

REMUNERATION REPORT 2023

FOR AKASTOR ASA



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Remuneration of the executive management and directors of Akastor ASA

Advisory vote by the general meeting on April 16, 2024

1. Introduction, scope and purpose

This remuneration report (the “Remuneration Report”) contains details on the fixed and variable elements of the compensation to Akastor’s executive management applicable for 2023. The Remuneration Report also provides an overview of how Akastor’s policy on remuneration, adopted by the annual general meeting 2022, (the “Remuneration Policy”) has been implemented in 2022.

The Remuneration Policy is designed to align with Akastor’s overall business strategy, long-term interests and financial sustainability, taking into consideration that the experienced corporate personnel’s ability to ensure that key corporate functions are maintained and that portfolio companies and assets are duly followed-up are essential for Akastor to succeed. Akastor shall offer remuneration that encourage a strong and sustainable performance-based culture, which also supports growth in shareholder value. Furthermore, the remuneration scheme for Akastor’s executive management shall provide competitive terms that help to retain key personnel and executive management and in turn mitigate the risk that core qualification and experience is lost by key people leaving the Company.

The total remuneration of the Executive Management is constructed as a combination of fixed salary and variable compensation. The fixed salary shall be competitive and ensure that Akastor can retain excellent management. The variable compensation shall be motivating for making value enhancing investment decisions and aspire to achieve exceptional results.

The Remuneration Policy is available on www.akastor.com.

The Remuneration Report has been prepared by the board of directors of Akastor ASA (“Akastor” or the “Company”) in accordance with the Norwegian Public Limited Liability Companies Act (the “Act”) section 6-16b, the regulations on guidelines and report on remuneration for senior executives, and the guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC².

This report regards remuneration of the following executive management of 2023:

- Chief Executive Officer (CEO) – position held by Karl Erik Kjelstad
- Chief Financial Officer (CFO) – position held by Øyvind Paaske

(Hereinafter collectively referred to as the “Executive Management” or separately as each “Executive” or the “CEO”/“CFO”.) There have been no changes to the composition of the Executive Management in 2023 compared to 2022.

In addition to remuneration to the Executive Management, section 3 of this report contains information on compensation to the board of directors and the nomination committee of Akastor for 2023³.

2. Akastor performance in 2023 – Key achievements

As set out in the Remuneration Policy, the variable payment to the executive management is performance based and linked to certain defined company targets which are set annually. Accordingly, Akastor’s performance during 2023 becomes relevant for assessing how the Remuneration Policy has been implemented for the remuneration to executive management in 2023.

Key events for the financial year 2023 and Akastor’s overall performance is summarised in the Board of Directors’ report in the Annual Report 2023. Despite 2023 being a challenging year, primarily due to continued global uncertainty combined with cost increases due to higher interests and recession risks, Akastor’s share values continued to increase above its peers/market index also in 2023. This increase is supported by underlying activities, where Akastor continued to deliver on its realisation strategy and where its key industrial portfolio companies performed above or consistent with operational and strategic targets.

To be more specific on the performance indicators that have been of particular importance for the variable remuneration, which is described in further detail under section 4.4 below, the following key achievements can be noted:

- Akastor share price increased by 26% through 2023 (following 73% growth in 2022);
- The key industrial portfolio companies (HMH and AKOFS Offshore) delivered revenue and EBITDA above budget;
- Sale of AGR was completed (against shares in ABL Group ASA);
- Sale of Cool Sorption was completed;
- HMH, of which Akastor owns 50% and which is Akastor’s largest asset, successfully completed an extensive integration exercise (including implementing of a global ERP system) and secured a USD 200 million senior bond issue. In sum, these are fundamental achievements that enable HMH being substantially ready for a liquidity event;
- AKOFS Offshore, which is 50% owned by Akastor, successfully delivered both AKOFS Santos and Aker Wayfarer under long-term contracts for Petrobras, which was of key importance and secures that, going into 2024, all three vessels are employed under long term contracts securing cashflow from operations;
- Akastor’s USD 20m Seller’s credit agreement with Odfjell Drilling was fully settled, with warrant structure remaining with Akastor;
- DDW Offshore completed transfer of two vessels to Oceanpact, followed by a subsequent USD 31 million refinancing that enabled a settlement of the profit split agreement, whereby Akastor now holds full economic interest in its fleet of three vessels;
- Akastor completed the DRU arbitration process, awaiting the conclusion from the arbitration tribunal;
- Although realization of some key assets have been somewhat delayed, such as the DRU arbitration award, there has still been a positive development during 2023 that gives better visibility per end of year;

¹ FOR-2020-12-11-2730 (Nw: Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer). Adopted by the Ministry of Trade, Industry and Fisheries 11 December in accordance with the Act section 6-16a (7) and section 6-16b (6).

