Cool Sorption, DDW Offshore, 50 percent of the shares in HMH, 50 percent of the shares in AKOFS Offshore, a 15 percent economic ownership in NES Fircroft, in addition to other holdings and investments (see below), with a total net capital employed of NOK 5.1 billion. HMH 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

[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.*

offshore vessels. NES Fircroft is a global technical and engineering staff provider. Other investments mainly 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 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 2021.

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, 2021 is NOK 4 109 million, which represents an equity ratio of 57 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 2021 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 2022. No shares were bought by the company in 2021 pursuant to the authorizations to the board of directors. As of December 31, 2021, the company holds 2 390 215 own shares.

In addition, the annual general meeting in 2021 granted the board of directors the mandate to approve the distribution of dividends based on the company's annual accounts for 2020 as set out in the Public Limited Liability Companies Act section 8-2, second paragraph. The mandate is valid for the period until the date of the annual general meeting of 2022.

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.

The largest shareholder of Akastor, Aker 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 Holding AS between Aker ASA and the Norwegian government was dissolved. As a consequence of the dissolution, 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 general meetings will be conducted electronically as of this year. The decision to hold virtual meetings without the possibility to attend a physical meeting, is partly due to new requirements in the Public Llimited Liability Companies Act section 5-8, third paragraph, letter b, and party due to practical considerations. The shareholders will be invited to participate online via PC, phone or tablet, and a description of how to participate is included in the notice of general meeting that will be announced. By participating online, shareholders will receive a live webcast from the general meeting, the opportunity to ask written questions, and vote on each of the items. The company encourages shareholders to attend the general meetings.

It will also, like previous years, be possible to vote in advance or give a proxy before the meetings. 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 any amendments to the board of directors' policy regarding stipulation of salary and other remuneration to the executive management, if any;
- advisory vote on the board of directors' report on remuneration to the executive management;
- 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. Information concerning both the registration procedure, online participation 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».

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 Frank Reite (chairman), Georg Fr. Rabl, Ingebret G. Hisdal and Ove A. Taklo. Two of the members of the committee, Ove A. Taklo and Ingebret G. Hisdal are up for election at the 2022 annual general meeting. In addition, Frank O. Reite and Georg F. Rabl have announced that they will resign from their positions. Further Taklo has announced that he will not be available for re-election. Reite is deputy chairman of the board of Aker ASA. Ove A. Taklo was Group Corporate Controller of Aker ASA, but has now resigned and is employed with a company unrelated of Akastor. 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, second paragraph, 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 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 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, 2021, 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, 2021 will be set out in the 2021 remuneration report. The chairman Kristian M. Røkke and the directors Lone Fønss Schrøder, Kathryn M. Baker, Luis Araujo and Svein Oskar Stoknes are currently shareholders in Akastor. The board composition, including information about the directors' background and expertise will be detailed in the annual report for 2021.

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. 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 2021. 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 (chair), 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, 2021, there are no other board committees than the audit committee. The board does not envisage appointing any further board committees in 2022.

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 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 2021 financial year, clearing meetings with the portfolio companies were held in October 2021 and January 2022. 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 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 is provided in the remuneration report for 2021, as further described in section 12 below. 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 current guidelines were adopted by the general meeting April 15, 2021. The board of directors' has suggested some amendments to the guidelines and the updated policy will be presented and processed at the annual general meeting on April 20, 2022. Upon approval, such updated guidelines will replace the previous policy that was approved at the annual general meeting 15 April 2021.

In accordance with section 6-16b of the Public Limited Liability Companies Act, the board of directors has also prepared a report on the remuneration to the executive management, detailing the remuneration received by members of the executive management in 2021. The report is available at www.akastor.com, and will be subject for an advisory vote on the annual general meeting 2022.

13. Information and Communication

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. Further information about the remuneration of each executive manager is provided in the mentioned remuneration report for 2021.

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. 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.

04. a. FINANCIALS AND NOTES

AKASTOR GROUP

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

Amounts in NOK million	*Note*	**2021**	2020 Restated[1]
Revenue and other income	*7, 8*	**953**	819
Materials, goods and services		**(294)**	(450)
Salaries, wages and social security costs	*9*	**(367)**	(302)
Other operating expenses	*10*	**(78)**	(138)
Impairment loss on contract assets	*8*	**(214)**	-
Operating expenses		**(953)**	(890)
Operating profit before depreciation, amortization and impairment		**-**	(71)
Depreciation, amortization and impairment	*14,15, 32*	**(82)**	(61)
Operating profit (loss)		**(82)**	(132)
Finance income		**369**	201
Finance expenses		**(175)**	(226)
Profit (loss) from equity-accounted investees	*17*	**(346)**	(256)
Impairment loss on receivables		**-**	(106)
Net finance expenses	*11*	**(152)**	(387)
Profit (loss) before tax		**(235)**	(519)
Income tax benefit (expense)	*12*	**20**	(18)
Profit (loss) from continuing operations		**(215)**	(537)
Profit (loss) from discontinued operations (net of income tax)	*5*	**1 140**	(47)
Profit (loss) for the period		**925**	(584)
Profit (loss) for the period attributable to:			
Equity holders of the parent company		**919**	(581)
Non-controlling interests		**6**	(3)
Basic / diluted earnings (loss) per share (NOK)	*13*	**3.38**	(2.14)
Basic / diluted earnings (loss) per share continuing operations (NOK)	*13*	**(0.81)**	(1.97)
Basic / diluted earnings (loss) per share discontinued operations (NOK)	*13*	**4.20**	(0.17)

[1] *See Note 5 Discontinued operations*

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

Amounts in NOK million	*Note*	**2021**	2020
Profit (loss) for the period		**925**	(584)
Other comprehensive income			
Cash flow hedges, effective portion of changes in fair value		**(22)**	48
Deferred tax of cash flow hedges, effective portion of changes in fair value		**-**	(10)
Cash flow hedges, reclassification to income statement		**1**	(2)
Deferred tax of cash flow hedges, reclassification to income statement		**-**	1
Total change in hedging reserve, net of tax		**(21)**	38
Total change in fair value reserve, net of tax		**(20)**	(42)
Currency translation differences - foreign operations		**33**	(60)
Currency translation differences, reclassification to income statement upon disposal		**(472)**	(7)
Share of OCI from equity-accounted investees		**(7)**	(20)
Total change in currency translation reserve, net of tax		**(446)**	(86)
Total items that may be reclassified subsequently to profit or loss, net of tax		**(487)**	(90)
Remeasurement gain (loss) net defined benefit liability	*26*	**9**	(37)
Deferred tax of remeasurement gain (loss) net defined benefit liability		**(6)**	7
Total items that will not be reclassified to profit or loss, net of tax		**3**	(30)
Total other comprehensive income, net of tax		**(484)**	(120)
Total comprehensive income (loss) for the period, net of tax		**441**	(704)
Attributable to:			
Equity holders of the parent company		**435**	(701)
Non-controlling interests		**6**	(3)

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

Amounts in NOK million	*Note*	**2021**	2020
Deferred tax assets	*12*	**42**	329
Property, plant and equipment	*14*	**251**	1 017
Intangible assets	*15*	**145**	1 595
Right-of-use assets	*32*	**41**	468
Equity-accounted investees	*17*	**3 408**	1 064
Other investments	*19*	**1 625**	1 469
Non-current interest-bearing receivables	*20*	**315**	115
Non-current finance lease receivables	*32*	**176**	15
Other non-current assets	*18*	**21**	29
Total non-current assets		**6 025**	6 100
Current tax assets		**-**	28
Inventories		**5**	485
Trade and other receivables	*21*	**872**	2 191
Derivative financial instruments		**10**	61
Current finance lease receivables	*32*	**64**	7
Current investments	*19*	**147**	-
Cash and cash equivalents	*22*	**89**	275
Total current assets		**1 187**	3 047
Total assets		**7 212**	9 147
Issued capital incl. treasury shares	*23*	**161**	161
Other capital paid in		**1 538**	1 538
Reserves and retained earnings		**2 393**	1 959
Equity attributable to equity holders of the parent company		**4 091**	3 657
Non-controlling interests		**18**	11
Total equity		**4 109**	3 669
Non-current borrowings	*24*	**1 372**	628
Non-current lease liabilities	*32*	**72**	433
Employee benefit obligations	*26*	**108**	388
Deferred tax liabilities	*12*	**4**	10
Other non-current liabilities	*25*	**628**	478
Provisions, non-current	*27*	**26**	50
Total non-current liabilities		**2 211**	1 986
Current borrowings	*24*	**16**	1 119
Current lease liabilities	*32*	**82**	159
Current tax liabilities		**1**	8
Provisions, current	*27*	**20**	109
Trade and other payables	*28*	**625**	2 060
Derivative financial instruments		**-**	37
Other current liabilities	*25*	**148**	-
Total current liabilities		**892**	3 492
Total liabilities		**3 103**	5 479
Total equity and liabilities		**7 212**	9 147

Fornebu, March 25, 2022 I Board of Directors of Akastor ASA

Kristian Røkke I Chairman

Lone Fønss Schrøder I Deputy Chairman

Svein Oskar Stoknes I Director

Kathryn M. Baker I Director

Luis Araujo I Director

Henning Jensen I Director

Asle Christian Halvorsen I Director

Stian Sjølund I Director

Karl Erik Kjelstad I CEO

Akastor Group I Consolidated statement of changes in equity

Amounts in NOK million	Share capital	Treasury shares	Other capital paid in	Hedging reserve [1]	Fair value reserve[1]	Currency trans-lation reserve[1]	Retained earnings	Equity attributable to equity holders of the parent company	Non-con-trolling interests (NCI)	Total equity
2020										
Equity as of January 1, 2020	162	(2)	1 538	(17)	(10)	268	2 415	4 353	18	4 371
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**
2021										
Profit (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**919**	**919**	**6**	**925**
Other comprehensive income	**-**	**-**	**-**	**(21)**	**(20)**	**(446)**	**3**	**(484)**	**-**	**(484)**
Total comprehensive income	**-**	**-**	**-**	**(21)**	**(20)**	**(446)**	**922**	**435**	**6**	**441**
Transaction with NCI	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**	**1**	**-**
Equity as of December 31, 2021	**162**	**(2)**	**1 538**	**-**	**(72)**	**(264)**	**2 730**	**4 091**	**18**	**4 109**

[1] *See Note 23 Capital and reserves.*

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

Amounts in NOK million	*Note*	**2021**	2020
Cash flow from operating activities			
Profit (loss) for the period - continuing operations		**(215)**	(537)
Profit (loss) for the period - discontinued operations		**1 140**	(47)
Profit (loss) for the period		**925**	(584)
Adjustments for:			
Income tax expense (benefit)		**(20)**	86
Net interest cost and unrealized currency (income) loss		**142**	45
Depreciation, amortization and impairment	*14, 15, 32*	**260**	278
(Gain) loss on disposal of subsidiaries		**(1 225)**	120
(Gain) loss on disposal of assets		**(51)**	(2)
(Profit) loss from equity-accounted investees	*17*	**346**	256
Other non-cash effects		**(272)**	106
Profit (loss) for the period after adjustments		**105**	305
Changes in operating assets		**(113)**	63
Cash generated from operating activities		**(8)**	369
Interest paid		**(120)**	(122)
Interest received		**38**	45
Net Interest paid for leases		**(14)**	(34)
Income taxes paid		**8**	(47)
Net cash from operating activities		**(96)**	211
Cash flow from investing activities			
Acquisition of property, plant and equipment	*14*	**(112)**	(29)
Payments for capitalized development	*15*	**(24)**	(38)
Acquisition of subsidiaries, net of cash acquired		**-**	37
Proceeds (payments) from sale of subsidiaries, net of cash		**591**	(77)
Acquisition of other investments		**(9)**	-
Payments to equity-accounted investees		**(47)**	(120)
Proceeds from finance lease receivables		**29**	9
Net cash flow from other investing activities		**3**	(1)
Net cash from investing activities		**431**	(219)
Cash flow from financing activities			
Proceeds from borrowings	*24*	**1 067**	227
Repayment of borrowings	*24*	**(1 472)**	(316)
Payment of lease liabilities	*32*	**(112)**	(139)
Repayment of dividends		**-**	2
Proceeds from transaction with non-controlling interests		**1**	-
Net cash used in financing activities		**(516)**	(227)
Effect of exchange rate changes on cash and bank deposits		**(5)**	(45)
Net increase (decrease) in cash and bank deposits		**(186)**	(280)
Cash and cash equivalents at the beginning of the period		**275**	555
Cash and cash equivalents at the end of the period	*22*	**89**	275
Of which is restricted cash		**-**	6

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

Note 1 I 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 Holding AS which is wholly owned by Aker ASA as of December 31, 2021.