² DG JUST/A.3. Communications from the Commission, 01.03.2019. Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement.

³ On the assumption that the general assembly approves the proposal from the nomination committee.

3. Compensation to the Board of Directors and the Nomination Committee

The general meeting determines the compensation to the board of directors based on a proposal from the nomination committee. At the 2024 ordinary general meeting, the nomination committee proposes the compensation payable for the period between the 2023 ordinary general meeting and the 2024 ordinary general meeting. This is item 8 on the agenda.

The board of directors did not receive any other fees than those listed in the table below, except for employee representatives who has market-based salaries. The members of the board of directors

have no agreements that entitle them to any extraordinary remuneration from the Company.

As of December 31, 2023, the members of the nomination committee were Ingebret G. Hisdal (chairperson), Charlotte Håkonsen and Kjetil E. Stensland. The annual compensation for the nomination committee for 2023 is proposed to be NOK 55 000 for the chair and NOK 44 000 for the members.

The fees in the table below represent expenses recognized in the income statement based on assumptions about fees to be approved at the general meeting.

Amounts in NOK thousands	Role	2023		2022	
		Audit Committee	Board fees	Audit Committee	Board fees
Frank O. Reite (from April 20, 2022)	Chairperson		672		433
Kristian Røkke (until April 20, 2022)	Chairperson		-		207
Lone Fønss Schrøder ¹	Deputy Chair	227	634	217	535
Svein Oskar Stoknes	Director		377		360
Kathryn Baker	Director	129	377	123	360
Luis Antonio G. Araujo ¹	Director		412		360
Stian Sjølund	Director, elected by employees		189		180
Henning Jensen	Director, elected by employees	129	189	123	180
Asle Christian Halvorsen	Director, elected by employees		189		180
Total		485	3 038	463	2 795

¹ Board fees include an allowance of NOK 35 000 per meeting per physical attendance for board members residing outside the Nordic countries

According to Aker group policy, fees earned by a director employed in any of the Aker group companies are paid to such company, not to the director in person. Therefore, board fees for Svein Oskar Stoknes and Kristian Røkke were paid to the companies they are employed in.

The base fees for the board of directors and Audit Committee were unchanged in the period 2017-2021. Applicable for 2023, the nomination committee proposes a general increase of 5% on the applicable board fees (subject to approval by the general meeting in April 2024).

4. Compensation to the Executive Management

4.1 Overview of the implementation of the Remuneration Policy in 2023

The remuneration of the Executive Management in 2023 was in accordance with the Remuneration Policy. No deviations from the guidelines as such have been decided and no derogations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed.

As explained in the Remuneration Report for 2021, the CEO and CFO were in 2021 rolled over from certain Long Term Incentive Plan Agreements and to a corporate variable pay program, similar as for other corporate employees. Under the corporate variable pay program, the retention mechanism includes a contingent bonus element (called "Company Matching") which may be payable two years after ordinary bonus has been earned, subject

that the manager still is employed by the Company (see section 4.4.2).

4.2 Remuneration awarded or due in 2023

4.2.1 Elements of remuneration

Compensation to the Executive Management is comprised of four main components: two fixed elements and two variable elements. The fixed elements include a base salary, which pursuant to Akastor's benchmarking is competitive with other investment companies, as well as customary benefits. The variable elements include a short-term incentive program (the "variable pay program") and a long-term incentive program ("Company Matching"). The maximum award under the variable pay program is capped at 100% of the fixed salary. In addition, each Executive can receive up to 50% maximum annual award under the long-term contingent bonus program. The Company currently has no share purchase programs.

In 2023, the remuneration to Executive Management consisted in average of 66% fixed salary and 34% variable remuneration and was in line with the guidelines set out in the Remuneration Policy. The annual variable remuneration was distributed based on performance in the financial year 2023, which again was mainly based on the specific achievements achieved for Akastor in 2023, see section 2 above.

4.2.2 Overview of remuneration awarded or due in 2023

The figures below represent the remuneration that has been earned and expensed for the respective financial year.

Amount in NOK thousands	Year	Base salary	Other benefits	Annual variable pay ¹	Pension expense	Total remuneration ²	Proportion of fixed and variable remuneration
Karl Erik Kjelstad, CEO	2023	5 112	38	2 883	343	8 376	66%/34%
	2022	4 908	32	3 862	317	9 120	58%/42%
Øyvind Paaske, CFO	2023	2 206	33	1 244	223	3 707	66%/34%
	2022	2 118	32	1 667	210	4 027	59%/41%

¹ Represents annual variable pay earned for the financial year indicated, including holiday pays.

² Exclusive contingent bonus ("Company Matching"), see section 4.4.2 below.

4.3 Fixed remuneration

4.3.1 Base salary

The Executive Management's fixed remuneration consists of the annual salary paid in monthly instalments and benefits that follow normal practice. The board of directors undertakes regular reviews of all terms to ensure that all elements of the individual package, including both fixed and variable remuneration, are determined according to the Remuneration Policy to contribute to reasonable and market appropriate total reward opportunities.

The fixed base salaries are based on the following objective criteria:

- the total remuneration opportunity;
- the external pay market;
- the scope and responsibilities of the position;
- the skills, experience and performance of the individual;
- Akastor's performance, affordability of reward and general market conditions; and
- levels and increases in remuneration, as well as other terms of employment, for other positions within Akastor.

External benchmarks for total remuneration are found from companies that compete with Akastor for talent, taking into consideration factors like size, complexity, geography, and business profile when determining such peer groups.

The exact amount payable to the CEO is approved annually by the board. For the other members of the Executive Management, the exact amount is approved annually by the CEO, in consultation with the chairman of the board, and informed to the board on an annual basis. The fixed salary is determined during the second quarter of the new fiscal year and valid from 1 July the same year.

The base salary may be increased annually in line with the range of increases awarded to other employees in Akastor.

In 2023, the increase in base salary for CEO and CFO is normal inflation index adjustment in line with increases awarded to other employees in Akastor. The base salary for the CEO constitutes 61% of the total remuneration, and 60% for the CFO, which complies with the guidelines set out in the Remuneration Policy.

4.3.2 Benefits

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

In 2023, the benefits for the CEO constitute 5% of the total remuneration and 7% for the CFO, which complies with the guidelines set out in the Remuneration Policy.

4.4 Variable remuneration scheme

4.4.1 Annual variable remuneration – variable pay program

The annual variable remuneration of the variable pay program for the Executive Management is assessed against annual performance targets that signal and reward the strategic and operational results and behaviours expected for the year that contribute to the long-term, sustainable value creation of Akastor. Payment under the variable pay program is recommended by the CEO and approved by the board on an annual basis. The payments are subject to a discretionary assessment based on three components:

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

The objective of the variable pay program is that a bonus calculated from the financial results and from non-financial achievements shall motivate to achieve better results for Akastor on the most essential areas of the Company's activities. Furthermore, the program is meant to incentivize the management to contribute to sound financial results for the Company, recruit and retain key personnel as well as executing leadership in accordance with the Company's values and business ethics. The potential payment under the annual variable pay program is set individually, with 100% of the annual base salary as the maximum.

For 2023, the variable pay under this program was set to 50% of the maximum payment potential, which for both the CEO and the CFO was equivalent to payment of a bonus equal to 50% of the annual base salary at the end of the year. This assessment was primarily based on the achievements described in section 3 above. In the assessment by the board of directors, it was agreed that 2023 maximum payment potential is to be reviewed considering final outcome related to the DRU award, with 50% maximum payment potential as a minimum. Any subsequent adjustments will be reflected in the remuneration report for 2024. Based on this, annual variable remuneration for the CEO and CFO in 2023 constitutes 34% each, of total remuneration.

For further information about the variable remuneration, please refer to section 4.4.3 Application of performance criteria

4.4.2 Contingent bonus – Company Matching

As mentioned above, the CEO and CFO are part of the Akastor corporate variable pay program and involves an element called Company Matching, a contingent bonus payable two years after ordinary bonus has been earned, subject to the Executive still being employed with the Company. The contingent bonus is expensed over the three-year vesting period. The expenses recognized in 2023 were NOK 1 789 thousand for the CEO and NOK 772 thousand for the CFO, representing the sum of one third (vested rights) of the contingent Company Matching bonus for the three years period 2021-2023.

The primary objective of the contingent bonus is to strengthen retention of key personnel. The relatively small group of experienced corporate personnel is essential for the maintenance of Akastor's key corporate functions. The Company is therefore vulnerable to personnel turnover and retention mechanisms are considered important mitigating measures to avoid key personnel leaving the Company.

Further, the objective of the contingent bonus is also to stimulate the Executive to create value for all shareholders by creating an interdependence between the financial results of the Company, the performance of the individual Executive and such Executive's personal economic interests.