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, 2021 were approved by the board of directors and CEO on March 25, 2022. The consolidated financial statements will be authorized by the Annual General Meeting on April 20, 2022.

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 33 Group companies. Information on other related party relationships of the group is provided in Note 34 Related parties.

Note 2 I 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, 2021.

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, 2021, with no implementation 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)

Standards issued but not yet effective

Several amended standards and interpretations are effective for annual periods beginning after January 1, 2021. 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.

Note 3 I 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 to 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. 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.

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 8 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.

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 it 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 I 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.

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 31 Financial Instruments.

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 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 14 Property, plant and equipment and Note 15 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 16 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 12 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.

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 32 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 I Discontinued operations

Discontinued operations MHWirth

On October 1, 2021, Akastor completed the transaction to bring together Akastor's wholly owned subsidiary, MHWirth AS (MHWirth) and Baker Hughes' Subsea Drilling Systems (SDS) business to create a joint venture company HMH. HMH delivers a global full-service offshore drilling equipment offering that will provide customers with a broad portfolio of products and services.

HMH is owned 50/50 by Akastor and Baker Hughes. Akastor contributed its shares in MHWirth to HMH in return for 50% of the shares of HMH and USD 120 million in consideration, of which USD 100 million (before certain adjustments) was paid in cash at closing. Baker Hughes contributed the SDS business to HMH in return for the other 50% of the shares and USD 200 million in consideration, of which USD 120 million was paid in cash at closing. HMH has issued shareholder notes to Akastor and Baker Hughes representing the balance of the consideration owed to them. The notes are subordinated to HMH's external debt financing. HMH financed the cash consideration payable to Baker Hughes and Akastor by way of a USD 220 million bank facility.

Following the transaction, HMH is classified as a joint venture to the group and accounted for using the equity method. See Note 17 Equity-accounted investees for more information. MHWirth is classified as discontinued operations and the comparative consolidated income statement has been restated to show the discontinued operations separately from continuing operations.

Results of discontinued operations

Amounts in NOK million	**2021**	2020
Revenue	**2 024**	3 758
Expenses	**(2 096)**	(3 574)
Net financial items	**(27)**	(49)
Profit (loss) before tax	**(99)**	136
Income tax	**3**	(67)
Profit (loss) from operating activities, net of tax	**(96)**	68
Gain (loss) on sale of discontinued operations [1)]	**1 236**	(115)
Net profit (loss) from discontinued operations	**1 140**	(47)
Basic/diluted earnings (loss) per share from discontinued operations (NOK)	**4.20**	(0.17)

[1)] *Includes currency translation differences of NOK 362 million that were reclassified from Other Comprehensive Income to the income statement as part of gain from the disposal of MHWirth in 2021.*

Gain on sale from the disposal in 2021 included gain of NOK 1 240 million for MHWirth divestment, offset by loss of NOK 4 million on divestments from previous years. The loss on sale of discontinued operations in 2020 was mainly related to re-assessment of contingent considerations related to divestments from prior years.

Cash flows from (used in) discontinued operations

Amounts in NOK million	**2021**	2020
Net cash from operating activities	**50**	302
Net cash from investing activities (incl. net cash proceeds from sale of the operations)	**592**	(44)
Net cash from financing activities	**(49)**	(75)
Net cash flow from discontinued operations	**593**	**183**

Note 6 I Disposal of subsidiaries and business combination

Disposal of entities in 2021

Disposal of MHWirth

On October 1, 2021, Akastor completed the transaction to bring together Akastor's wholly owned subsidiary, MHWirth AS (MHWirth) and Baker Hughes' Subsea Drilling Systems (SDS) business to create a joint venture company HMH. Following the transaction, MHWirth was deconsolidated and HMH is classified as a joint venture to the group and accounted for using the equity method. See Note 5 discontinued operations for more information about the transaction.

Disposal of AGR Well Management Limited (UK)

On December 22, 2021, Akastor completed the transfer of the shares in AGR Well Management Limited ("AGR Well Management"), a wholly-owned subsidiary, to SpotOn Energy Holding AS ("SpotOn Energy"). As compensation for the transfer, Akastor, through its subsidiary AGR AS, received 20% ownership in SpotOn Energy, which is expected to strengthen the cooperation between AGR and SpotOn Energy going forward. SpotOn Energy is accounted as an associated company to the group.

Effect of disposal on the financial position of the group

Amounts in NOK million	**2021**
Deferred tax assets	(304)
Property, plant and equipment	(646)
Right of Use assets	(416)
Intangible assets	(1 281)
Other non-current assets	(31)
Inventories	(429)
Trade and other receivables	(1 303)
Other current assets	(22)
Cash and cash equivalents	(165)
Pension liabilities	243
Lease liability, non-current	305
Other non-current liabilities	40
Lease liability, current	93
Trade and other payables	1 377
Other current liabilities	86
Currency translation reserve	361
Net assets and liabilities [1]	**(2 092)**
Total consideration at fair value [2]	3 322
Portion of consideration received in cash, net of transaction costs	805
Cash and cash equivalents disposed of	(165)
Cash inflows from disposal, net of cash disposed of [3]	**640**

1) *Includes net assets of NOK 2 082 million in MHWirth and NOK 10 million in AGR Well Management.*

2) *Total consideration at fair value from disposal of MHWirth includes fair value of 50% shares of HMH, shareholder notes of USD 20 million as well as cash received from the transaction, reduced by provision for contingent considerations mainly related to indemnity liabilities for pension plans in MHWirth. See also Note 25 Other liabilities.*

3) *Net cash flows from disposal excludes the net cash outflow of NOK 49 million related to divestments made in prior years.*

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 DDW Offshore 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 in 2020

Amounts in NOK million	**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.

Note 7 I Operating segments

Basis for segmentation
As of December 31, 2021, 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:

- HMH is a premier drilling solutions provider, which was formed as an independent company in October 2021 through the merger of Baker Hughes' Subsea Drilling Systems business and Akastor's wholly owned subsidiary, MHWirth AS. HMH combines integrated delivery capabilities, capital, renowned industry expertise and delivers the full range of offshore drilling equipment products and packages at scale.

- 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 the transaction to contribute MHWirth into the joint venture HMH, MHWirth was presented as discontinued operations and deconsolidated in 2021. See Note 5 Discontinued operations for more information about the transaction. MHWirth is not presented as a reportable segment as of December 31, 2021 and the historical segment information in 2020 has been restated.

HMH and AKOFS Offshore are classified as joint ventures and accounted for using the equity method, see Note 17 Equity-accounted investees. The segment information of the two joint ventures are presented at 100% basis.

Further, Akastor holds 100 percent ownership in Cool Sorption, 100 percent in DDW Offshore AS, 15 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”.

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.

Information about reportable segments

Amounts in NOK million	*Note*	**HMH (JV)** [1]	**AKOFS Offshore (JV)**	**AGR**	**Other holdings**	**Total operating segments**	**Adjust-ment of JVs**	**Elimina-tions**	**Total Akastor**
2021									
Income statement									
External revenue and other income		1 419	1 269	723	230	**3 641**	(2 688)	-	953
Inter-segment revenue		-	-	-	2	**2**	-	(2)	-
Total revenue and other income		**1 419**	**1 269**	**723**	**232**	**3 643**	**(2 688)**	(2)	**953**
Operating profit before depreciation, amortization and impairment (EBITDA)		**215**	**320**	**33**	**(32)**	**534**	**(534)**	-	**-**
Depreciation and amortization	*14, 15, 32*	(116)	(365)	(16)	(59)	**(556)**	481	-	(76)
Impairment		-	(88)	(7)	(0)	**(95)**	88	-	(7)
Operating profit (loss) (EBIT)		**99**	**(134)**	**9**	**(92)**	**(117)**	**35**	-	**(82)**
Assets									
Current operating assets		3 701	610	149	736	**5 195**	(4 311)	(7)	877
Non-current operating assets		6 736	4 249	228	2 045	**13 257**	(7 576)	-	5 681
Finance lease receivables	*32*	-	-	-	241	**241**	-	-	241
Segment assets		**10 436**	**4 859**	**376**	**3 021**	**18 693**	**(11 887)**	**(7)**	**6 799**
Liabilities									
Current operating liabilities		2 655	387	158	496	**3 696**	(3 042)	(7)	647
Non-current operating liabilities		582	7	13	901	**1 503**	(589)	-	914
Lease liabilities	*32*	381	1 163	13	142	**1 699**	(1 544)	-	155
Segment liabilities		**3 619**	**1 556**	**184**	**1 539**	**6 898**	**(5 175)**	**(7)**	**1 716**
Net current operating assets		1 045	224	(9)	239	**1 499**	(1 269)	-	231
Net capital employed		6 817	3 303	192	1 483	**11 796**	(6 712)	-	5 084

[1] *HMH was established as a joint venture to Akastor as of October 1, 2021.The income statement information is presented at 100% basis for the period October 1- December 31, 2021. Segment assets and liabilities refer to financial positions in HMH at 100% basis as of December 31, 2021.*

Amounts in NOK million	*Note*	AKOFS Off-shore (JV)	AGR	Other holdings	Total operating segments	Adjust-ment of JV	MHWirth (Discon-tinued)	Elimi-nations	Total Akastor
2020 (restated)									
Income statement									
External revenue and other income		1 000	637	182	**1 819**	(1 000)	-	-	819
Inter-segment revenue		-	-	3	**3**	-	-	(3)	-
Total revenue and other income		**1 000**	**637**	**186**	**1 822**	**(1 000)**	**-**	**(3)**	**819**
Operating profit before depreciation, amortization and impairment (EBITDA)		**414**	**31**	**(102)**	**344**	**(414)**	**-**	**-**	**(71)**
Depreciation and amortization	*14, 15, 32*	(333)	(18)	(39)	**(390)**	333	-	-	(57)
Impairment		(215)	-	(4)	**(219)**	215	-	-	(4)
Operating profit (loss) (EBIT)		**(134)**	**13**	**(145)**	**(266)**	**134**	**-**	**-**	**(132)**
Assets									
Current operating assets		677	115	58	**850**	(677)	2 537	(5)	2 704
Non-current operating assets		4 609	178	1 929	**6 717**	(3 546)	2 799	-	5 970
Finance lease receivables	*32*	-	-	22	**22**	-	1	-	23
Segment assets		**5 286**	**294**	**2 009**	**7 588**	**(4 223)**	**5 336**	**(5)**	**8 697**
Liabilities									
Current operating liabilities		332	122	216	**670**	(332)	1 845	(5)	2 177
Non-current operating liabilities		6	14	605	**626**	(6)	307	-	926
Lease liabilities	*32*	1 203	10	199	**1 411**	(1 203)	384		592
Segment liabilities		**1 542**	**146**	**1 019**	**2 706**	**(1 542)**	**2 535**	**(5)**	**3 695**
Net current operating assets		344	(7)	(158)	**180**	(344)	692	-	527
Net capital employed		3 744	148	990	**4 882**	(2 681)	2 801	-	5 002

Reconciliations of information on reportable segments to IFRS measures

Amounts in NOK million	*Note*	**2021**	2020
Assets			
Total segment assets		**6 799**	8 697
Derivative financial instruments		**10**	61
Cash and cash equivalents	*22*	**89**	275
Non-current interest-bearing receivables	*20*	**315**	115
Consolidated assets		**7 212**	9 147
Liabilities			
Total segment liabilities		**1 716**	3 695
Derivative financial instruments		**-**	37
Current borrowings	*24*	**16**	1 119
Non-current borrowings	*24*	**1 372**	628
Consolidated liabilities		**3 103**	5 479

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.

	Revenue and other income		**Non-current assets excluding deferred tax assets and financial instruments**	
Amounts in NOK million	**2021**	2020 Restated	**2021**	2020
Norway	**663**	447	**1 180**	2 482
Netherlands	**-**	-	**2 650**	-
United Kingdom	**128**	144	**3**	47
Denmark	**79**	132	**1**	2
Australia	**75**	63	**9**	39
Germany	**-**	-	**-**	770
United States	**5**	5	**3**	430
Other countries	**3**	28	**-**	374
Total	**953**	819	**3 847**	4 144

Major customer

Revenues from one customer of AGR represents approximately NOK 150 million (NOK 80 million in 2020) of the group's total revenue.

Note 8 I Revenue and other income

Revenue types

Amounts in NOK million	*Note*	**2021**	2020 Restated
Revenue from contracts with customers		**834**	793
Other revenue and income			
Lease revenue	*32*	**76**	31
Other revenue		**3**	-
Gain (loss) on disposal of subsidiaries		**(11)**	(5)
Gain on disposals of assets		**51**	-
Total revenue and other income		**953**	819

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 7 Operating segments.

Amounts in NOK million	**HMH (JV)** [1]	**AKOFS Offshore (JV)**	**AGR**	**Other holdings**	**Adjustment of JVs**	**Total Akastor**
2021						
Major contract/revenue types						
Construction revenue	190	-	-	47	(190)	47
Sale of standard products	207	-	16	-	(207)	16
Service revenue	1 022	868	718	53	(1 890)	771
Total Revenue from contracts with customers	**1 419**	**868**	**734**	**100**	**(2 287)**	**834**
Timing of revenue recognition						
Transferred over time	1 212	868	718	100	(2 080)	818
Transferred at point in time	207	-	16	-	(207)	16
Total Revenue from contracts with customers	**1 419**	**868**	**734**	**100**	**(2 287)**	**834**
Other revenue and income	-	401	(11)	130	(401)	120
Total external revenue and other income in segment reporting	**1 419**	**1 269**	**723**	**230**	**(2 688)**	**953**

[1] *HMH was established as a joint venture to Akastor as of October 1, 2021. Revenue information is presented at 100% basis for the period October 1- December 31, 2021.*

Amounts in NOK million	AKOFS Offshore (JV)	AGR	Other holdings	Adjust-ment of JV	Total Akastor
2020 (restated)					
Major contract/revenue types					
Construction revenue	-	-	105	-	105
Sale of standard products	-	6	-	-	6
Service revenue	316	631	51	(316)	682
Total Revenue from contracts with customers	**316**	**636**	**156**	**(316)**	**793**
Timing of revenue recognition					
Transferred over time	316	631	156	(316)	787
Transferred at point in time	-	6	-	-	6
Total Revenue from contracts with customers	**316**	**636**	**156**	**(316)**	**793**
Other revenue and income	684	-	26	(684)	26
Total external revenue and other income in segment reporting	**1 000**	**637**	**182**	**(1 000)**	**819**

Contract balances

Amounts in NOK million	*Note*	**2021**	2020
Receivables, which are included in "trade and other receivables"		**117**	1 070
Contract assets	*21*	**47**	764
Contract liabilities	*28*	**21**	344

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. Impairment of NOK 214 million has been recognized on contract assets in 2021 (2020: nil).

Contract liabilities relate to advance consideration received from customer for work not yet performed. Revenue recognized in 2021 that was included in contract liabilities in the beginning of the year is NOK 11 million (NOK 560 million in 2020).

No revenue was recognized in 2021 from performance obligation satisfied (or partially satisfied) in previous period. In 2020, revenue of NOK 95 million was recognized, 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, 2021.

Amounts in NOK million	2022	Later	**Total**
Transaction price allocated	528	54	**582**

The amounts disclosed above do not include variable consideration which is constrained. 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	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. 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. Assurance-type warranty for a period of 12-30 months is normally included in construction contracts.	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. 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. Contract modifications, usually in form of variation orders, are only accounted for when they are approved by the customers.
Sale of standard products	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. Assurance-type warranty for a period of 12-18 months is normally included in these contracts.	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.
Service revenue	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.	Service revenue is recognized over time as the services are provided. 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.

Note 9 I Salaries, wages and social security costs

Amounts in NOK million	*Note*	2021	2020 Restated
Salaries and wages including holiday allowance		**299**	240
Social security tax/ national insurance contribution		**43**	36
Pension cost	26	**11**	10
Other employee costs		**13**	17
Salaries, wages and social security costs		**367**	**302**

Note 10 I Other operating expenses

Amounts in NOK million	2021	2020 Restated
External consultants and hired-ins inclusive audit fees	**55**	90
Rental and other costs for premises and equipment	**7**	12
Office supplies and travel expenses	**8**	11
Other	**9**	26
Total other operating expenses	**78**	138

Fees to the auditors

The table below summarizes audit fees (exclusive VAT), as well as fees for audit related services, tax services and other services incurred by the group during 2021 and 2020.

	Akastor ASA		**Subsidiaries**		**Total**	
Amounts in NOK million	**2021**	2020	**2021**	2020	**2021**	2020
Audit	**2**	2	**2**	8	**4**	10
Other assurance services	**-**	-	**1**	1	**1**	1
Total	**2**	**3**	**3**	**9**	**5**	**11**

Note 11 I Net finance expenses

Amounts in NOK million	*Note*	**2021**	2020 Restated
Profit (loss) from equity-accounted investees	*17*	**(346)**	(256)
Interest income on bank deposits measured at amortized cost		**17**	22
Interest income on debt instruments at FVOCI		**89**	86
Interest income on finance lease receivables	*32*	**12**	1
Net foreign exchange gain		**55**	4
Dividend income from equity instrument		**74**	77
Net changes in fair value of financial assets at FVTPL		**11**	-
Liquidation of foreign entity [1]		**110**	7
Other finance income		**2**	4
Finance income		**369**	201
Interest expense on financial liabilities measured at amortized cost		**(112)**	(93)
Interest expense on financial liabilities measured at fair value		**(24)**	(20)
Interest expense on lease liabilities	*32*	**(9)**	(13)
Net changes in fair value of financial assets at FVTPL		**-**	(94)
Impairment loss on receivables [2]		**-**	(106)
Loss on foreign currency forward contracts		**(17)**	-
Other financial expenses		**(12)**	(7)
Financial expenses		**(175)**	(333)
Net finance expenses recognized in profit and loss		**(152)**	(387)

[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*

See Note 31 Financial instruments for information of the finance income and expense generating items.

Note 12 I Income tax

Income tax expense

Amounts in NOK million	**2021**	2020 Restated
Current tax expense		
Current year	**(1)**	(6)
Adjustments for prior years	**-**	(5)
Total current tax expense	**(1)**	(11)
Deferred tax expense		
Origination and reversal of temporary differences	**25**	48
Write down of tax loss and deferred tax assets	**(30)**	(122)
Recognition of previously unrecognized deferred tax assets	**26**	66
Total deferred tax income (expense)	**21**	(7)
Total tax income (expense)	**20**	(18)

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.

Amounts in NOK million	**2021**		2020 Restated	
Profit (loss) before tax, continuing operations	**(235)**		(519)	
Tax income (expense) using the company's domestic tax rate	**52**	**22.0%**	114	22.0%
Tax effects of:				
Difference between local tax rate and Norwegian tax rate	**-**	**-**	5	0.9%
Permanent differences [1]	**(32)**	**(13.5%)**	(75)	(14.5%)
Prior year adjustments (current tax)	**-**	**(0.1%)**	(5)	(1.0%)
Prior year adjustments (deferred tax)	**4**	**1.8%**	(1)	(0.1%)
Recognition of previously unrecognized deferred tax assets [2]	**26**	**11.1%**	66	12.8%
Write down of tax loss or deferred tax assets [3]	**(30)**	**(12.7%)**	(122)	(23.5%)
Other	**-**	**-**	(1)	(0.1%)
Total tax income (expenses)	**20**	**8.5%**	(18)	(3.5%)

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.*

3) *The impairment relates mainly to deferred tax assets in Akastor Corporate entities and DDW Offshore AS in Norway.*

Recognized deferred tax assets and liabilities

Amounts in NOK million	Assets **2021**	Assets 2020	Liabilities **2021**	Liabilities 2020	Net **2021**	Net 2020
Property, plant and equipment	**-**	40	**-**	(5)	**-**	35
Intangible assets	**2**	2	**(1)**	(7)	**-**	(5)
Projects under construction	**-**	-	**-**	(50)	**-**	(50)
Pensions	**2**	65	**-**	-	**2**	65
Provisions	**1**	37	**-**	(9)	**1**	28
Derivatives	**-**	-	**(3)**	(14)	**(3)**	(14)
Other items	**6**	226	**(5)**	(9)	**1**	217
Tax loss carry-forwards	**37**	44	**-**	-	**37**	43
Total before set offs	**48**	414	**(10)**	(95)	**38**	320
Set-off of tax	**(5)**	(85)	**5**	85	**-**	-
Total deferred tax assets(liabilities)	**42**	329	**(4)**	(10)	**38**	320

The group has made an evaluation of taxable profit for the next five years based on management's projection. 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.

Change in net recognized deferred tax assets (liabilities)

Amounts in NOK million	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, 2019	**39**	**(8)**	**(102)**	**80**	**42**	**(65)**	**231**	**160**	**377**
Recognized in profit and loss (restated)	(7)	1	-	(22)	(30)	1	(1)	51	(7)
Recognized in other comprehensive income	-	-	-	6	-	(8)	1	-	(1)
Discontinued operations	2	2	53	(1)	13	58	(11)	(168)	(52)
Currency translation differences	1	-	-	2	2	-	(2)	1	3
Balance as of December 31, 2020	**35**	**(5)**	**(50)**	**65**	**28**	**(14)**	**217**	**43**	**320**
Disposal of sbusidiaries as of January 1, 2021	**(34)**	**5**	**51**	**(57)**	**(26)**	**9**	**(216)**	**(27)**	**(294)**
Recognized in profit and loss	**-**	**-**	**-**	**-**	**(1)**	**1**	**(1)**	**22**	**21**
Recognized in other comprehensive income	**-**	**-**	**-**	**(6)**	**-**	**-**	**-**	**-**	**(6)**
Currency translation differences	**-**	**-**	**(2)**	**(1)**	**-**	**-**	**1**	**(1)**	**(3)**
Balance as of December 31, 2021	**-**	**-**	**-**	**2**	**1**	**(3)**	**1**	**37**	**38**

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

Amounts in NOK million	**2021**	2020
Expiry in 2022	**-**	43
Expiry in 2023 and later	**350**	531
Indefinite	**1 772**	2 135
Total	**2 121**	2 710

Unrecognized other deductible temporary differences are NOK 1 022 million in 2021 (NOK 1 105 million in 2020).

Note 13 I Earnings per share

Akastor ASA holds 2 390 215 treasury shares at year end 2021 (2 390 215 in 2020). Treasury shares are not included in the weighted average number of ordinary shares.

Amounts in NOK million	**2021**	2020 Restated
Profit (loss) from continuing operations	**(215)**	(537)
Non-controlling interests	**(6)**	3
Profit (loss) attributable to ordinary shares from continuing operations	**(221)**	(535)
Profit (loss) from discontinued operations	**1 140**	(47)
Profit (loss) attributable to ordinary shares	**919**	(581)

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.

	2021	2020 Restated
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**	271 609 785
Basic/ diluted earnings (loss) per share (NOK)	**3.38**	(2.14)
Basic/ diluted earnings (loss) per share for continuing operations (NOK)	**(0.81)**	(1.97)
Basic/ diluted earnings (loss) per share for discontinued operations (NOK)	**4.20**	(0.17)

Note 14 I Property, plant and equipment

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

Amounts in NOK million	*Note*	**Buildings and land**	**Vessels**	**Machinery, equipment, software**	**Under construction**	**Total**
Historical cost						
Balance as of January 1, 2020		741	-	1 407	28	2 175
Additions		38	-	30	-	68
Additions through business combinations	*6*	-	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**
Additions		**-**	**65**	**11**	**3**	**79**
Reclassifications		**-**	**-**	**10**	**-**	**10**
Transfer from assets under construction		**-**	**-**	**1**	**(1)**	**-**
Disposals and scrapping		**-**	**(156)**	**(8)**	**-**	**(164)**
Disposal of subsidiaries	*6*	**(654)**	**-**	**(1 248)**	**(6)**	**(1 908)**
Currency translation differences		**(17)**	**8**	**(7)**	**(1)**	**(17)**
Balance as of December 31, 2021		**-**	**282**	**101**	**-**	**384**
Accumulated depreciation						
Balance as of January 1, 2020		(338)	-	(1 067)	(11)	(1 415)
Depreciation for the year [1)]		(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)**
Depreciation for the year [1)]		**(2)**	**(30)**	**(13)**	**-**	**(46)**
Disposals and scrapping		**-**	**-**	**7**	**-**	**7**
Disposal of subsidiaries	*6*	**305**	**-**	**957**	**-**	**1 262**
Currency translation differences		**7**	**(1)**	**6**	**-**	**12**
Balance as of December 31, 2021		**-**	**(38)**	**(94)**	**-**	**(133)**
Book value as of December 31, 2020		**361**	**359**	**292**	**4**	**1 017**
Book value as of December 31, 2021		**-**	**244**	**7**	**-**	**251**

[1)] *Includes amortization of NOK 6 million from discontinued operations in 2021 (NOK 51 million in 2020).*

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 15 I Intangible assets

Amounts in NOK million	*Note*	**Development costs**	**Goodwill**	**Other**	**Total**
Historical cost					
Balance as of 1 January 2020		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**
Reclassification		**(10)**	**-**	**-**	**(10)**
Capitalized development		**24**	**-**	**1**	**24**
Adjustment from business combinations prior years		**-**	**(1)**	**-**	**(1)**
Disposals of subsidiaries	*6*	**(544)**	**(1 263)**	**(244)**	**(2 051)**
Currency translation differences		**(4)**	**(10)**	**(3)**	**(16)**
Balance as of December 31, 2021		**50**	**118**	**24**	**192**
Accumulated amortization and impairment					
Balance as of 1 January 2020		(370)	(88)	(123)	(581)
Amortization for the year [1)]		(35)	-	(25)	(60)
Currency translation differences		(6)	2	(5)	(10)
Balance as of December 31, 2020		**(411)**	**(86)**	**(154)**	**(651)**
Amortization for the year		**(10)**	**-**	**(6)**	**(16)**
Impairment [2)]		**-**	**(69)**	**(86)**	**(155)**
Disposal of subsidiaries	*6*	**390**	**146**	**233**	**770**
Currency translation differences		**3**	**(1)**	**3**	**5**
Balance as of December 31, 2021		**(28)**	**(10)**	**(9)**	**(47)**
Net book value as of 31 December 2020		**172**	**1 307**	**116**	**1 595**
Net book value as of 31 December 2021		**22**	**109**	**15**	**145**

1) Includes amortization of NOK 6 million from discontinued operations in 2021 (NOK 51 million in 2020).

2) Includes impairment of NOK 149 million from discontinued operations in 2021.

Research and development costs

NOK 24 million has been capitalized in 2021 (NOK 38 million in 2020) related to development activities. In addition, research and development costs of NOK 1 million were expensed during the year because the criteria for capitalization are not met (NOK 12 million in 2020).

Amortization

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

Note 16 I 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.

Amounts in NOK million	**2021**	2020
AGR	**109**	116
MHWirth [1)]	**-**	1 190
Total goodwill	**109**	1 307

[1)] *The portfolio company is deconsolidated and merged into the joint venture HMH in 2021, see Note 5 and Note 6 for more information about the transaction.*

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 2022-2026. 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 after tax		**Discount rate pre tax**	
Discount rate assumptions used in impairment testing	**2021**	2020	**2021**	2020
AGR	**13.0%**	14.4%	**16.3%**	17.5%
MHWirth	**n/a**	12.2%	**n/a**	14.7%

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 2021 or 2020.

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 AGR, if the average revenue growth in the forecast period were reduced by more than 10%, 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 17 I Equity-accounted investees

Equity-accounted investees include joint ventures and associates. Such investments are defined as related parties to Akastor. See Note 34 Related parties for significant agreements and transactions with joint ventures, and any guarantees provided on behalf of or from such entities.

Amounts in NOK million	HMH	AKOFS Offshore	DDW Offshore AS [1]	Total
Business office	Amsterdam, Netherlands	Oslo, Norway	Storebø, Norway	
Percentage of voting rights and ownership	50%	50 %	50%/100%	
2021				
Share of profit (loss) reported in Financial items	**6**	**(352)**	**-**	**(346)**
Carrying amount of investments	**2 650**	**759**	**-**	**3 408**
2020				
Share of profit (loss) reported in Financial items	-	(117)	(140)	(256)
Carrying amount of investments	-	1 064	-	1 064

[1] *DDW Offshore AS was a joint venture with DOF ASA, which became a 100 percent owned subsidiary in October 2020. Please see Note 6 Disposal of subsidiaries and business combination for more information.*

HMH

On October 1, 2021, Akastor completed the transaction to bring together Akastor's wholly owned subsidiary, MHWirth AS (MHWirth) and Baker Hughes' Subsea Drilling Systems (SDS) business to create a joint venture company HMH. Following the transaction, Akastor and Baker Hughes each holds 50% and 50% of the shares in HMH, and have joint control over the company. HMH is classified as a joint venture to the group and accounted for using the equity method. See Note 5 Discontinued operations for more information about the transaction.

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.

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

Amounts in NOK million	HMH [1)] 2021	AKOFS 2021	AKOFS 2020
Current assets	**6 265**	**951**	928
– Cash and cash equivalents	**817**	**337**	247
Non-current assets	**6 906**	**4 249**	4 609
Current liabilities	**(4 092)**	**(1 536)**	(1 379)
– Current financial liabilities (excluding trade and other payables and provisions)	**(1 384)**	**(1 149)**	(1 047)
Non-current liabilities	**(3 781)**	**(2 146)**	(2 219)
– Non-current financial liabilities (excluding trade and other payables and provisions)	**(3 199)**	**(2 140)**	(2 212)
Net assets (100%)	**5 299**	**1 517**	1 939
Akastor's share of net assets (50%)	**2 650**	**759**	969
Goodwill	**-**	**-**	125
Elimination of unrealized gain on downstream sales [2)]	**-**	**-**	(30)
Akastor's carrying amount of the investment	**2 650**	**759**	1 064
Revenue	**1 419**	**1 269**	1 000
Depreciation, amortization and impairment	**(116)**	**(453)**	(548)
Interest expense	**(57)**	**(269)**	(306)
Income tax expense	**(23)**	**(65)**	(18)
Profit (loss) for the year	**12**	**(516)**	(473)
Other comprehensive income (loss)	**-**	**(15)**	(39)
Total comprehensive income (loss) (100%)	**12**	**(531)**	(513)
Total comprehensive income (loss) (50%)	**6**	**(266)**	(256)
Impairment of goodwill [3)]	**-**	**(124)**	-
Elimination of unrealized gain on downstream sales	**-**	**30**	120
Akastor's share of total comprehensive income (loss)	**6**	**(360)**	(136)

[1)] *Income statement information for HMH in 2021 is related to the period between October 1 – December 31, 2021 after the formation of the company.*

[2)] *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.*

[3)] *Goodwill in AKOFS Offshore was impaired in 2021 as a result of reassessment of valuation of the vessels in AKOFS Offshore.*

Note 18 I Other non-current assets

Amounts in NOK million	*Note*	**2021**	2020
Deferred and contingent considerations	*31*	**20**	26
Other assets		**-**	3
Total other non-current assets		**21**	**29**

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

Note 19 I Other investments

Amounts in NOK million	*Note*	**2021**	2020
Aker Pensjonskasse		**158**	158
NES Fircroft investment [1)]		**621**	537
Awilco Drilling investment [2)]		**10**	14
Odfjell Drilling investment [3)]		**807**	758
Other equity securities		**29**	2
Total other non-current investments	*31*	**1 625**	**1 469**

Amounts in NOK million	*Note*	**2021**	2020
Step Oiltools [4)]		**147**	-
Total other current investments	*31*	**147**	-

1) *Akastor holds 15% economic ownership interest in NES Fircroft, 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.*

4) *Step Oiltools is included in the transaction scope and thus forms part of the MHWirth business contributed from Akastor to the new joint venture HMH. However, the legal ownership in shares in Step Oiltools remains with Akastor as of December 31, 2021 pending certain regulatory approvals. The legal ownership in Step Oiltools does not constitute control since Akastor has entered into a binding agreement with HMH on the transfer of Step Oiltools and Akastor is not exposed to variable returns from the legal ownership from the time of agreement being entered into. See also Note 25 Other liabilities for more information about the seller's credit agreement related to Step Oiltools shares.*

Other investments are measured at fair value.

Note 20 I Non-current interest-bearing receivables

Amounts in NOK million	*Note*	**2021**	2020
Receivables from AKOFS Offshore		**113**	94
Receivables from HMH		**180**	-
Receivables from Aker Pensjonskasse		**22**	21
Total non- current interest-bearing receivables	*34*	**315**	115

Note 21 I Trade and other receivables

Amounts in NOK million	*Note*	**2021**	2020
Trade receivables [1)]		**191**	1 226
Less provision for impairment		**(57)**	(131)
Trade receivables, net of provision		**135**	1 094
Other receivables		**673**	25
Trade and other receivables	*31*	**808**	1 120
Advances to suppliers		**-**	94
Contract assets	*8*	**47**	764
Prepaid expenses		**16**	167
Public duty and tax refund		**2**	46
Total		**872**	2 191

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

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

Aging of trade receivables

Amounts in NOK million	**2021**	2020
Not overdue	**126**	464
Past due 0-30 days	**8**	59
Past due 31-90 days	**-**	37
Past due more than 90 days	**57**	665
Total trade receivables	**191**	1 226

The past due receivables are monitored regularly and impairment analysis is performed on an individual basis for major customers. As of December 31, 2021, trade receivables of a face value of NOK 57 million were impaired. See below for the movements in the provision for impairment of receivables.

Amounts in NOK million	**2021**	2020
Balance as of January 1	**131**	49
New provisions	**-**	36
Utilized	**-**	(1)
Unused amounts reversed	**(8)**	(4)
Acquisition of subsidiaries	**-**	57
Disposal of subsidiaries	**(68)**	-
Currency translation differences	**2**	(6)
Balance as of December 31	**57**	131

Note 22 I Cash and cash equivalents

Amounts in NOK million	**2021**	2020
Restricted cash	**-**	6
Interest-bearing deposits	**89**	269
Total cash and cash equivalents	**89**	275

Additional undrawn committed current bank revolving credit facilities amount to NOK 553 million, that together with cash and cash equivalents gives a total liquidity reserve of NOK 642 million as of December 31, 2021. See also Note 24 Borrowings.

Note 23 I 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 2020). 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, 2021, Akastor ASA holds 2 390 215 treasury shares (2 390 215 treasury shares in 2020), representing 0.87 percent of total outstanding shares.

The Board of Directors has proposed no dividends for 2021 or 2020.

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. As of December 31, 2021, the group had no cash flow hedges as a result of disposal of subsidiaries.

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 during 2021, the accumulated currency translation differences related to the disposed entities were reclassified from the currency translation reserve to the income statement.

Accumulated gain in equity on net investment hedges as of 2021 is nil (gain of NOK 11 million in 2020) as result of disposal of investments in the United States and Cyprus.

Note 24 I 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.

Amounts in million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Fixed interest margin	Interest coupon	Maturity [1]	Interest terms
2021								
Revolving credit facility (USD 89 million)	USD	83	**721**	0.48%	5.50%[2]	5.98%	Feb 2023	USD LIBOR + margin
Revolving credit facility (NOK 250 million)	NOK	-	**-**	0.37%	5.50%[2]	5.87%	Feb 2023	NIBOR + margin
Subordinated Aker facility (NOK 250 million)	NOK	3	**3**	0.95%	10.00%	10.95%	Mar 2023	NIBOR + margin
Term loan facility AGR	NOK	180	**185**	1.88%	2.12%	4.00%	Apr 2027	Fixed rate
Term loan DDW Offshore	USD	53	**467**	0.13%	4.25%	4.38%	Oct 2023	USD LIBOR + margin
Overdraft	NOK		**11**					
Total borrowings			**1 387**					
Current borrowings			**16**					
Non-current borrowings			**1 372**					
Total borrowings			**1 387**					
2020								
Revolving credit facility (NOK 1 250 million)	NOK	350	**347**	0.39%	3.25% [3]	3.64%	Dec 2021	NIBOR + margin
Revolving credit facility (USD 155 million)	USD	90	**772**	0.15%	3.25% [3]	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 DDW Offshore	USD	53	**445**	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**					

[1] *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.*

[2] *Commitment fee is 40 percent of the margin.*

[3] *The margin applicable to the facilities was decided by a price grid based on the leverage ratio and level of utilization. Commitment fee was 35 percent of the margin.*

Bank debt

The revolving credit facilities are provided by a bank syndicate consisting of high-quality Nordic and international banks and DNB is acting as the agent. 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 term loan facility of NOK 180 million 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 BNP Paribas 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

Amounts in NOK million	Balance as of December 31, 2020	Cash flows	Foreign exchange movements	Capitalized borrowing costs	Accrued interest	Balance as of December 31, 2021
Revolving credit facilities	1 119	(416)	6	7	5	721
Subordinated Aker facility	-	-	-	-	3	3
Term loan facility AGR	173	-	-	-	13	185
Term loan DDW Offshore	455	-	13	-	-	467
Overdraft	-	11	-	-	-	11
Total liabilities arising from financing activities	**1 746**	**(405)**	**18**	**7**	**20**	**1 387**

Note 25 I Other liabilities

Amounts in NOK million	*Note*	**2021**	2020
Deferred gain		**51**	72
Deferred settlement obligations	*31*	**377**	197
Liability for profit split	*6, 31*	**200**	185
Other liabilities	*31*	**1**	24
Total other non-current liabilities		**628**	**478**
Seller's credit	*31*	**148**	-
Total other current liabilities		**148**	-

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 19 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 indemnity liabilities for pension plans in connection with MHWirth divestment and guaranteed preferred return to Mitsui and MOL in connection with AKOFS Offshore divestment.

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 6 Disposal of subsidiaries and business combination for more information.

Seller's credit

Step Oiltools is included in the transaction scope and thus forms part of the MHWirth business contributed from Akastor to the new joint venture HMH. However, the legal ownership in shares in Step Oiltools remains with Akastor as of December 31, 2021 pending certain regulatory approvals. Akastor has a binding agreement with HMH on the transfer of Step Oiltools. A seller's credit agreement is entered between Akastor and HMH which will be settled when the shares in Step Oiltools are transferred back to HMH. See Note 5 and Note 6 for more information about the disposal of MHWirth.

Note 26 I 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 2022 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*	**2021**	2020 restated
Defined benefit plans		**1**	1
Defined contribution plans including AFP		**10**	9
Total pension cost	*9*	**11**	10

Net employee defined benefit obligations

Amounts in NOK million	**2021**	2020
Defined benefit plans Norway	**94**	222
Defined benefit plans Germany	**-**	136
Defined benefit plans USA	**15**	31
Defined benefit plans other countries	**-**	(2)
Total employee benefit obligations	**108**	388

Movement in net defined benefit (asset) liability

Amounts in NOK million	Pension obligation 2021	Pension obligation 2020	Pension asset 2021	Pension asset 2020	Net pension obligation 2021	Net pension obligation 2020
Balance as of January 1	**639**	619	**(251)**	(260)	**388**	359
Disposal of subsidiaries as of January 1, 2021	**(279)**	-	**28**	-	**(251)**	-
Included in profit or loss						
Service cost	**1**	9	**-**	-	**1**	9
Interest cost (income)	**2**	8	**(1)**	(3)	**2**	5
	3	17	**(1)**	(3)	**2**	14
Included in OCI						
Remeasurements (loss) gain:						
Actuarial loss (gain) arising from:						
- demographic assumptions	**6**	7	**-**	-	**5**	7
- financial assumptions	**(10)**	35	**(2)**	-	**(12)**	35
- experience adjustments	**(5)**	(4)	**-**	-	**(5)**	(4)
Return on plan assets excluding interest income	**-**	-	**-**	1	**-**	1
Changes in asset ceiling	**-**	-	**-**	(1)	**-**	(1)
Effect of movements in exchange rates	**3**	6	**(3)**	5	**-**	11
	(6)	44	**(5)**	4	**(11)**	49
Other						
Benefits paid by the plan	**(25)**	(41)	**20**	26	**(5)**	(14)
Contributions paid into the plan	**-**	-	**(15)**	(20)	**(15)**	(20)
	(25)	(41)	**5**	7	**(20)**	(34)
Balance as of December 31	**332**	639	**(224)**	(251)	**108**	388

Plan assets

Amounts in NOK million	2021	2020
Plan assets at fair value Norwegian plan		
Government	**5**	7
Finance	**15**	10
Private and Government enterprise	**26**	26
Municipalities	**15**	25
Bonds	**60**	68
Fund/private equity	**60**	59
Total plan assets Norway at fair value	**120**	126
Equity securities	**29**	28
Debt securities	**75**	72
Total plan assets US at fair value	**104**	100
Total plan assets Germany at fair value	**-**	23
Total plan assets at fair value	**224**	249

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 and USA. The followings are the principal actuarial assumptions at the reporting date for the plans in these countries.

	Norway		USA	
	2021	2020	**2021**	2020
Discount rate	**1.90 %**	1.50%	**2.41%**	1.91%
Asset return	**1.90 %**	1.50%	**2.41%**	1.91%
Salary progression	**2.75 %**	2.25%	**n/a**	n/a
Pension indexation	**0 -2.5%**	0 -1.75%	**n/a**	n/a
Mortality table	**K2013**	K2013	**Pri-2012 Total Dataset Mortality with Scale MP-2021**	Pri-2012 Total Dataset Mortality with Scale MP-2020

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

The discount rates and other assumptions in 2021 and 2020 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	**2021**	2020
Life expectancy of male pensioners	**22.6**	22.5
Life expectancy of female pensioners	**25.9**	25.8

As of December 31, 2021, the weighted-average duration of the defined benefit obligation was 8.8 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, 2021 by the amounts shown below.

Amounts in NOK million	**Increase**	**Decrease**
Discount rate (1% movement)	(8)	10
Future salary growth (1% movement)	-	-
Future pension growth (1% movement)	9	(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 I Provisions

Amounts in NOK million	**2021**	2020
Provision, current	**20**	109
Provision, non-current	**26**	50
Total provisions	**47**	160

Development of significant provisions

Amounts in NOK million	Warranties	Restructuring	Onerous contracts	Other	Total
Balance as of December 31, 2020	**72**	**30**	**47**	**10**	**160**
New provisions	10	-	-	-	**10**
Provisions utilized	(1)	-	(9)	(2)	**(12)**
Provisions reversed	-	-	(10)	(1)	**(11)**
Unwind of discount	-	-	2	-	**2**
Disposal of subsidiaries	(71)	(30)	-	-	**(101)**
Currency translation differences	(1)	-	-	-	**(1)**
Balance as of December 31, 2021	**10**	**-**	**31**	**6**	**47**
Expected timing of payment					
Within the next twelve months	10	-	5	6	**20**
After the next twelve months	-	-	25	-	**26**
Total	**10**	**-**	**31**	**6**	**47**

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.

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 I Trade and other payables

Amounts in NOK million	*Note*	**2021**	2020
Trade creditors [1)]		**99**	305
Accrued expenses		**377**	1 232
Trade and other payables	*31*	**476**	1 537
Public duty and tax payables		**46**	101
Contract liabilities	*8*	**21**	344
Deferred settlement obligations	*31*	**82**	77
Total trade and other payables		**625**	2 060

[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 I Capital management

Akastor's capital management is designed to ensure that the group has sufficient financial flexibility to carry out its strategic targets, both short-term and long-term. Akastor is targeting 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 to meet its capital needs and ensure solvency for its financial obligations. Akastor had a liquidity reserve per year end 2021 of NOK 0.6 billion, composed of an undrawn committed credit facility of NOK 553 million and cash and cash equivalents of NOK 89 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. However, as a result of MHWirth divestment in 2021 and the required refinancing carried out in connection with this, corporate facilities currently have a shorter duration as realization of assets are expected to be carried out in the short to medium term.

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 equity ratio (equity/total assets). These ratios are similar to covenants as defined in the new loan agreement entered into in 2021 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 0.4 times (0.5 times effective from 2022) and is calculated from the consolidated total borrowings to the consolidated Equity.
- Equity ratio shall not be lower than 32.5%, calculated from the consolidated total equity to consolidated total assets
- Minimum liquidity amount shall exceed NOK 250 million (NOK 150 million effective from 2022) on consolidated level.

The ratios are calculated based on net debt including cash and borrowings as shown in Note 31 Financial instruments, consolidated equity and consolidated total assets, however adjusted for certain items as defined in the loan agreement. Covenants ratios are based on accounting principles as of December 31, 2021.

The covenants are monitored on a regular basis by the Akastor Treasury department to ensure compliance with the loan agreements which are tested and reported on a quarterly basis. Akastor was in compliance with its covenants as of December 31, 2021. In February 2022, the group entered into certain amendments to the loan agreement, including adjustments of the covenant levels for gearing ratio and minimum liquidity, which provided additional headroom. On the basis of the covenant levels and its financial forecasts, management believes that the risk of covenant being breached 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 I 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.

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 against USD.

Akastor had no net investment hedge or cash flow hedges as of December 31, 2021. The changes in hedge reserve in 2020 were related to hedges of forecast sales and purchases in MHWirth which was divested in 2021, see Note 5 and Note 6 for more information about the divestment.

Exposure to currency risk

Changes in currency rates change the values of borrowings, receivables and cash balances. The group has forward exchange contracts with a maturity of less than one year from the reporting date.

Amounts in million	**2021 USD**	2020 USD
Cash and cash equivalents	**(5)**	(59)
Intercompany loans	**43**	33
Loans and receivables	**43**	55
Deferred settlement assets and obligations	**(50)**	(29)
Balance sheet exposure	**31**	-
Estimated forecast receipts from customers	**-**	108
Estimated forecast payments to vendors	**-**	(5)
Cash flow exposure	**-**	104
Forward exchange contracts	**(75)**	(154)
Net exposure	**(43)**	(50)

Sensitivity analysis

A strengthening of USD against NOK as of December 31 would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) 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 for change in currency regarding financial instruments and do not include effect from operating cost and revenue.

Effect of weakening of NOK against USD:

Amounts in NOK million	**2021 Profit (loss) after tax**		2020 Profit (loss) after tax
USD (10%)	**(38)**	USD (30%)	(101)

A strengthening of the NOK against USD 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 2021 would have increased (decreased) 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 2020.

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

Amounts in NOK million	**2021**	2020
Cash and cash equivalents	**2**	3
Interest-bearing receivables	**2**	2
Borrowings	**(19)**	(18)
Net	**(16)**	(14)

A decrease of 100 basis points in interest rates during 2021 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, 2021 (estimated remaining exposure as of December 31, 2021):

- Performance guarantees on behalf of group companies are NOK 0.4 billion (NOK 0.7 billion in 2020)
- Performance guarantees on behalf of related parties NOK 2.6 billion (NOK 2.6 million in 2020)
- Parent company indemnity guarantees for fulfillment of lease obligations and finance obligations are NOK 3.0 billion (NOK 3.4 billion in 2020).
- Financial guarantees including counter guarantees for bank/surety bonds and guarantees for pension obligations to employees are NOK 0.3 billion (NOK 0.5 billion in 2020).

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 34 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.

The group evaluates that significant credit risk concentrations are related to receivables and contract assets from major corporate customers. The maximum exposure to credit risk at the reporting date equals the carrying amounts of financial assets (see Note 31 Financial instruments) and contract assets (see Note 8 Revenue and other income). The group does not hold collateral as security.

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 and contract assets were NOK 271 million in 2021 (NOK 131 million in 2020).

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 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
2021								
Borrowings [2]	*24*	1 387	1 522	48	32	1 237	111	94
Lease liabilities	*32*	155	168	42	41	46	39	1
Other non-current liabilities	*25*	201	221	-	-	221	-	-
Deferred settlement obligations	*25, 28*	459	481	8	60	82	163	168
Trade and other payables	*28*	476	476	240	236	-	-	-
Total financial liabilities		**2 678**	**2 868**	**338**	**369**	**1 586**	**313**	**263**
Financial guarantees [3]			6 247	581	4	497	3 315	1 851
2020								
Borrowings [2]	*24*	1 746	1 895	37	1 172	54	568	64
Lease liabilities	*32*	592	732	84	76	125	219	228
Other non-current liabilities	*25*	210	239	2	2	5	227	2
Derivative financial instruments		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

[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 I 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 derivatives, typically when the group uses forward prices on foreign exchange 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
2021				
Financial assets measured at fair value				
Fair value – hedging instruments				
Derivative financial instruments		**10**	10	Level 2
Fair value through P&L (mandatorily at FVTPL)				
Equity securities	*19*	**10**	10	Level 1
Equity securities [1)]	*19*	**1 125**	1 125	Level 3
Warrants	*19*	**18**	18	Level 3
Contingent considerations	*18*	**20**	20	Level 3
Fair value through Other comprehensive income				
Debt instruments [1)]	*19*	**619**	619	Level 3
Financial assets not measured at fair value				
Financial assets at amortized cost				
Cash and cash equivalents	*22*	**89**		
Non-current interest-bearing receivables	*20*	**315**		
Trade and other receivables	*21*	**808**		
Financial assets		**3 013**		
Financial liabilities not measured at fair value				
Financial liabilities at amortized cost				
Borrowings [2)]	*24*	**(1 387)**	(1402)	Level 2
Other financial liabilities				
Other non-current liabilities	*25*	**(201)**		
Other current liabilities	*25*	**(148)**		
Trade and other payables	*28*	**(476)**		
Financial liabilities measured at fair value				
Fair value through profit & loss				
Deferred settlement obligations	*25, 28*	**(459)**	(459)	Level 3
Financial liabilities		**(2 671)**		

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				
Fair value – hedging instruments				
Derivative financial instruments		61	61	Level 2
Fair value through P&L (mandatorily at FVTPL)				
Equity securities	19	14	14	Level 1
Equity securities [1]	19	906	906	Level 3
Warrants	19	16	16	Level 3
Contingent considerations	18	26	26	Level 3
Fair value through Other comprehensive income				
Debt instruments [1]	19	533	533	Level 3
Financial assets not measured at fair value				
Financial assets at amortized cost				
Cash and cash equivalents	22	275		
Non-current interest-bearing receivables	20	115		
Trade and other receivables	21	1 120		
Financial assets		3 063		
Financial liabilities not measured at fair value				
Financial liabilities at amortized cost				
Borrowings [2]	24	(1 746)	(1 753)	Level 2
Other financial liabilities				
Other non-current liabilities	25	(210)		
Trade and other payables	28	(1 537)		
Financial liabilities measured at fair value				
Fair value – hedging instruments				
Derivative financial instruments		(37)	(37)	Level 2
Fair value through profit & loss				
Deferred settlement obligations	25, 28	(274)	(274)	Level 3
Financial liabilities		(3 804)		

[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

Amounts in NOK million	**Assets**	**Liabilities**
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)**
Additions	**189**	**(220)**
Settlements	**(37)**	**27**
Net gain (loss) in the income statement	**196**	**4**
Fair value through OCI	**(20)**	**-**
Disposal of subsidiaries	**(26)**	**3**
Balance as of December 31, 2021	**1 782**	**(459)**

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 32 I Leases

Group as lessee

The group has property leases on a number of locations. 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 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*	**2021**	2020
Balance as of January 1		**468**	537
Additions		**9**	43
Depreciation [1]		**(43)**	(113)
Impairment		**-**	(4)
Disposal of subsidiaries	*6*	**(416)**	-
Remeasurement		**25**	(1)
Currency translation differences		**(2)**	5
Balance as of December 31		**41**	468

[1] *Includes depreciation related to discontinued operations of NOK 11 million in 2021 (NOK 77 million in 2020)*

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

Lease liabilities

Amounts in NOK million	*Note*	**2021**	2020
Balance as of January 1		**592**	677
Cash payments		**(112)**	(139)
Additions		**9**	43
Remeasurement		**64**	6
Disposal of subsidiaries	*6*	**(397)**	-
Currency translation differences		**(1)**	5
Balance as of December 31	*30*	**155**	592
Current lease liabilities		**82**	159
Non-current lease liabilities		**72**	433

Lease payments recognized in the income statement

Amounts in NOK million	**2021**	2020 restated
Expenses related to leases of low-value items	**2**	1
Total	**2**	1

Lease payments recognized in statement of cash flow

Amounts in NOK million	**2021**	2020
Total cash outflow for leases	**(99)**	(279)

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, 2021, the group estimates potential future lease payments (undiscounted) of approximately NOK 35 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. DDW Offshore leases out some of its vessels.

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. During 2021, DDW Offshore entered into bareboat charter agreements and forward sale of two vessels, which are classified as finance lease. The group recognized a gain of NOK 51 million from the transaction as "gain from disposal of assets", see Note 8 Revenue and other income.

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	**2021**	2020
Due within one year	**64**	7
Due in one to two years	**189**	7
Due in two to three years	**18**	7
Due in three to four years	**-**	5
Total undiscounted lease receivable	**271**	25
Unearned interest income	**31**	2
Total finance lease receivables	**241**	23
Current finance lease receivables	**64**	7
Non-current finance lease receivables	**176**	15

Operating leases

Most of the leases are classified as operating leases except for the finance leases identified above. The lease income from subleasing right-of-use assets in 2021 was NOK 28 million (NOK 24 million in 2020).

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

Amounts in NOK million	**2021**	2020
Due within one year	**23**	49
Due in one to two years	**-**	10
Due in two to three years	**-**	3
Due in three to four years	**-**	3
Due in four to five years	**-**	3
Due in more than five years	**-**	8
Total	**23**	75

Note 33 I Group companies

This note gives an overview of subsidiaries of Akastor ASA. For information about other investments in the group, refer to Note 17 Equity-accounted investees and Note 19 Other investments. If not stated otherwise, ownership equals share of voting rights.

Group companies as of December 31

		Ownership (%)	
Company	**Country**	**2021**	2020
Akastor ASA	Norway		
AGR[1]			
AGR (Australia) Pty Ltd	Australia	**64**	64
AGR AS	Norway	**64**	64
AGR Energy Services AS [2]	Norway	**64**	64
AGR Software AS	Norway	**58**	58
AGR Consultancy Services AS	Norway	**64**	64
AGR Mexico Well Management S. de R. L. de C. V	Mexico	**64**	64
AGR Well Management Ltd [3]	UK	**-**	64
AGR Consultancy Solutions Ltd	UK	**64**	64
AGR Group Americas, Inc.	USA	**64**	64
AGR Wind Service AS	Norway	**52**	-
Other companies			
Frontica Global Employment Ltd [4]	Cyprus	**-**	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**	100
Akastor AS	Norway	**100**	100
Mercury HoldCo AS [5]	Norway	**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 Willfab Inc	USA	**100**	100
Mercury HoldCo Inc [5]	USA	**100**	-
AKOFS Angola Limitada [4]	Angola	**-**	100

Disposed entities

MHWirth [6]			
MHWirth Pty Ltd	Australia	-	100
MHWirth do Brasil Equipamentos Ltda	Brazil	-	100
MHWirth Canada Inc	Canada	-	100
MHWirth Offshore Petroleum Engineering (Shanghai) Co Ltd	China	-	100
MHWirth GmbH	Germany	-	100
MHWirth (India) Pvt Ltd	India	-	100
MHWirth AS	Norway	-	100
Frontica Engineering AS	Norway	-	100
MHWirth Singapore Engineering Management Pte Ltd	Singapore	-	100
MHWirth (Singapore) Pte Ltd	Singapore	-	100
MHWirth UK Ltd	UK	-	100
MHWirth FZE	UAE	-	100
MHWirth Inc	USA	-	100
Bronco Manufacturing LLC	USA	-	100
Step Oiltools (Australia) Pty Ltd	Australia	-	100
Step Oiltools GmbH	Germany	-	100
PT Step Oiltools	Indonesia	-	100
Step Oiltools LLP	Kazakhstan	-	100
Step Oiltools (M) Sdn Bhd	Malaysia	-	100
Step Oiltools BV	Netherlands	-	100
Step Oiltools AS	Norway	-	100
Step Oiltools Services LLC	Oman	-	67
Step Oiltools LLC	Russia	-	100
Step Oiltools Pte Ltd	Singapore	-	100
Step Oiltools (Thailand) Ltd	Thailand	-	100
Step Oiltools (UK) Ltd	UK	-	100
Step Oiltools FZE	UAE	-	100

[1] *Akastor holds 100 percent of the shares and 64 percent of the economic interests*

[2] *Previously AGR Petroleum Service AS*

[3] *Disposed in 2021*

[4] *Liquidated in 2021*

[5] *Established in 2021*

[6] *MHWirth entities were merged into the joint venture HMH and deconsolidated in 2021. Step Oiltools entities are included in the transaction scope and thus form part of the MHWirth business contributed from Akastor to the new joint venture HMH. However, the legal ownership in shares in Step Oiltools remains with Akastor as of December 31, 2021 pending certain regulatory approvals. The legal ownership in Step Oiltools does not constitute control since Akastor has entered into a binding agreement with HMH on the transfer of Step Oiltools and Akastor is not exposed to variable returns from the ownership from the time of agreement being entered into.*

Note 34 I 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 20 companies around the world. These subsidiaries are listed in Note 33 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 accounted for using the equity method, see Note 17 Equity-accounted investees.

The largest shareholder of Akastor, Aker 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 Holding AS between Aker ASA and the Norwegian government was dissolved. As a consequence of the dissolution, Akastor is an associate to Aker ASA as per year end 2021.

Below are descriptions of significant related party agreements.

Significant agreements with related parties to Aker ASA

Aker Holding AS

In connection with the refinancing of its corporate credit facilities, Akastor entered into a subordinated loan agreement with Aker Holding AS, a wholly owned subsidiary to Aker ASA. The agreement provides credit facility of NOK 250 million (NIBOR 0.95 percent + margin 10.0 percent) available to Akastor with maturity in March 2023. The carrying amount of the loan from Aker Holding AS was NOK 3 million as of December 31, 2021, see Note 24 Borrowings for more information.

The Resource Group TRG AS

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

AKOFS Offshore

As of December 31, 2021, Akastor has interest-bearing receivables of NOK 113 million against AKOFS Offshore, including term loan of NOK 86 million (LIBOR 0.13 percent + margin 5.5 percent) and drawn working capital facility of NOK 28 million (NIBOR 0.78 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, with any shortfall being guaranteed by Akastor. Akastor ASA has issued a bank guarantee for payment of preferred return for a total amount of NOK 185 million.

Akastor has issued a financial guarantee of NOK 132 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 1.4 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 years charter agreement with Equinor. The total contract value of this charter agreement is NOK 2.3 billion. Avium Subsea AS, AKOFS 3 AS and AKOFS Seafarer AS are wholly owned subsidiaries of AKOFS Offshore.

HMH

In October 2021, Akastor completed the transaction to bring together Akastor's wholly owned subsidiary, MHWirth AS (MHWirth) and Baker Hughes' Subsea Drilling Systems (SDS) business to create a joint venture company HMH. Following the transaction, Akastor and Baker Hughes each holds 50% and 50% of the shares in HMH, and have joint control over the company. See Note 5 Discontinued operations and Note 17 Equity-accounted investees for more information.

As of December 31, 2021, Akastor has interest-bearing receivables of NOK 180 million against HMH (fixed interest rate 8.0 percent), see also Note 20 Non-current interest-bearing receivables. Further, Akastor has a seller's credit liability of NOK 148 million towards HMH related to Step Oiltools, see also Note 25 Other liabilities for more information. Akastor has issued financial guarantees of NOK 602 million for MHWirth AS, a wholly owned subsidiary of HMH, for fulfilment of lease obligations and performance under certain operational support frame agreements.

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 2021 (NOK 158 million in 2020). Akastor's premium paid to Aker Pensjonskasse amounts to NOK 8 million in 2021 (NOK 7 million in 2020). Akastor also has an interest-bearing receivable against Aker Pensjonskasse of NOK 22 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 2021 was NOK 510 000 (NOK 510 000 in 2020)

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Compensation to key management

The key management personnel of Akastor includes the Board of Directors and the executive management team. Detailed remuneration disclosures are provided in the remuneration report 2021. The figures below represent remuneration expenses recognized in the year.

Amounts in NOK million	**2021**	2020
Base salary	7	7
Variable pay and other benefits	15	3
Post-employment benefits (pension expenses to company)	-	-
Remuneration to Board of Directors	3	3
Total	**26**	**14**

04.b. FINANCIALS AND NOTES

AKASTOR ASA

Akastor ASA I Income statement
For the year ended December 31

Amounts in NOK million	*Note*	**2021**	2020
Operating revenue	*2*	**2**	1
Operating expenses	*2*	**(53)**	(36)
Operating profit (loss)		**(51)**	(35)
Net financial items	*3*	**(613)**	780
Profit (loss) before tax		**(664)**	745
Income tax benefit (expense)	*4*	**-**	(21)
Profit (loss) for the period		**(664)**	724
Profit (loss) for the period distributed as follows			
Other equity		**(664)**	724
Profit (loss) for the period		**(664)**	**724**

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

Amounts in NOK million	*Note*	**2021**	2020
Assets			
Investments in group companies	*5*	**4 515**	5 650
Non-current interest-bearing receivables on group companies	*7*	**500**	891
Other non-current interest-bearing receivables		**2**	4
Total non-current assets		**5 018**	6 545
Current interest-bearing receivables on group companies	*7*	**173**	2
Other receivables on group companies	*7*	**1**	1
Other receivables		**3**	-
Cash in cash pool system	*7*	**-**	-
Total current assets		**177**	3
Total assets		**5 195**	6 549
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		**229**	894
Total equity	*6*	**4 393**	5 057
Non-current borrowings, external	*8*	**719**	-
Total non-current liabilities		**719**	-
Current borrowings, external	*8*	**16**	1 119
Current borrowings from group companies	*7*	**-**	324
Other liabilities to group companies	*7*	**52**	36
Other current liabilities		**15**	13
Total current liabilities		**83**	**1 491**
Total liabilities		**802**	1 491
Total equity and liabilities		**5 195**	6 549

Fornebu, March 25, 2022 I Board of Directors of Akastor ASA

Kristian Røkke I Chairman

Lone Fønss Schrøder I Deputy Chairman

Svein Oskar Stoknes I Director

Kathryn M. Baker I Director

Luis Araujo I Director

Henning Jensen I Director

Asle Christian Halvorsen I Director

Stian Sjølund I Director

Karl Erik Kjelstad I CEO

Akastor ASA I Statement of cash flow
For the year ended December 31

Amounts in NOK million	*Note*	**2021**	2020
Profit (loss) before tax		**(664)**	745
Adjustments:			
Group contribution and dividend	*3*	**(7 000)**	(750)
Non-cash impairment		**7 593**	-
Net interest cost and unrealized currency (income) loss		**46**	5
Profit (loss), net of adjustments		**(25)**	(1)
Changes in net operating assets		**18**	(6)
Net interest paid		**(38)**	(43)
Net cash from operating activities		**(45)**	(49)
Net cash from investing activities		**-**	-
Proceeds from borrowings		**1 067**	227
Repayment of borrowings		**(1 483)**	(316)
Changes in borrowings from group companies		**844**	-
Changes in borrowings to group companies		**(171)**	430
Change in overdraft cash pool		**(225)**	(559)
Repayment of external dividends		**-**	2
Net cash from financing activities		**32**	(216)
Effect of exchange rate changes on cash and cash deposits		**14**	(51)
Net increase (decrease) in cash and bank deposits		**-**	(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*	**-**	-

[1] *Unused credit facilities amounted to NOK 553 million as of December 31, 2021 (NOK 1.5 billion in 2020).*

Note 1 I Accounting principles

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 I Operating revenue and expenses

Operating revenue comprises NOK 2 million in income from parent company guarantees (NOK 1 million in 2020).

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 2021 (2020: NOK 3.0 million). Remuneration to and shareholding of the Board of directors and CEO is described in the Remuneration Report.

Fees to the auditors

Fees to KPMG for statutory audit amounted to NOK 2.0 million exclusive VAT (2020: NOK 2.5 million).

Note 3 I Net financial items

Amounts in NOK million	*Note*	**2021**	2020
Interest income from group companies		**29**	43
Interest income from related parties		**-**	4
Interest income, external		**31**	37
Interest expense, external		**(82)**	(85)
Income on investment in subsidiary (group contribution)		**-**	250
Other financial income		**1**	-
Dividends from group companies		**7 000**	500
Impairment on receivables to group companies	*7*	**(56)**	-
Impairment of shares		**(7 537)**	-
Other financial expenses		**(3)**	(2)
Net foreign exchange gain (loss)		**4**	33
Net financial items		**(613)**	780

Note 4 I Tax

Amounts in NOK million	**2021**	2020
Calculation of taxable income		
Profit (loss) before tax	**(664)**	745
Dividend income from group companies	**(7 000)**	(500)
Impairment of shares and receivables to group companies	**7 593**	-
Changes in timing differences	**(7)**	2
Group contribution without tax effect	**-**	(160)
Generated (utilized) tax loss	**79**	(88)
Taxable income	**-**	-
Taxable (deductible) temporary differences		
Provisions	**(2)**	(9)
Interest deduction carry-forward	**(5)**	(5)
Tax loss carry-forward [1]	**(79)**	-
Net temporary differences	**(86)**	(15)
Tax rate	**22%**	22%
Tax effects of temporary differences	**19**	3
Not recognized deferred tax assets [2]	**(19)**	(3)
Deferred tax assets (liability)	**-**	-
Tax expense		
Origination and reversal of temporary differences in income statement	**19**	(18)
Write down of deferred tax assets	**(19)**	(3)
Income tax benefit (expense)	**-**	(21)

[1] *In addition, Akastor ASA has unrecognized tax loss carry forwards of NOK 440 million as of 2021 which is currently being subject to inquiries from Norwegian Tax Authorities*

[2] *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 I Investments in group companies

Amounts in NOK million	**Registered office**	**Share capital**	**Number of shares held**	**Percentage owner- / voting share**	**2021**	2020
Akastor AS	Fornebu, Norway	1 004	1	100%	**3 237**	5 650
Mercury Holdco AS [1]	Fornebu, Norway	-	1 000	100%	**1 279**	-
Total					**4 515**	5 650

[1] *The company was established in 2021.*

Akastor AS financial information (unaudited)

Amounts in NOK million	**2021**
Profit (loss) for the period	**435**
Equity as of December 31	**3 237**

Note 6 I Shareholders' equity

Amounts in NOK million	Share capital	Treasury shares	Share premium	Other paid in capital	Retained earnings	Total
Equity as of January 1, 2020	162	(2)	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**
Profit (loss) for the period	-	-	-	-	(664)	(664)
Equity as of December 31, 2021	**162**	**(1)**	**2 000**	**2 003**	**229**	**4 393**

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 2021 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.

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

Amounts in NOK million	2021	2020
Group companies (borrowings) deposits in the cash pool system	**(171)**	324
Akastor ASA's net deposit (borrowings) in the cash pool system	**171**	(324)
Cash in cash pool system	**-**	-
Non-current interest-bearing receivables on group companies	**500**	819
Current interest-bearing receivables on group companies [1]	**173**	2
Current borrowings from group companies [2]	**-**	(324)
Net interest-bearing receivables on group companies	**673**	569
Other receivables on group companies	**1**	-
Other liabilities to group companies	**(52)**	(36)
Total other receivables on group companies	**(52)**	(35)

[1] Includes group companies' borrowings in the cash pool system.

[2] 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.

In 2021, an impairment of NOK 56 million was recognized related to interest-bearing receivables on Step Oiltools BV prior to recapitalization of the entity.

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 overdraft of NOK 11 million as of December 31, 2021, which is included as external current borrowings, see also Note 8 Borrowings.

Note 8 I Borrowings

Amounts in million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Interest mar-gin [1]	Interest coupon	Maturity [3]	Interest terms
2021								
Revolving credit facility (USD 89 million)	USD	83	**721**	0.48%	5.50%	5.98%	Feb 2023	USD LIBOR + margin
Revolving credit facility (NOK 250 million)	NOK	-	**-**	0.37%	5.50%	5.87%	Feb 2023	NIBOR + margin
Subordinated Aker facility (NOK 250 million)	NOK	3	**3**	0.95%	10.00%	10.95%	Mar 2023	NIBOR + margin
Overdraft facility	NOK	-	**11**					
Total borrowings			**735**					
Current borrowings			**16**					
Non-current borrowings			**719**					
Total			**735**					
2020								
Revolving credit facility (NOK 1 250 million)	NOK	350	347	0.39%	3.25%[2]	3.64%	Dec 2021	NIBOR+margin
Revolving credit facility (USD 155 million)	USD	90	772	0.15%	3.25%[2]	3.40%	Dec 2021	USD LIBOR+margin
Total borrowings			1 119					
Current borrowings			1 119					
Total			**1 119**					

[1] *Commitment fee is 40 percent of the margin (2020: 35 percent).*

[2] *The margin applicable to the facility was decided by a price grid based on the leverage ratio and level of utilization.*

[3] *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 and DNB is acting as the agent. 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.

In 2021, Akastor ASA carried out refinancing of its credit facilities as a result of MHWirth divestment. Under the new loan agreements, the financial covenants are a gearing ratio based on net debt/equity, an equity ratio based on equity/total assets and a minimum liquidity amount.

- The company's gearing ratio shall not exceed 0.4 times (0.5 times effective from 2022) and is calculated from the consolidated total borrowings to the consolidated Equity.
- Equity ratio shall not be lower than 32.5%, calculated from the consolidated total equity to consolidated total assets
- Minimum liquidity amount shall exceed NOK 250 million (NOK 150 million effective from 2022) on consolidated level.

The covenants are monitored on a regular basis by the Akastor Treasury department to ensure compliance with the loan agreements which are tested and reported on a quarterly basis. Akastor was in compliance with its covenants as of December 31, 2021. In February 2022, Akastor entered into certain amendments to the loan agreements, including adjustments of the covenant levels for gearing ratio and minimum liquidity, which provided additional headroom. On the basis of the covenant levels and its financial forecasts, management believes that the risk of covenant being breached is low and that the group 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

Amounts in NOK million	Carrying amount	Total undiscounted cash flow [1]	6 months and less	6–12 months	1–2 years [2]
2021					
Revolving credit facility (USD 89 million)	721	**787**	27	22	738
Subordinated Aker facility (NOK 250 million)	3	**3**	-	-	3
Overdraft facility	11	**11**	11	-	-
Total borrowings	**735**	**800**	**37**	**22**	**740**
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	-

[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 I 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):

Amounts in NOK million	**2021**	2020
Parent Company Guarantees to group companies [1]	**1 025**	1 907
Parent Company Guarantees to related companies [2]	**4 416**	4 226
Counter guarantees for bank/surety bonds, group companies [3]	**305**	497
Counter guarantees for bank/surety bonds, related parties [3]	**8**	-
Total guarantee liabilities	**5 754**	6 630
Maturity of guarantee liabilities:		
6 months and less	**104**	113
6-12 months	**4**	5
1-2 years	**497**	18
2-5 years	**3 315**	3 666
5 years and more	**1 835**	2 828

[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 MHWirth AS.*

[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 I Financial risk management

Currency risk

The company's exposure to currency risk is primarily against USD as the company has external borrowings denominated in USD. As of 31 December 2021 or 2020, Akastor ASA had not entered into any forward exchange contracts.

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 related parties, guarantees to subsidiaries and related parties and deposits with external banks. External deposits 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. Impairment of NOK 56 million related to receivables from group companies was recognized in 2021 (nil in 2020). 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 monthly cash flow forecasts, annual budgets and long term planning.

Note 11 I 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 9

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

Note 12 I Shareholders

Shareholders with more than 1 percent shareholding as per December 31

Company		Number of shares held	Ownership
2021			
Aker Holding AS		**100 565 292**	**36.70%**
Goldman Sachs & Co	Nominee	**39 245 843**	**14.32%**
Morgan Stanley & Co. LLC	Nominee	**33 139 698**	**12.09%**
Ministry of Trade, Industry and Fisheries, Norway		**33 100 085**	**12.08%**
Verdipapirfond Odin Norge		**10 575 925**	**3.86%**
F2 Funds AS		**3 239 187**	**1.18%**

Company		Number of shares held	Ownership
2020			
Aker Holding 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%

05. AUDITOR'S REPORT

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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 balance sheet as at 31 December 2021, the income statement and cash flow statement 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 balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 18years from the election by the general meeting of the shareholders on 10.02.2004 for the accounting year 2004.

Key Audit Matters

KPMG

Independent Auditor's Report - Akastor ASA

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.

1. MHWirth divestment and transaction effects

Reference is made to Note 5 Discontinued operations, Note 6 Disposal of subsidiaries, Business combinations, Note 17 Equity-accounted investees and the Board of Directors report paragraph Highlights 2021.

The Key Audit Matter	*How the matter was addressed in our audit*
The MHWirth divestment, ie. the merger of MHWirth and Baker Hughes' Subsea Drilling Systems business, was a significant transaction for the group in 2021. As from closing of the transaction, MHWirth was deconsolidated and a gain upon divestment was recognized. The group's 50 percent ownership in the new joint venture ("HMH") was initially recognized at fair value and accounted for using the equity method. The transaction has several accounting implications, including the calculation of the gain resulting from the divestment. The accounting matter involves estimates and significant judgement applied by management**,** for instance in assessing the fair value of the consideration. Given the amounts involved, the accounting for the transaction is of significance to the financial statements. The divestment resulted in a gain of NOK 1 240 million and is considered to be a risk area due to the judgement and estimation applied by management, the size of the transaction and the significant accounting effects to the financial statements. As such, the matter also required significant attention during the audit and was subject to auditor judgement.	In our audit, we addressed the matter through: • Reading the transaction agreement and related documentation to gain an understanding of and evaluate the accounting consequences; • Critically assessing the gain calculation and the assumptions made by management; • Agreeing the book value of the disposed amount to the underlying accounting records as of the date of the disposal; • Performing a closing audit for the financial year up to the closing date of the transaction; • Obtaining the enterprise valuation report issued by the external valuation expert engaged by management to assist with the valuation of the joint venture; • Involving our valuation specialists in the assessment of the valuation of the joint venture; • Assessing the appropriateness of the fair value of the consideration received in connection with the divestment; • Considering additional elements in the calculation of the gain, including closing adjustments and cumulative exchange translation differences; • Evaluating the appropriateness of the classification and accounting treatment of the group's investment in HMH; • Evaluating the adequacy of the disclosure of discontinued operations (Note 5), the divestment (Note 6) and the disclosure of the investee (Note 17) in the group's financial statements

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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 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.

Independent Auditor's Report - Akastor ASA

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee 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

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXIX5468-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of

historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 25 March 2022
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)

Amounts in NOK million	**2021**	2020
Current tax assets	**-**	28
Inventories	**5**	485
Trade and other receivables	**872**	2 191
Current operating assets	**877**	2 704
Current tax liabilities	**(1)**	(8)
Provisions, current	**(20)**	(109)
Trade and other payables	**(625)**	(2 060)
Current operating liabilities	**(647)**	(2 177)
Net current operating assets (NCOA)	**231**	527

Net capital employed (NCE)

Amounts in NOK million	**2021**	2020
Total non-current assets	**6 025**	6 100
Net current operating assets (NCOA)	**231**	527
Current investment	**148**	-
Current finance lease receivables	**64**	7
Non-current interest-bearing receivables	**(315)**	(115)
Deferred tax liabilities	**(4)**	(10)
Employee benefit obligations	**(108)**	(388)
Other non-current liabilities	**(628)**	(478)
Other current liabilities	**(148)**	-
Non-current provisions	**(26)**	(50)
Total lease liabilities	**(155)**	(592)
Net capital employed (NCE)	**5 084**	**5 002**

Gross debt/Net debt/NIBD

Amounts in NOK million	**2021**	2020
Non-current borrowings	**1 372**	628
Current borrowings	**16**	1 119
Gross debt	**1 387**	1 746
Cash and cash equivalents	**(89)**	(275)
Net debt	**1 299**	1 471
Non-current interest-bearing receivables	**(315)**	(115)
Net interest-bearing debt (NIBD)	**984**	**1 357**

Equity ratio

Amounts in NOK million	**2021**	2020
Total equity	**4 109**	3 669
Divided by Total assets	**7 212**	9 147
Equity ratio	**57%**	**40%**

Liquidity reserve

Amounts in NOK million	**2021**	2020
Cash and cash equivalents	**89**	275
Undrawn committed credit facilities	**553**	1 457
Liquidity reserve	**642**	**1 732**

07. BOARD OF DIRECTORS

Kristian M. Røkke I Chairman of the Board

Kristian Røkke is CEO of Aker Horizons AS and has extensive experience from offshore oil services, shipbuilding and M&A. More recently, Mr. Røkke has gained substantial experience from renewable energy, climate solutions and green technologies. Prior to Aker Horizons, he was Chief Investment Officer of Aker ASA and CEO of Akastor ASA from August 2015 to December 2017. Mr. Røkke is chairman of the board of Mainstream Renewable Power, Aker Offshore Wind AS, Philly Shipyard ASA and Ocean Data Foundation, and a board member of several companies, including Aker Carbon Capture ASA, TRG Holding AS and American Shipping Company ASA. He holds an MBA from The Wharton School at University of Pennsylvania.

As of March 25, 2022, 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 I Deputy Chair

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 March 25, 2022, 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 I 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. Mr. Stoknes is also a director of Aker Property Group AS and Aker Capital AS. He graduated from the Norwegian School of Management and has an MBA from Columbia Business School in New York. As of March 25, 2022, 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 I Director

Kathryn M. Baker has 35 years of business experience in a broad range of industries and roles. She currently serves as Chairwoman of Pensionera AB, Genetic Analysis AS and Terra Mater Renewable Investments AB and is a board member of several companies including DOF ASA and MPC Energy Solutions NV. She is also a member of the Investment Committee of Norfund. Ms. Baker previously served on the Executive Board of the Central Bank of Norway (Norges Bank), where she was a member of the audit and the risk and investment committees and she was Chairwoman of the Norwegian Private Equity and Venture Capital Association (NVCA). 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 Tuck School of Business at Dartmouth College. As of March 25, 2022, she holds 45,683 shares in the company. Ms. Baker is an American citizen and has been elected for the period 2021-2023.

Luis Araujo I Director

Luis Antonio G. Araujo has over 38 years of experience in the energy and oil & gas industries. He was CEO of Aker Solutions from July 2014 to August 2020. Prior to his appointment as CEO, Mr. Araujo held the position as Regional President and Executive Vice-President for Aker Solutions in Brazil since November 2011 where he led a major turn-around of the local operations. Prior to his period with Aker Solutions, he was CEO of Wellstream in Brazil (currently part of Baker Hughes GE), and held several senior positions within ABB, FMC Technologies, Vetco Gray and Technip Coflexip. Mr. Araujo is currently an independent director and member of the board of Magseis Fairfield ASA listed on the Oslo Stock Exchange, and Chairman of the board of OceanPact, a Brazilian company listed in the Brazilian stock exchange. He is also Chairman of the board of Principle Power Inc and independent board member of DBO Energy in Brazil which are both privately owned companies. Mr. Araujo holds a bachelor degree in Mechanical Engineering from Gama Filho University and an MBA from Edinburgh University. As of March 25, 2022, Mr. Araujo holds 25,757 shares and no stock options in the company. Mr. Araujo has triple citizenship; Brazilian, British and Portuguese and has been elected for the period 2021-2023.

Henning Jensen I Director, Elected by the employees

Henning Jensen currently works as Service Account Manager in DLS department at HMH. 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 March 25, 2022, Mr. Jensen holds no shares or stock options in the company. Mr. Jensen is a Norwegian citizen and has been elected for the period 2021-2023.

Asle Christian Halvorsen I Director, Elected by the employees

Asle Christian Halvorsen currently works as Senior Engineer in Mud Products dept at HMH. 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 March 25, 2022, he holds 10,000 shares in the company. Mr. Halvorsen is a Norwegian citizen. He has been elected for the period 2021-2023.

Stian Sjølund I Director, Elected by the employees

Stian Sjølund currently works as Performance Optimization Engineer at HMH. 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 March 25, 2022, he holds 10,000 shares in the company. Mr. Sjølund is a Norwegian citizen and has been elected for the period 2021-2023.

08. MANAGEMENT

Karl Erik Kjelstad I CEO

Karl Erik 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 March 25, 2022, Kjelstad holds 600,000 shares in Akastor ASA through his company Byesvollen AS.

Øyvind Paaske I CFO

Øyvind joined the investment team in Akastor as Investment Manager in 2014 and has held the position as CFO of Akastor from March 2020. Prior to this he was Investment Manager at Converto (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 March 25, 2022, Paaske holds 105,083 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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