The Company Matching may be paid partly or fully in shares in Akastor. Specific terms on payment of Company Matching in shares, including such a minimum % proportion, discount and lock-up, is at the full discretion of Akastor and will be advised to the participants well in advance of payment of the Company Matching. The potential payment under Company Matching is set individually, with 50% of the annual base salary as the maximum, although so that the total award earned under any retention program cannot exceed 50% annually (for the avoidance of doubt, the vesting mechanism and deferred payments method may cause the actual payment under any year to exceed 50% of annual base salary).

For 2023, the Company Matching is estimated to 25% of the annual base salary at the end of the year for both CEO and CFO, based on the calculation method described above. The payment of Company Matching for the year 2023 is subject to employment with the Company in January 2026.

Further information on the adjusted variable pay program can be found in the remuneration policy on www.akastor.com.

4.4.3 Application of performance criteria

The performance measures for the variable remuneration of the Executive Management are constructed to meet Akastor's overall purpose, execute the strategy, drive share value creation, practice engaged long-term ownership and safeguard the development of the Company.

In 2023, Akastor, as described above under section 2, achieved several achievements and delivered on the majority of its defined KPIs. Of large importance for determining the total variable salary for managers were the substantial increase in share price over the year and the fact that all key industrial portfolio companies delivered revenues and margins that exceeded budgets. These events contributed to the recommendation related to a bonus assessment of 50% of the maximum bonus for both CEO and CFO. The bonus was not recommended at 100% because some of the KPIs were not reached, including certain financial targets. The final level will be reassessed by the board following receipt of the DRU award.

Name and position	1 Variable remuneration scheme	2 Performance criteria	3 Earning period	4 Maximum bonus cap (% of Base Salary)	5 Actual award outcome (% of Base Salary)
Karl Erik Kjelstad, CEO	Variable pay program	<ul style="list-style-type: none"> - Delivery of certain key financial, operational and strategic targets for Akastor. - Delivery of personal performance objectives during the year. - Development of Akastor ASA's share price. 	1 year (annually)	100%	50% (5/10 of max)
	Company Matching	Continued employment	3 years (subject to employment in January 2026)	50%	25% (as from 2023)
Øyvind Paaske, CFO	Variable pay program	<ul style="list-style-type: none"> - Delivery of certain key financial, operational and strategic targets for Akastor. - Delivery of personal performance objectives during the year. - Development of Akastor ASA's share price. 	1 year (annually)	100%	50% (5/10 of max)
	Company Matching	Continued employment	3 years (subject to employment in January 2026)	50%	25% (as from 2023)

5. Comparative information on the change of remuneration and company performance

5.1 Remuneration and company performance over the last five reported financial years

The table below shows annual changes in executive management's total remuneration and company performance. The percentage-wise development is annualized for the period shorter than a 12-month period.

Annual change	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022
Chief Executive Officer (CEO):					
Karl Erik Kjelstad	4%	1%	27%	-2%	-8%
Chief Financial Officer (CFO):					
Øyvind Paaske ¹	n/a	n/a	32%	-5%	-8%
Leif Borge ²	2%	-21%	n/a	n/a	n/a
Akastor Group Performance:					
Net profit (loss)	129%	-728%	258%	-128%	-2%
Equity ratio	-15%	-2%	43%	5%	10%
Share price	-24%	-29%	-25%	73%	26%
Average remuneration per FTE (excl. executive management):					
Employees of the company Akastor AS	5%	32%	21%	-24%	22%

¹ Øyvind Paaske was appointed to CFO from March 1, 2020. Consequently, 2020 was the first reporting period that included remuneration for a 10-month period. For year-to-year comparison, the salary for 2020 has been annualised.

² Leif Borge was appointed to CFO until February 29, 2020. Consequently, the 2020 reporting included remuneration for a 2-month period. For year-to-year comparison, the salary for 2020 has been annualised.

6. Board of Directors' and executive management's shareholding

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

	Title	2023	2022
Karl Erik Kjelstad	CEO	700 000	600 000
Øyvind Paaske	CFO	135 083	105 083
Frank Ove Reite	Chairperson	200 000	200 000
Lone Fønss Schrøder	Deputy chairperson	4 400	4 400
Svein Oskar Stoknes	Director	1 297	1 297
Kathryn Baker	Director	45 683	45 683
Luis Antonio G. Araujo	Director	-	-
Asle Christian Halvorsen	Director, elected by employees	10 000	10 000
Stian Sjølund	Director, elected by employees	10 000	10 000
Henning Jensen	Director, elected by employees	-	-



To the General Meeting of Akastor ASA

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Akastor ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. 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".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 19 March 2024

PricewaterhouseCoopers AS

A handwritten signature in blue ink that reads 'Anders Ellefsen'.

Anders Ellefsen
State Authorised Public Accountant (Norway)

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap