AKASTOR

2023 ANNUAL REPORT

2023 in brief

- Continued underlying growth and improved markets for Akastor portfolio companies
- HMH delivered record high adj. EBITDA of USD 132 million, up 30% versus 2022. HMH refinanced with USD 200 million bond that extended the company's maturity structure and improved terms which helps enable further growth
- AKOFS Offshore commenced new long-term contracts with Petrobras for both AKOFS Santos and Aker Wayfarer
- DDW Offshore sold two vessels and refinanced the remaining fleet with a new USD 31 million loan facility to settle legacy debt and profit split arrangement
- AGR sold to ABL Group, whereby Akastor became a shareholder in the listed ABL Group
- Full settlement received on the USD 20 million seller's credit towards Odfjell Drilling
- Akastor completed the DRU arbitration process, and awaits the award

NOK **4.6** bn
Net Capital Employed
(2022: 4.6 bn)

NOK **675** m
Net Interest-bearing Debt
(2022: 553m)

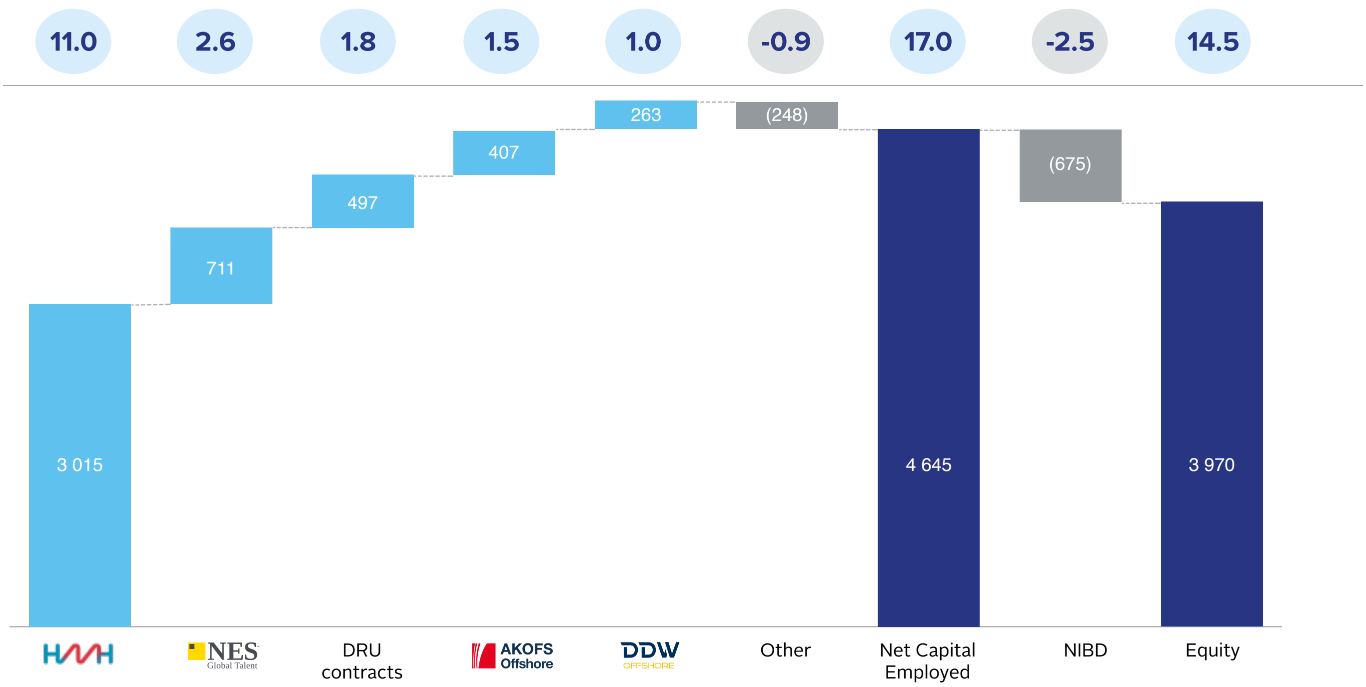
+26%
Total Shareholder return
(2022: 73%)

66%
Equity share
(2022: 60%)

Net capital employeed per year end 2023

NOK million

Book value per share (NOK)



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01. BOARD OF DIRECTORS' REPORT

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 ASA are traded on the Oslo Stock Exchange under the ticker AKAST. The Akastor portfolio of companies had a total net capital employed of NOK 4.6 billion at the end of 2023.

Highlights 2023

2023 showed continued underlying growth and improved markets for all Akastor portfolio companies. During the year, Akastor completed several strategic transactions and realized holdings, in line with the current strategy. Below is an overview of the main news released during the year.

In February, Akastor completed the sale of all shares in Cool Sorption A/S to Diamond Key International Pty. Ltd. for DKK 20 million on a cash and debt free basis.

In March, Akastor announced that it had entered into a share purchase agreement with ABL Group ASA (ABL Group) for the sale of all shares in AGR AS against a combination of shares in ABL Group and cash. The transaction was completed in April, after which Akastor became a shareholder in ABL Group, which offers independent energy and marine consultancy to the global renewables, maritime and oil and gas sectors. Ownership holdings in Føn Energy Services and Maha Energy were carved out of the transaction and remain with Akastor.

In June, the USD 20 million seller's credit towards Odfjell Drilling that emerged as a result of the sale of preference shares to Odfjell Drilling in November 2022, was fully and finally settled.

In July, Akastor announced that the two AHTS vessels Skandi Saigon and Skandi Pacific, previously owned by Akastor's subsidiary DDW Offshore, had been sold for a total cash payment of USD 18 million for both vessels to OceanPact Servicos Maritimos S.A.

In July, AKOFS Offshore successfully delivered the Aker Wayfarer vessel under a four-year contract with Petrobras, which was a key accomplishment as it means that all three vessels operated by AKOFS Offshore now are employed on long-term contracts securing cashflow.

In September, DDW Offshore completed a USD 31 million refinancing provided by EnTrust Global's Blue Ocean Funds as lenders. The new loan agreement matures in September 2026 and is guaranteed by Akastor. The refinancing enabled settlement of the loan facility maturing in February 2024, settlement of all remaining profit split arrangements and reactivation of Skandi Peregrino. Following the refinancing, DDW Offshore holds full economic interest in its fleet of three vessels.

In November, HMH successfully completed a USD 200 million senior secured bond issue with a tenor of 3 years and a fixed coupon of 9.875 % per annum. The net proceeds from the bonds were used to refinance HMH's capital structure, settling the previous USD 150 million senior secured bond issue and fully repaying existing bank borrowings.

Akastor's total net capital employed per end of 2023 was NOK 4.6 billion, at same level as per end of 2022. Net interest-bearing debt for Akastor increased from NOK 0.6 billion per year end 2022 to NOK 0.7 billion per 2023 driven by corporate cashflow in the period. Total equity of Akastor was NOK 4.0 billion per year end 2023, slightly down from NOK 4.1 billion per year end 2022.

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 operating within the oilfield services sector. The portfolio per end of 2023 includes two industrial investments within this sector which are joint ventures accounted for using the equity method:

- 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.

Both above-mentioned Akastor portfolio companies are organized as independent businesses which are self-sufficient and have their own dedicated management teams fully responsible for all aspects of their operational activities. The companies have separate boards of directors, consisting of appointed Akastor representatives as well as representatives from the respective co-owners. This governance model provides for strong management of operational activities and a good foundation for close cooperation between Akastor, the co-owners and the portfolio company itself.

In addition to the industrial investments, Akastor has several holdings classified as financial investments, including:

- DDW Offshore, which owns and operates three offshore vessels. Ownership interest is 100 percent.

- NES Fircroft, a technical and engineering staffing company. Economic interest is approximately 15 percent.

- 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.

- ABL Group, which offers independent energy and marine consultancy to the global renewables, maritime and oil and gas sectors. Ownership interest is 4.9 percent.

- Maha Energy, an international upstream oil and gas company within exploration, development and production of oil and gas. Ownership interest is 1.7 percent.

- Føn Energy Services, an independent service provider to the offshore and onshore wind industry and traditional energy sectors. Ownership interest is 44 percent.

- Awilco Drilling, ownership interest is 6.8 percent.

- Odfjell Drilling, where Akastor holds a warrant structure with a maximum potential of 6.8 million shares.

In addition to the equity ownerships, Akastor also holds interest bearing positions towards HMH and AKOFS Offshore.

The Akastor corporate organization is based at Fornebu, just outside of Oslo in Norway, with a team of 11 employees, working closely with the boards and management of its portfolio companies.

Strategy

The strategy of Akastor remains consistent with the previous year. Akastor is an investment company, employing an independent approach for each investment to optimize its development potential. Akastor aims to create long-term value for its shareholders through active ownership, while maintaining the flexibility to be opportunistic. The business models of the portfolio companies are decentralized with each entity being self-sufficient. Akastor typically 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 Board of Directors, where the Akastor investment team is represented. For the industrial investments which are joint ventures, Akastor works closely also with the relevant co-owners, primarily through the Board of Director meetings, but also continuously in line with cooperation principles set out in the relevant governing documents such as a shareholder's agreement. With regards to the financial investments where Akastor holds minority positions, the involvement is more limited. However, Akastor also actively engages through the Board of Directors or directly with management to influence development. As an owner, Akastor emphasizes understanding the portfolio companies' markets and challenges in depth, in order to evaluate current valuation versus future potential.

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 to strengthen the companies and prepare for a future exit. The ultimate goal is to return capital to shareholders of Akastor upon divestments of assets, however ensuring that Akastor has a sound capital structure.

Market Outlook

Akastor's portfolio companies operate mainly in the oilfield services industry, which to a large degree coincides with development in the oil and gas market. Throughout 2023, the global demand for oil products continued its upward trajectory, partly driven by the continuous return to regularity following the Covid-19 pandemic. Oil prices through the year were volatile, with fear of a global economic downturn affecting prices negatively while concerns over geopolitical tensions disrupting supply acted as a catalyst for price surges. The price of crude oil ended the year down by about 10%, despite OPEC+'s efforts to support prices by cutting production. In the latter part of 2023, the oil market sentiment turned bearish as non-OPEC+ supply strength coincided with slowing global oil demand growth. Oil demand growth in 2024 is expected to continue to decelerate as remaining COVID-catch-up effects are fading.

Despite uncertainty and a weakening of oil prices seen through the latter part of the year, 2023 showed further increase in important macro fundamentals for the oilfield services industry such as global offshore upstream capex spending and rig utilization, which in turn had positive bearing on Akastor through increased activity for the various portfolio companies. Global E&P spending, ultimately the most important driver for oil service activity, is expected to continue to grow into 2024, following solid double-digit growth rates seen in 2022 and 2023. The growth in 2024 will however most likely slow down, with SEB indicating an annual increase in global upstream E&P spending of around 5% based on their yearly E&P survey analysing budgets of 31 oil companies around the globe (vs. approximately 20% estimated growth in 2023). For the oilfield services industry, a reduced and consolidated supply side compared to the situation a few years back, as well as increased utilisation and improved backlog visibility across most sectors forms a solid backdrop for the industry in general.

Despite growing confidence through 2023 that policymakers will achieve an economic soft landing, a potential recession following continued high inflation and increasing global interest rates seen since the second half of 2022 still poses a risk through potential effects on global industrial activity and energy prices, and thereby also oilfield service activity. The current geopolitical tension seen in the world, with ongoing wars both in Ukraine and the Middle East, makes 2024 an unpredictable year when it comes to macro-economic factors. Uncertainty affects the global financial markets and could in turn also affect Akastor and its portfolio companies through ability to conclude transactions and limit access to financing.

Akastor will continue to follow the general macroeconomic situation with the goal of adjusting capacity throughout the portfolio if required as a result of a potential lowered activity level. The financial impact of these effects remains uncertain and difficult to predict, both in terms of duration and longer-term impact on financial markets and industrial activity level. These factors may have a future adverse impact on the fair value of Akastor's assets.

Based on the current footprint of our portfolio, the oilfield services industry will remain the primary market for Akastor and its portfolio companies going forward. However, Akastor acknowledges and strongly believes that the development and growth of renewable energy sources as part of the total energy mix are crucial to reach the global emission targets. We also believe the trend towards cleaner and greener energy represents opportunities for the Akastor portfolio companies as an addition to its current primary focus on more traditional oil and gas related activities and will through its role as an active owner continue to develop offerings and presence within non-oil markets and the renewable energy space to further diversify the portfolio. Technology development remains a strategic target for all portfolio companies and Akastor is targeting to support the transition to more energy-efficient operations for its clients through development of new solutions. Akastor will continue to support HMH in 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. Føn Energy Services, a joint venture together with IKM, is set up to provide wind power project management, operations and maintenance services to offshore wind farms.

To sum up, Akastor saw an increase in activity across almost all portfolio companies through 2023. Despite continued risk and uncertainty related to the global geopolitical situation as well as the fragile global macroeconomic situation, Akastor remains cautiously optimistic that activity levels within the oilfield services industry will continue to increase going forward based on the positive underlying market fundamentals.

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. Following the divestment in 2023, AGR has been classified as discontinued operations and the comparable income statement for 2022 has been re-presented. Please note that 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 2023 was NOK 282 million, compared to NOK 269 million in 2022. Operating profit before interest, tax, depreciation and amortization (EBITDA) was negative NOK 2 million, compared to negative NOK 91 million in 2022.

Depreciation, amortization and impairment was NOK 28 million in 2023, compared to NOK 51 million in the previous year.

Net financial income was NOK 10 million in 2023 compared to NOK 93 million in the previous year. Finance income and costs relate mainly to interest income and expenses from receivables and borrowings, fair value changes in financial assets measured at fair value and net foreign exchange gain. Akastor's share of net loss from the equity-accounted investees is NOK 363 million, compared to NOK 263 million in 2022, mainly related to net loss in AKOFS Offshore and HMH.

Net loss from continuing operations was NOK 384 million, compared to net loss of NOK 312 million in 2022. Net profit from discontinued operations was NOK 122 million compared to NOK 55 million in 2022, mainly related to operating profit in the discontinued operations in AGR, as well as gain from the divestment of AGR in 2023. The group had net loss of NOK 262 million for the year, compared to loss of NOK 257 million in 2022.

Financial Position

Total assets of Akastor amounted to NOK 6.0 billion as of December 31, 2023, compared with NOK 6.8 billion at year-end 2022. The decrease is mainly related to sale of AGR as well as settlement of seller's credit towards Odfjell Drilling in 2023.

Net debt (excluding lease liabilities) was NOK 1 225 million at the end of the period, while net interest-bearing debt (NIBD) was NOK 675 million. Net interest-bearing debt increased by NOK 122 million through the year driven by corporate cash flows in the period.

Total equity amounted to NOK 4.0 billion at year-end 2023. The equity ratio was 66 percent as of December 31, 2023, compared to 60 percent in 2022.

Cash Flow

As of December 31, 2023, Akastor had cash of NOK 144 million, compared to NOK 119 million in 2022. The net cash flow from operating activities was negative NOK 296 million, compared to operating cash flow of negative NOK 244 million in the previous year. The net cash flow from operating activities comprised of cash flow generated from operating activities of negative NOK 188 million as well as net interest cost payments of NOK 119 million.

Net cash flow from investing activities was positive NOK 236 million, compared to NOK 619 million in 2022. The cash flow from investing activities included settlement proceeds of NOK 216 million from seller's credit towards Odfjell Drilling and proceeds of NOK 211 million from finance lease.

Net cash flow from financing activities amounted to NOK 85 million, compared to negative NOK 318 million in 2022. The cash flows included net proceeds from borrowings of NOK 125 million and payment of lease liabilities of NOK 41 million.

Subsequent Events

In February 2024, the maturity of corporate bank facilities and subordinated Aker facility was extended to June and July 2024, respectively.

Going Concern

The group was in compliance with all financial covenants as of December 31, 2023. In February 2024, the maturity of current corporate credit facilities was extended to June and July 2024, see "Subsequent Events". Furthermore, Akastor has in place firm agreements to extend these facilities with a period of two years subject to the amount of proceeds received from the DRU arbitration, which is expected to occur in the second quarter of 2024. In the event proceeds from the DRU arbitration are lower than required for the extension to become effective, Akastor assesses that alternative financing sources are accessible and would in such case target a refinancing of current corporate facilities through a structure including, but not limited to, a Nordic bond loan.

Reflecting the above, the current assessment is that the group has in place sufficient financing facilities to continue operations and comply with mandatory terms and conditions of such facilities, including the minimum liquidity covenant. This assessment takes into account the agreements regarding extension of the current facilities subject to DRU arbitration proceeds, backed up by a potential refinancing including other types of capital such as a bond loan in case this should be required.

Based on this, 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 classified as a joint venture and accounted for using the 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 2023, the company had approximately 2 200 employees inclusive contractors. 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	**2023**	2022
Revenue	**786**	675
EBITDA (adj) [2)]	**132**	100
EBITDA	**120**	79
Order intake	**826**	692
Equipment backlog [3)]	**237**	243
NIBD (incl. shareholder loans)	**271**	260

1) *The figures are unaudited, presented on 100% basis*
2) *EBITDA (adj) excludes non-recurring expenses or costs defined as outside of normal company operations*
3) *Equipment backlog defined as order backlog within Projects, Products and Other*

The revenue for 2023 of USD 786 million was up 16 percent compared to 2022 revenues of USD 675 million, driven by increased activity within Aftermarket Services. EBITDA adjusted for integration cost and defined non-recurring items increased from USD 101 million in 2022 to USD 132 million in 2023. The adjusted EBITDA margin ended at 16.8 percent for 2023, up from 14.8 percent in 2022 explained mainly by the increase in revenues from Aftermarket Services where contribution margins are higher.

Revenues from Projects, Products and Other decreased with around 4 percent to USD 221 million in 2023, driven by lower revenues from large projects following phasing of order backlog within this segment, partly mitigated by increased revenues from single equipment which came in at USD 110 million in 2023, up from USD 75 million in 2022. Full year revenues from Aftermarket Services were USD 565 million in 2023, up from USD 445 million in 2022. The increase in revenues through 2023 was driven by the increased number of active rigs with HMH equipment package compared to average levels in 2022 and high SPS activity, leading to increased spares output and higher Contractual Services Agreement activity.

Following the increased focus on energy security and higher global capex spend among E&P companies over the last couple of years, utilization rates across the offshore drilling markets have increased and led to improved dayrates and higher activity. This has also affected HMH positively, especially through Aftermarket Services, as more rigs with HMH equipment have come into in-operations. Total order intake for HMH was USD 826 million in 2023, up from USD 692 million in 2022, primarily driven by Aftermarket Services where order intake grew by USD 103 million. Order intake within Projects, Products and Other also increased in 2023 compared to last year, driven by single equipment orders within the non-oil segment as this market continued to gain momentum. Going forward, HMH remains positive and anticipates continued growth in rig activity based on the current outlook. The rig newbuilding market continues to be muted and is expected to remain so in the near future.

In November 2023, HMH refinanced its Nordic bond loan of USD 150 million with a new USD 200 million Nordic bond loan which was an important step to establish a more flexible long-term capital structure. HMH also completed its ERP implementation project in Q4 2023, providing a common ERP system for the whole group. In 2024, HMH will continue to focus on growth through organic initiatives as well as M&A to strengthen its presence within the offshore and onshore drilling markets. HMH will also continue to evaluate opportunities to grow within non-oil markets, including renewables. It is still a key focus for HMH to participate in the oil and gas industry's transition towards more energy-efficient solutions, and development and commercialization of innovative technology is an important part of the strategy of HMH.

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, AKOFS Santos, Aker Wayfarer and AKOFS Seafarer, and employed 352 people as per the end of 2023.

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 the equity method in the consolidated financial statements.

Key Figures [1]

Amounts in USD million	**2023**	2022
Revenue and other income	**130**	149
EBITDA	**33**	48
EBIT	**(7)**	8
CAPEX and R&D capitalization	**12**	29
NCOA	**16**	19
Net capital employed	**334**	349
Order intake	**-**	198
Order backlog	**363**	470

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

The company's revenue was USD 130 million in 2023, around 17 percent lower than the previous year, primarily driven by lower utilization for Aker Wayfarer which was out of operation for a period between contracts. The EBITDA decreased from USD 48 million in 2022 to USD 33 million in 2023, explained by the said effects.

Through 2023, both AKOFS Santos and Aker Wayfarer commenced new contracts with Petrobras in Brazil for subsea equipment installation work. Aker Wayfarer commenced its new four-year contract to perform services as a subsea equipment support vessel for Petrobras in Brazil in July, after ending its previous contract in April. AKOFS Santos commenced its new three-year contract in March after some delay related to deliveries from a sub-supplier. With this, total revenue utilization for Aker Wayfarer and AKOFS Santos ended the year at 72 percent and 68 percent, respectively. Adjusted for periods out of operations, uptime was approximately 95 percent and 86 percent respectively.

AKOFS Seafarer continued to operate on its five-year contract with Equinor for Light Well Intervention services in the North Sea. Through 2023, she continued to deliver solid operational performance and recorded a technical uptime of around 94 percent in the year. Adjusted for periods on yard and waiting on weather, total revenue utilization ended at around 88 percent, affected specifically by a period of mobilization of coiled tubing equipment to prepare the vessel for coiled tubing operations during the summer season as well as a period of demobilization of the same equipment to return to normal intervention operations. Also, the vessel was in 2023 prepared for deepwater operations, and successfully delivered operations on water depths exceeding 1,000 meters during the year.

AKOFS Offshore was for a period affected by relatively low investment levels among oil companies which resulted in limited prospects available for the company which again has had a concrete effect on current contract terms for the various vessels. All of AKOFS Offshore's vessels are currently on relatively long-term contracts, however with earnings affected by the historic day rates on the various contracts. Based on current market conditions, both AKOFS Offshore and Akastor believe that there is a solid potential to increase revenues and earnings through improved contract terms after expiry of the current backlog.

In 2024 and forward, AKOFS Offshore will continue to focus on delivering high uptime on its existing contracts. The company will assess future opportunities for AKOFS Seafarer which is under contract with its client to December 2025, after which Equinor holds an option to extend the contract by three years. AKOFS Offshore management expects more clarity around this option during 2024. AKOFS Offshore is also continuously evaluating opportunities to grow through further leveraging its competencies within subsea well construction and intervention services.

DDW Offshore

Per end of 2023, DDW Offshore owns and holds the full economic ownership in three mid-sized Anchor Handling Tug Supply (AHTS) vessels, Skandi Peregrino, Skandi Atlantic and Skandi Emerald. Akastor holds 100 percent of the shares in the company.

Key Figures

Amounts in NOK million	**2023**	2022
Revenue and other income	**231**	147
EBITDA	**84**	7
EBIT	**67**	(32)
NCOA	**32**	(79)
Net capital employed	**263**	231

DDW Offshore delivered total revenues of NOK 231 million in 2023, compared to NOK 147 million in 2022. EBITDA in 2023 ended at NOK 84 million, up from 7 million in 2022, driven by increased charter rates and utilization of the fleet.

Through 2023, Skandi Atlantic and Skandi Emerald, delivered a revenue utilization of 99 and 94 percent respectively. Skandi Atlantic ended the year on contract with Petrofac in Australia on a contract originally expiring in the first quarter of 2024, while Skandi Emerald operated in New Zealand for Beach Energy on a contract that ended in early January 2024. In the first quarter of 2024, Skandi Atlantic's contract with Petrofac was extended to December 2024. Skandi Emerald will replace Skandi Atlantic on this contract in March 2024 as Skandi Atlantic is to undergo its class renewal in Singapore. The classing is expected to be completed by end of April 2024, after which the vessel will be ready for market.

Skandi Peregrino remained in lay-up in Norway through most of 2023. Based on a market assessment, it was decided to reactivate the vessel and she arrived at yard in Denmark in December to undergo her Special Periodic Survey. The vessel is expected to be ready for market by the end of April 2024.

During 2023, DDW Offshore sold the two vessels Skandi Saigon and Skandi Pacific to OceanPact for a total cash payment of USD 18 million. 50% of the proceeds was shared with the DDW Offshore lenders in accordance with the profit split that was part of the restructuring agreements from October 2020. Until realization, Skandi Saigon and Skandi Pacific were on bareboat contracts with OceanPact which were classified as financial lease. The operations of these vessels thus did not have effect on revenue or EBITDA in 2023.

In September 2023, DDW Offshore refinanced its original loan facility and with this settled the profit split arrangement for the two vessels Skandi Atlantic and Skandi Emerald. The refinancing also provided funding to reactivate Skandi Peregrino.

In 2024, DDW Offshore will focus on optimizing utilization of the three vessels. Despite the fact that only Skandi Emerald has secured work through 2024, the market momentum looks promising and the company expects to keep utilization and sees good opportunities for both Skandi Peregrino and Skandi Atlantic when the vessels are available for new contracts. Akastor remains opportunistic with regards to its investment in DDW Offshore, and will through 2024 assess the asset realization potential versus operational cash flow from holding the investment.

Other Holdings

Other Holdings per end of 2023 mainly include around 15 percent economic interest of NES Fircroft, a warrant structure towards Odfjell Drilling, a 4.9 percent shareholding in ABL Group, a 1.7 percent shareholding in Maha Energy and a 6.8 percent shareholding in Awilco 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 commitments that remained in Akastor after the demerger from Aker Solutions in 2014.

Key Figures

Amounts in NOK million	**2023**	2022
Revenue and other income	**51**	122
EBITDA	**(87)**	(98)
EBIT	**(98)**	(111)
NCOA	**236**	303
Net capital employed	**960**	690

Total EBITDA for Other Holdings for the year was negative NOK 87 million, driven by corporate overhead costs, including legal costs related to the DRU arbitration process as well as certain other 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 285 million in 2023 (loss of NOK 457 million in 2022).

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 no dividend for 2023 and the net loss for the year of NOK 285 million be allocated to retained earnings.

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.

The risks associated with the global uncertainty continuing to impact markets during 2023, have impacted Akastor's ability to execute value enhancing transactions. More specifically, we have seen that the runway on some transactions has had to be extended or delayed and that the financing costs have increased. On the other hand, this has been balanced and to a large degree been offset by solid performance from Akastor's portfolio companies combined with increased focus on the oil service industry as an important business to ensure energy security. In sum, Akastor's financial position has been strengthened and we believe that Akastor is well positioned to continue its strategy to make value enhancing transactions in a continued unstable market situation.

Our focus on climate risk has continued throughout 2023, in close dialogue with HMH and AKOFS Offshore which both provide regular reporting to Akastor on ESG performance. A separate ESG network has been established involving relevant functions in Akastor, HMH and AKOFS Offshore, which is an important platform to share experience, expectations and identify risks related to ESG. Compliance with all non-financial reporting requirements has been a focus area in the ESG network, which includes work necessary to prepare and be ready when the Corporate Sustainability Reporting Directive (CSRD) is implemented.

On the operational side, risks are primarily mitigated by 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. Moreover, we have over the recent years seen an increase in the threat faced from different forms of cyber risks such as risk of ransomware and phishing attempts. These are risk areas that are under continuous development and where it is important that Akastor and its portfolio companies continuously monitor this development and the risks associated.

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 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, affecting the group's income and the value of any financial instruments held, are discussed in greater details in Note 26 Financial risk management and exposures to the group's consolidated financial statements. The objective of financial risk management is to manage and control financial risk exposures and thereby minimize potential adverse effects on Akastor's financial position.

Akastor per today is an investment company with limited upstream cash flow from its portfolio companies and therefore to a large degree depends on realization of assets to reduce debt and improve liquidity. As described under Going Concern above, liquidity risk has been mitigated in the short term through the extension of the current facilities through to June and July 2024, to be replaced by new corporate credit lines, which have been committed, but are subject to the amount received following the DRU arbitration award. If the amount received by Akastor following conclusion of the DRU award is lower than expected, Akastor will need to source other means of funding such as through a Nordic bond loan, in which case Akastor will be exposed to general risks associated with such bond financing. In a scenario where the DRU award is low and financing through the bond market is not available for Akastor, equity financing could be required.

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 the 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 since the oil service industry is exposed to the risks associated with an 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 their market positions and/or are left with product lines that are obsolete and replaced by more energy efficient/green alternatives. These risks have been partially offset by recent years' increased focus on energy security from conventional energy sources. Moreover, the transition to low carbon intensive industry might also create some opportunities, which the portfolio companies are positioning to pursue.

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

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. 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. Akastor ASA is subject to annual corporate social responsibility reporting requirements pursuant to section 3-3c of the Norwegian Accounting Act. The reporting is covered by the Akastor ESG report 2023, which is issued separately and published on Akastor's website www.akastor.com. The Akastor ESG report also includes Akastor's reporting adhering to the Transparency Act, a Norwegian legislation, which requires companies to promote respect for human rights and decent working conditions.

Research, Innovation and Technology Development

NOK 4 million was capitalized in 2023, compared to NOK 9 million in 2022, related to development activities in AGR prior to divestment. No research and development costs were expensed in 2023 or 2022. All research, innovation and development initiatives are performed by the Akastor portfolio companies. Akastor ASA and Akastor AS performed no such activity in 2023.

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 2023, as in previous years, no events violating these agreements were reported.

As of year-end 2023, Akastor ASA's board comprised eight directors inclusive three employee elected directors, of which two shareholders elected directors are female directors. On a consolidated basis Akastor had 11 employees (FTE) as of December 31, 2023. AKOFS Offshore had a total of 352 employees (FTE) as of December 31, 2023. HMH had a total of 2 201 employees (FTE) as of December 31, 2023. In Akastor AS, the male/female ratio was 73/27. The male/female ratio in the major portfolio companies and Akastor Group were as follows:

	Akastor	HMH	AKOFS Offshore
Female	27%	18%	10%
Male	73%	82%	90%

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.

Sick leave in Akastor is less than 1%. In both HMH and AKOFS Offshore, sick leave was reduced in 2023 compared with 2022. There were no fatal injuries in any of the portfolio companies, but total recordable incident frequency slightly increased for both HMH and AKOFS Offshore. Each incident is thoroughly analysed and actions are taken 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.

	Akastor	HMH	AKOFS Offshore
Lost time Incident Frequency (LTIF) [1]	-	1.5	1.4
Total Recordable Incident Frequency (TRIF) [1]	-	3.8	2.7
Fatalities incl. subcontractors	-	-	-
Sick leave (percent)	≤ 1%	2.5%	2.3%

[1] *Per million hours worked. Includes subcontractors*

Corporate Governance

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

Fornebu, March 19, 2024 I Board of Directors of Akastor ASA

Frank O. Reite I Chairperson	Lone Fønss Schrøder I Deputy Chairperson	Svein Oskar Stoknes I Director
Kathryn M. Baker I Director	Luis Antonio G. 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, 2023. 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 2023 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, 2023.
- 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 19, 2024 I Board of Directors of Akastor ASA

Frank O. Reite I Chairperson	Lone Fønss Schrøder I Deputy Chairperson	Svein Oskar Stoknes I Director
Kathryn M. Baker I Director	Luis Antonio G. 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 Rulebook II of Oslo Børs (the stock exchange in Oslo) and the relevant Norwegian background law such as the Norwegian Accounting Act and the Norwegian Public Limited Liability Companies Act. The Code of Practice may be found at www.nues.no and the Oslo Børs Rulebook II may be found at www.euronext.com. Norwegian laws and regulations are available at www.lovdata.no.

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

In addition to the Code of Practice, the Norwegian Accounting Act section 3-3b stipulates that companies must provide a report on their policies and practices for corporate governance either in the annual report or in a document referred to in the annual report. Such report is integrated in the below corporate governance 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 2023 include the sale of all shares in AGR AS and Cool Sorption A/S, transfer of two vessels from DDW Offshore (Skandi Saigon and Skandi Pacific) as well as a USD 31m refinancing agreement in DDW Offshore.

On this background Akastor currently has an active investment portfolio within the oilfield services industry consisting of 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, 44 percent of shares in Føn Energy Services, in addition to other holdings and investments (see below), with a total net capital employed of NOK 4.6 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. DDW Offshore operates three offshore vessels. NES Fircroft is a global technical and engineering staff provider. Other investments mainly include shareholdings in ABL Group, Maha Energy and Awilco Drilling, warrant investments in Odfjell Drilling, a subletting portfolio through Akastor Real Estate and an investment in Aker Pensjonskasse. In addition, following the completion of the transaction in 2021 when HMH was formed, Akastor holds full ecomonic interest in the four DRU contracts, which are still held by MHWirth as contract holder, but where the financial exposure will be with Akastor.

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, ESG 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 7, 8, 12, and 13 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 is a member of the UN Global Compact, and also aligns with the principles of 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 2023.

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 2023 is NOK 3 970 million, which represents an equity ratio of 66 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 19 April 2023 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 in 2024. No shares were bought by the company in 2023 pursuant to the authorizations to the board of directors. As of December 31, 2023, the company holds 1 813 974 own shares.

In addition, the annual general meeting in 2023 granted the board of directors the mandate to approve the distribution of dividends based on the company's annual accounts for 2022 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 in 2024.

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
There are currently no active share purchase programs in place in Akastor.

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. As of December 31, 2023, Aker Holding AS owns 36.7% of the shares in Akastor ASA, which is 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 (or its 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 Aker ASA 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 in Akastor will be conducted electronically. The decision to hold virtual meetings without the possibility to attend a physical meeting, is partly due to the requirements in the Public Limited Liability Companies Act section 5-8, third paragraph, letter b, and party for 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, will be 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.

Chairperson
The articles of association stipulate that the general meetings shall be chaired by the chairperson of the board of directors or a person appointed by said chairperson. According to the Code of Practice the board should however «make arrangements to ensure an independent chairperson 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 chairperson 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 Ingebret G. Hisdal (chairperson), Charlotte Håkonsen and Kjetil E. Stensland, who were all elected at the annual general meeting in 2022 and are therefore up for re-election this year. Charlotte Håkonsen is the General Counsel of Aker ASA. No members of the nomination committee are employed by, or directors of, Akastor. The majority of the members of the nomination committee are independent of both Akastor's board of directors and the executive management of the company.

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

The composition of the nomination committee shall reflect the interests of all shareholders and ensure independence from the board of directors and the executive management. The members and the chairperson 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 chairperson 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 chairperson, cf. the Public Limited Liability Companies Act section 6-1, second paragraph, unless the chairperson is appointed by the general meeting. The proposal of the nomination committee will normally include a proposed candidate for appointment as chairperson of the board of directors. The board of directors appoints its own deputy chairperson. 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.

Akastor's 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, 2023, 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, 2023 will be set out in the 2023 remuneration report. The chairperson Frank O. Reite and the directors Lone Fønss Schrøder, Kathryn M. Baker 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 2023.

The appointment of employee representatives to the board of directors is conducted as prescribed by the Public Limited Liability Companies Act, the Representation Regulations and also as per practice agreed with the union representatives of the employees of Akastor's portfolio companies and industrial holdings. The board of directors has appointed a designated election committee charged with implementing the appointment of such employee representatives.

At the annual general meeting in 2024, there is a proposal to make certain adjustments to the articles of association which includes removing the requirement that stipulates that one third of the directors shall be appointed by the employees. If approved, inclusion of employee elected directors on the board of Akastor ASA shall follow the statutory requirements set out in the Public Limited Liability Companies Act. Based on current structure of Akastor ASA, with only 11 employees on a consolidated basis per year-end 2023, there is no requirement to include employee elected directors on the board.

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 chairperson 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 chairperson of the board of directors does not participate in the deliberations, the deputy chairperson 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 2023. 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 chairperson 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 qualification 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, including Akastor's reporting on ESG and other non-financial matters. 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, 2023, there are no other board committees than the audit committee. The board does not envisage appointing any further board committees in 2024.

The board evaluates 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, including by its portfolio companies and industrial holdings, 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.

The board receives and reviews risk reports prepared by the management, in respect of regular operational/business risk as well as risk related to ESG. 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 and risk related to ESG 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 an important 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® Accounting 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.

Financial reports are received from the portfolio companies at a regular basis. The Akastor financial reporting division has review of financial results together with the external auditor at a quarterly basis, with focus on important items involving estimate and judgement, accounting for significant transactions and other topics relevant to the financial reporting.

Other Reporting
In addition to the abovementioned financial reporting, there are
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 2023, 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 on April 20, 2022. The board of directors has not considered it necessary to suggest any amendments to the guidelines and the existing policy will therefore apply also for 2024.

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 2023. The report is available at www.akastor.com and will be subject for an advisory vote on the annual general meeting 2024.

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 2023.

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

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

Amounts in NOK million	*Note*	**2023**	2022 Re-presented
Revenue and other income	*7, 8*	**282**	269
Cost of goods and services		**(163)**	(35)
Other operating expenses	*9*	**(121)**	(152)
Impairment loss on receivables	*18*	**-**	(174)
Operating expenses		**(284)**	(361)
Operating profit before depreciation, amortization and impairment		**(2)**	(91)
Depreciation, amortization and impairment	*13,14, 28*	**(28)**	(51)
Operating profit (loss)		**(31)**	(142)
Finance income		**259**	483
Finance expenses		**(209)**	(224)
Impairment loss on debt instruments		**(40)**	(166)
Net finance income	*10*	**10**	93
Share of net profit (loss) from equity-accounted investees	*15*	**(363)**	(263)
Profit (loss) before tax		**(384)**	(312)
Income tax benefit (expense)	*11*	**-**	1
Profit (loss) from continuing operations		**(384)**	(312)
Profit (loss) from discontinued operations (net of income tax)	*5*	**122**	55
Profit (loss) for the period		**(262)**	(257)
Profit (loss) for the period attributable to:			
Equity holders of the parent company		**(264)**	(276)
Non-controlling interests		**3**	19
Basic / diluted earnings (loss) per share (NOK)	*12*	**(0.97)**	(1.01)
Basic / diluted earnings (loss) per share continuing operations (NOK)	*12*	**(1.42)**	(1.22)
Basic / diluted earnings (loss) per share discontinued operations (NOK)	*12*	**0.45**	0.20

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

Amounts in NOK million	*Note*	**2023**	2022
Profit (loss) for the period		**(262)**	(257)
Other comprehensive income			
Currency translation differences - foreign operations		**97**	325
Currency translation differences, reclassification to income statement upon disposal		**(2)**	-
Share of OCI from equity-accounted investees	*15*	**37**	(86)
Total items that may be reclassified subsequently to profit or loss, net of tax		**131**	239
Remeasurement gain (loss) net defined benefit liability	*23*	**(8)**	(11)
Share of OCI from equity-accounted investees	*15*	**1**	10
Total items that will not be reclassified to profit or loss, net of tax		**(7)**	(1)
Total other comprehensive income, net of tax		**124**	238
Total comprehensive income (loss) for the period, net of tax		**(137)**	(19)
Attributable to:			
Equity holders of the parent company		**(140)**	(38)
Non-controlling interests		**3**	19

Akastor Group I Consolidated statement of financial position
As of December 31

Amounts in NOK million	*Note*	**2023**	2022
Deferred tax assets	*11*	**-**	37
Property, plant and equipment	*13*	**231**	237
Intangible assets and goodwill	*14*	**-**	146
Right-of-use assets	*28*	**7**	27
Equity-accounted investees	*15*	**3 439**	3 502
Other investments	*16*	**1 051**	869
Non-current interest-bearing receivables	*17*	**550**	668
Non-current finance lease receivables	*28*	**-**	10
Other non-current assets		**1**	2
Total non-current assets		**5 279**	5 497
Inventories		**5**	5
Trade and other receivables	*18*	**601**	769
Current finance lease receivables	*28*	**19**	208
Current investments	*16*	**-**	162
Cash and cash equivalents	*19*	**144**	119
Assets classified as held for sale		**-**	43
Total current assets		**769**	1 307
Total assets		**6 048**	6 804
Issued capital incl. treasury shares	*20*	**161**	161
Other capital paid in		**1 541**	1 540
Reserves and retained earnings		**2 267**	2 355
Equity attributable to equity holders of the parent company		**3 970**	4 056
Non-controlling interests		**-**	36
Total equity		**3 970**	4 092
Non-current borrowings	*21*	**236**	198
Non-current lease liabilities	*28*	**2**	37
Employee benefit obligations	*23*	**82**	96
Other non-current liabilities	*22*	**255**	459
Deferred tax liabilities	*11*	**-**	4
Provisions, non-current		**-**	3
Total non-current liabilities		**575**	796
Current borrowings	*21*	**1 133**	1 142
Current lease liabilities	*28*	**32**	48
Trade and other payables	*24*	**305**	498
Current tax liabilities		**-**	2
Provisions, current		**34**	31
Other current liabilities	*22*	**-**	162
Liabilities classified as held for sale		**-**	32
Total current liabilities		**1 504**	1 916
Total liabilities		**2 078**	2 712
Total equity and liabilities		**6 048**	6 804

Fornebu, March 19, 2024 I Board of Directors of Akastor ASA

Frank O. Reite I Chairperson	Lone Fønss Schrøder I Deputy Chairperson	Svein Oskar Stoknes I Director
Kathryn M. Baker I Director	Luis Antonio G. 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	Treas-ury shares	Other capital paid in	Hedging reserve 1)	Fair value reserve1)	Currency trans-lation reserve1)	Retained earnings	Equity attributable to equity holders of the parent company	Non-con-trolling interests (NCI)	Total equity
2022										
Equity as of January 1, 2022	162	(2)	1 538	-	(72)	(264)	2 730	4 091	18	4 109
Profit (loss) for the period	-	-	-	-	-	-	(276)	(276)	19	(257)
Other comprehensive income	-	-	-	(8)	-	248	(1)	238	-	238
Total comprehensive income	-	-	-	(8)	-	248	(277)	(38)	19	(19)
Treasury share transactions	-	-	2	-	-	-	-	2	-	2
Equity as of December 31, 2022	**162**	**(1)**	**1 540**	**(8)**	**(72)**	**(16)**	**2 453**	**4 056**	**36**	**4 092**
2023										
Profit (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(264)**	**(264)**	**3**	**(262)**
Other comprehensive income	**-**	**-**	**-**	**15**	**-**	**116**	**(7)**	**124**	**-**	**124**
Total comprehensive income	**-**	**-**	**-**	**15**	**-**	**116**	**(271)**	**(140)**	**3**	**(137)**
Treasury share transactions	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**2**	**-**	**2**
Share-based payments in joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**52**	**52**	**-**	**52**
Disposal of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(39)**	**(39)**
Equity as of December 31, 2023	**162**	**(1)**	**1 541**	**7**	**(72)**	**100**	**2 234**	**3 970**	**-**	**3 970**

1) *See Note 20 Capital and reserves.*

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

Amounts in NOK million	*Note*	**2023**	2022
Cash flow from operating activities			
Profit (loss) for the period - continuing operations		**(384)**	(312)
Profit (loss) for the period - discontinued operations		**122**	55
Profit (loss) for the period		**(262)**	(257)
Adjustments for:			
Income tax expense (benefit)		**-**	2
Net interest cost and unrealized currency (income) loss		**99**	193
Depreciation, amortization and impairment	*13,14, 28*	**33**	66
(Gain) loss on disposal of subsidiaries		**(126)**	(25)
(Gain) loss on disposal of assets		**2**	(2)
(Profit) loss from equity-accounted investees	*15*	**363**	263
Other non-cash effects		**(106)**	(229)
Changes in net working capital		**(191)**	(187)
Cash generated from operating activities		**(188)**	(176)
Dividend received		**4**	22
Interest paid		**(237)**	(168)
Interest paid for leases		**(3)**	(6)
Interest received		**118**	66
Interest received for leases		**12**	21
Income taxes paid		**(2)**	(3)
Net cash from operating activities		**(296)**	(244)
Cash flow from investing activities			
Acquisition of property, plant and equipment	*13*	**(9)**	2
Payments for capitalized development	*14*	**(4)**	(11)
Acquisition of subsidiaries, net of cash acquired		**-**	2
Proceeds (payments) related to sale of subsidiaries, net of cash disposed		**(54)**	(96)
Funding to equity-accounted investees		**(119)**	(76)
Proceeds from other investments		**216**	745
Proceeds from finance lease receivables		**211**	53
Net cash flow from other investing activities		**(5)**	-
Net cash from investing activities		**236**	619
Cash flow from financing activities			
Proceeds from borrowings	*21*	**507**	756
Repayment of borrowings	*21*	**(382)**	(996)
Payment of lease liabilities	*28*	**(41)**	(78)
Net cash used in financing activities		**85**	(318)
Effect of exchange rate changes on cash and bank deposits		**-**	(26)
Net increase (decrease) in cash and bank deposits		**25**	31
Cash and cash equivalents at the beginning of the period		**119**	89
Cash and cash equivalents at the end of the period	*19*	**144**	119
Of which is restricted cash		**-**	2

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, 2023.

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, 2023 were approved by the board of directors and CEO on March 19, 2024. The consolidated financial statements will be authorized by the Annual General Meeting on April 16, 2024.

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 29 Group companies. Information on other related party relationships of the group is provided in Note 30 Related parties.

Note 2 I Basis for preparation

Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2023.

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 25 Capital management. Please refer to Board of Directors' report for more information about going concern assessment.

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:

- Non-derivative financial instruments at Fair Value through Profit or Loss (FVTPL) are measured at fair value.
- Debt instruments 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.

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.

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 a 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

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

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.

Interests in joint ventures 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. 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.

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 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, as well as change in fair value of financial assets measured at FVTPL. Interest expenses include discounting effects from liabilities measured at fair value.

Revenue from contract with customers
Majority of the group's revenue from contract with customers is service revenue generated from rendering of services to customers. The customers simultaneously receive and consume the benefits provided by these services. The group has assessed that these performance obligations are satisfied over time. Under some service contracts, the invoices are based on hours or days performed at agreed rates. 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.

Under day rate chartering contract, the group is remunerated by the customer by an agreed daily rate for each day of use of the vessel, equipment, crew and other resources. The charterer determines, within the contractual limits, how a vessel is utilized. The right to use the vessel falls un under the scope of IFRS 16 "Leases". The portion of lease revenue of the contract value is estimated at an overall level.

Income tax
Deferred tax assets are recognized for unused tax losses 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 of financial assets
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. 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 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.

Debt instruments measured at amortized cost or at FVOCI
The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The loss allowance is charged to profit and loss.

Leases
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.

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.

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. If the components of property, plant and equipment have different useful lives, they are accounted for as separate components. Depreciation is normally recognized on a straight-line basis over the estimated useful lives of property, plant and equipment.

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.

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 27 Financial Instruments.

Impairment of financial assets

The group has invested in significant debt instruments measured at fair value through other comprehensive income (FVOCI). The impairment of these financial assets is subject to expected credit loss. The loss allowance is recognized in profit and loss and reduces the fair value loss otherwise recognized in OCI. The loss allowance is based on assumptions of expected cash flows from the debt instruments. When making these assumptions, the group uses judgements selecting the similar inputs as used in the fair value measurement since the valuation model also considers the present value of expected cash flows from such investments. Key assumptions include the expected disposal value of the investments and discount factor.

Deferred and contingent considerations

Deferred and contingent considerations resulting from 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.

Income taxes

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

Pension benefits

The present value of the pension obligations depends on a number of factors determined on the basis of actuarial assumptions. These assumptions include financial factors such as the discount rate, expected salary growth, inflation and return on assets as well as demographical factors concerning mortality, employee turnover, disability and early retirement. Assumptions about all these factors are based on the situation at the time the assessment is made. However, it is reasonably certain that such factors will change over the very long periods for which pension calculations are made. Any changes in these assumptions will affect the calculated pension obligations with immediate recognition in other comprehensive income. Further information about the pension obligations and the assumptions used are included in Note 23 Employee benefits - pension.

Legal disputes and contingent liabilities

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 AGR

On April 18, 2023, Akastor completed the transaction with ABL Group ASA (ABL Group) for the sale of all shares in AGR AS ("AGR") against a combination of shares in ABL Group and cash. Through this sale, Akastor becomes a shareholder in ABL Group, which offers independent energy and marine consultancy to the global renewables, maritime and oil and gas sectors. Further, shareholdings in Føn Energy Services and Maha Energy were carved out of the transaction and remain with Akastor.

Upon completion of the transaction, a total of 18 166 667 Consideration Shares in ABL Group was issued to Akastor's wholly owned subsidiary RGA Energy Holdings AS in addition to Closing Cash Amount of NOK 5 million. 2/3 of ABL shares were transferred to Nordea and DNB as settlement of the loans they previously had against AGR. Akastor retains 1/3 of the ABL shares (6 055 556), which equals an ownership share in ABL Group of 4.9%. All Consideration Shares are subject to a 12 month lock-up period.

Following the transaction, AGR was deconsolidated and classified as discontinued operations. The comparative consolidated income statement has been re-presented to show the discontinued operations separately from continuing operations.

Results of discontinued operations

Amounts in NOK million	**2023**	2022
Revenue	**257**	789
Expenses	**(243)**	(723)
Net financial items	**(2)**	(14)
Profit (loss) before tax	**13**	53
Income tax	**-**	(3)
Profit (loss) from operating activities, net of tax	**12**	50
Gain on sale of discontinued operations	**110**	4
Net profit from discontinued operations	**122**	55
Basic/diluted earnings per share from discontinued operations (NOK)	**0.45**	0.20

Gain on sale from the disposal in 2023 included gain of NOK 104 million for AGR divestment which included currency translation differences of NOK 2 million that were reclassified from Other Comprehensive Income to the income statement as part of gain from the disposal. The remaining gain of NOK 6 million in 2023 as well as the gain in 2022 were related to re-assessment of contingent considerations related to divestments from prior years.

Cash flows from (used in) discontinued operations

Amounts in NOK million	**2023**	2022
Net cash from operating activities	**57**	31
Net cash from investing activities (incl. net cash proceeds from sale of the operations)	**(67)**	(14)
Net cash from financing activities	**(1)**	(4)
Net cash flow from discontinued operations	**(11)**	**13**

Note 6 I Disposal of subsidiaries

Disposal of entities in 2023

Disposal of Cool Sorption

In December 2022, Akastor entered into a share purchase agreement with Diamond Key International Pty. Ltd. for the sale of all shares in Cool Sorption A/S ("Cool Sorption") for DKK 20.4 million on a cash and debt free basis. Accordingly, Cool Sorption was presented as a disposal group held for sale as of December 31, 2022.

The sale transaction was completed in February 2023. Cool Sorption is a specialist supplier of Vapour Recovery Units (VRU) and systems and was included in "Other holdings" in segment reporting prior to the sale. The disposal of Cool Sorption resulted in an accounting gain of NOK 16 million, included as "Other income" in the income statement for 2023.

Disposal of AGR

In April 2023, Akastor completed the transaction with ABL Group ASA for the sale of all shares in AGR AS ("AGR") against a combination of shares in ABL Group and cash, see more information about the transaction in Note 5 Discontinued operations. The disposal of AGR resulted in an accounting gain of NOK 104 million, included as "Net profit (loss) from discontinued operations" in the income statement for 2023.

Effect of disposal on the financial position of the group

Amounts in NOK million	COOL SORPTION [1]	AGR
Deferred tax assets	(7)	(37)
Intangible assets and goodwill	(2)	(148)
Property, plant and equipment	-	(3)
Right-of-Use assets	-	(12)
Trade and other receivables	(40)	(151)
Cash and cash equivalents	(5)	(49)
Total assets	**(53)**	**(400)**
Pension liabilities	-	7
Deferred tax liabilities	-	4
Lease liabilities	-	12
Trade and other payables	37	158
Total liabilities	**37**	**181**
Non controlling interest	-	39
Currency translation reserve	-	2
Net assets and liabilities disposed	**(15)**	**(177)**
Total consideration at fair value	31	281
Gain on sale, net of tax	**16**	**104**
Portion of consideration received in cash, net of transaction costs	21	(14)
Cash and cash equivalents disposed of	(5)	(49)
Net cash flow from disposal	**16**	**(63)**

[1] *Cool Sorption was presented as disposal group held for sale as of December 31, 2022.*

Disposal of entities in 2022

Disposal of AGR Wind Services

In February 2022, Akastor, through AGR, completed the transaction to establish a joint venture company, Føn Engergy Services, together with IKM Group. Akastor transferred the shares in AGR Wind Services AS to Føn Energy Services. As compensation for the transfer, Akastor received 44% ownership in Føn Energy Services. The disposal of AGR Wind Services resulted in an accounting gain of NOK 21 million in 2022.

Føn Energy Services is classified as a joint venture to the group and accounted for using the equity method. The company offers integrated Operations and Maintenance (O&M) solutions to developers, operators, suppliers and owners of offshore renewables infrastructure, and in particular offshore wind farms.

Note 7 I Operating segments

Basis for segmentation

As of December 31, 2023, Akastor has identified the following operating segments as described below. After the divestment of AGR in April 2023, DDW Offshore is identified as a reportable segment from 2023. Since DDW Offshore was previously included in "Other holdings", the comparable segment information has been re-presented.

- 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.

- DDW Offshore owns three 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.

- Other holdings mainly include 4.9 percent shareholdings in ABL Group, 15 percent economic interest in NES Fircroft, 44 percent of the joint venture Føn Energy Services, equity instruments in Maha Energy and Awilco Drilling, as well as economic interests in four drilling equipment contracts with Jurong Shipyard (DRU contracts). 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.

HMH and AKOFS Offshore are classified as joint ventures and accounted for using the equity method, see Note 15 Equity-accounted investees. The segment information of the two joint ventures is presented at 100% basis.

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.

Information about reportable segments

Amounts in NOK million	Note	Equity-accounted investees [1]		Consolidated entities				
		HMH (JV)	AKOFS Off-shore (JV)	DDW Offshore	Other holdings	Total operating segments	Adjustment of JVs	Total Akastor
2023								
Income statement								
External revenue and other income	*8*	8 264	1 369	231	51	**9 914**	(9 632)	**282**
Total revenue and other income		**8 264**	**1 369**	**231**	**51**	**9 914**	(9 632)	**282**
Operating profit before depreciation, amortization and impairment (EBITDA)		**1 262**	**345**	**84**	**(87)**	**1 605**	(1 607)	**(2)**
Depreciation, amortization and impairment	*13, 14, 28*	(659)	(415)	(17)	(11)	**(1 102)**	1 074	(28)
Operating profit (loss) (EBIT)		**603**	**(70)**	**67**	**(98)**	**503**	(533)	**(31)**
Assets								
Current operating assets		5 787	586	77	530	**6 979**	(6 373)	606
Non-current operating assets		7 249	4 239	231	1 076	**12 795**	(8 066)	4 729
Finance lease receivables		-	-	-	19	**19**	-	19
Segment assets		**13 036**	**4 825**	**308**	**1 625**	**19 793**	(14 439)	**5 354**
Liabilities								
Current operating liabilities		3 586	421	45	294	**4 347**	(4 008)	339
Non-current operating liabilities		446	6	-	337	**788**	(451)	337
Lease liabilities		387	994	-	34	**1 415**	(1 381)	34
Segment liabilities		**4 419**	**1 421**	**45**	**665**	**6 550**	(5 840)	**709**
Net current operating assets [2]		-	-	32	236	**267**	-	**267**
Net capital employed [2]		3 015	407	263	960	**4 645**	-	**4 645**

[1] *Segment information presented at 100% basis*

[2] *Refers to figures included in Akastor's consolidated statement of financial position.*

Amounts in NOK million	Note	Equity-accounted investees [1] HMH (JV)	Equity-accounted investees [1] AKOFS Offshore (JV)	Consolidated entities DDW Offshore	Consolidated entities Other holdings	Total operating segments	Adjustment of JVs and dis-continued operations	Total Akastor
2022 (re-presented)								
Income statement								
External revenue and other income	*8*	6 477	1 425	147	122	**8 172**	(7 902)	**269**
Total revenue and other income		**6 477**	**1 425**	**147**	**122**	**8 172**	**(7 902)**	**269**
Operating profit before depreciation, amortization and impairment (EBITDA)		**762**	**458**	**7**	**(98)**	**1 129**	**(1 220)**	**(91)**
Depreciation, amortization and impairment	*13, 14, 28*	(457)	(376)	(39)	(12)	**(884)**	833	(51)
Operating profit (loss) (EBIT)		**306**	**81**	**(32)**	**(111)**	**245**	**(387)**	**(142)**
Assets								
Current operating assets		4 725	578	45	734	**6 082**	(5 146)	937
Non-current operating assets		7 158	4 517	232	857	**12 764**	(7 945)	4 819
Finance lease receivables		-	-	180	38	**218**	-	218
Assets held for sale		-	-	-	43	**43**	-	43
Segment assets		**11 883**	**5 095**	**457**	**1 673**	**19 108**	**(13 091)**	**6 017**
Liabilities								
Current operating liabilities		3 235	393	124	431	**4 183**	(3 490)	693
Non-current operating liabilities		452	6	102	447	**1 008**	(446)	562
Lease liabilities		344	1 245	-	72	**1 662**	(1 577)	85
Liabilities held for sale		-	-	-	32	**32**	-	32
Segment liabilities		**4 032**	**1 644**	**226**	**982**	**6 884**	**(5 512)**	**1 372**
Net current operating assets [2]		-	-	(79)	303	**224**	19	243
Net capital employed [2]		2 863	615	231	690	**4 399**	246	4 645

[1] *Segment information presented at 100% basis.*

[2] *Refers to figures included in Akastor's consolidated statement of financial position.*

Reconciliations of information on reportable segments to IFRS measures

Amounts in NOK million	*Note*	**2023**	2022
Assets			
Total segment assets		**5 354**	6 017
Cash and cash equivalents	*19*	**144**	119
Non-current interest-bearing receivables	*17*	**550**	668
Consolidated assets		**6 048**	6 804
Liabilities			
Total segment liabilities		**709**	1 372
Current borrowings	*21*	**1 133**	1 142
Non-current borrowings	*21*	**236**	198
Consolidated liabilities		**2 078**	2 712

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	**2023**	2022 Re-presented	**2023**	2022
Norway	**282**	187	**664**	1 036
Netherlands	**-**	-	**3 094**	2 883
Denmark	**-**	82	**-**	-
Other countries	**-**	-	**-**	14
Total	**282**	269	**3 758**	3 913

Major customer

Revenues from one customer of DDW Offshore represent approximately NOK 120 million (NOK 25 million in 2022) of the group's total revenue.

Note 8 I Revenue and other income

The group generates revenue primarily from day rate contracts in DDW Offshore, which owns three modern Anchor Handling Tug Supply (AHTS) vessels. A day rate contract is a contract where DDW Offshore is remunerated by the customer at an agreed daily rate for each day of use of the vessel, equipment, crew and other resources. It is estimated that 40% of the contract value is service revenue while the remaining is lease portion of the revenue.

Amounts in NOK million	*Note*	**2023**	2022 Re-presented
Revenue from contracts with customers		**121**	169
Other revenue and income			
Lease revenue	*28*	**147**	97
Other revenue		**-**	1
Gain (loss) on disposal of subsidiaries		**16**	-
Gain on disposals of assets		**(2)**	2
Total revenue and other income		**282**	269

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	**DDW Offshore**	**Other holdings**	**Total Akastor**
2023			
Major contract/revenue types			
Service revenue	93	28	121
Total Revenue from contracts with customers	**93**	**28**	**121**
Timing of revenue recognition			
Transferred over time	93	28	121
Total Revenue from contracts with customers	**93**	**28**	**121**
Lease revenue	140	7	147
Other revenue and income	(2)	16	14
Total external revenue and other income in segment reporting	**231**	**51**	**282**

Amounts in NOK million	**DDW Offshore**	**Other holdings**	**Total Akastor**
2022 (re-presented)			
Major contract/revenue types			
Construction revenue	-	48	48
Service revenue	58	63	121
Total Revenue from contracts with customers	**58**	**111**	**169**
Timing of revenue recognition			
Transferred over time	58	111	169
Total Revenue from contracts with customers	**58**	**111**	**169**
Lease revenue	87	10	97
Other revenue and income	2	1	3
Total external revenue and other income in seg-ment reporting	**147**	**122**	**269**

Contract balances

Amounts in NOK million	*Note*	**2023**	2022
Receivables, which are included in "trade and other receivables"		**22**	115
Contract assets	*18*	**11**	61
Contract liabilities	*24*	**7**	25

Contract assets relate to the group's rights to consideration for work completed, but not yet invoiced at the reporting date. The contract assets are transferred to receivables when the rights to payment become unconditional, which usually occurs when invoices are issued to the customers. No impairment on contract assets was recognized in 2023 or 2022.

Contract liabilities relate to advance consideration received from customer for work not yet performed. Revenue recognized in 2023 that was included in contract liabilities in the beginning of the year was NOK 16 million (NOK 14 million in 2022).

Transaction price allocated to the remaining performance obligations

Revenue of NOK 4 million is expected to be recognized in 2024 related to performance obligations that are unsatisfied (or partially satisfied) as of December 31, 2023.

Note 9 I Other operating expenses

Amounts in NOK million	**2023**	2022 Re-presented
Salaries and other employee benefit costs	**58**	74
External consultants inclusive legal costs	**52**	59
Other	**11**	19
Total operating expenses	**121**	**152**

Fees to the auditors

Audit fees (exclusive VAT) incurred by the group during 2023 were NOK 1.6 million (NOK 2.5 million in 2022). Fees incurred for other assurance services were NOK 0.5 million in 2023 (NOK 0.1 million in 2022).

Note 10 I Finance income and costs

Amounts in NOK million	*Note*	**2023**	2022 Re-presented
Interest income on bank deposits measured at amortized cost		**59**	31
Interest income on debt instruments at FVOCI		**97**	103
Interest income on finance lease receivables	*28*	**12**	21
Net foreign exchange gain		**48**	168
Dividend income from equity instrument		**4**	79
Net changes in fair value of financial assets at FVTPL		**30**	58
Other finance income		**9**	24
Finance income		**259**	483
Interest expense on financial liabilities measured at amortized cost		**(160)**	(124)
Unwind of discounting effect		**(16)**	(24)
Interest expense on lease liabilities	*28*	**(3)**	(5)
Impairment loss on debt instruments [1)]		**(40)**	(166)
Loss on foreign currency forward contracts		**-**	(58)
Other financial expenses		**(30)**	(13)
Financial expenses		**(249)**	(390)
Net finance income		**10**	93

[1)] *Impairment related to loss allowance on debt instruments measured at FVOCI*

See Note 27 Financial instruments for information of the finance income and expense generating items.

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Note 11 I Income tax

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	**2023**		2022 Re-presented	
Profit (loss) before tax, continuing operations	**(384)**		(312)	
Tax income (expense) using the company's domestic tax rate	**84**	**22.0%**	69	22.0%
Tax effects of:				
Difference between local tax rate and Norwegian tax rate	**(1)**	**(0.2%)**	-	(0.1%)
Permanent differences [1]	**(72)**	**(18.7%)**	(79)	(25.3%)
Prior year adjustments (deferred tax)	**-**	**-**	1	0.3%
Recognition of previously unrecognized deferred tax assets [2]	**14**	**3.6%**	36	11.6%
Write down of tax loss or deferred tax assets [3]	**(26)**	**(6.8%)**	(26)	(8.2%)
Total tax income (expenses)	**-**	**-**	1	0.2%

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 unrecognized tax loss and deductible temporary differences in Akastor Corporate entities.*

Change in net recognized deferred tax assets (liabilities)

Amounts in NOK million	*Note*	**Net deferred tax assets**
Balance as of December 31, 2021		**38**
Recognized in profit and loss		**2**
Classified as held for sale		**(6)**
Balance as of December 31, 2022		**33**
Disposal of subsidiaries	*6*	**(33)**
Balance as of December 31, 2023		**-**

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.

Amounts in NOK million	**2023**	2022
Expiry within one year	**-**	14
Expiry in more than one year or later	**411**	375
Indefinite [1]	**3 140**	1 350
Total	**3 551**	1 739

1) *In February 2024, the Norwegian Tax Appeals Board overturned a 2020 decision from the tax authorities. Following the decision from the Tax Appeals Board, the tax authorities dropped a similar case. The total disputed amount was NOK 1 455 million. The unrecognized tax losses carried forward has been correspondingly increased.*

Unrecognized other deductible temporary differences are NOK 1 112 million in 2023 (NOK 1 169 million in 2022).

Note 12 I Earnings per share

Akastor ASA holds 1 813 974 treasury shares at year end 2023 (1 985 164 in 2022). Treasury shares are not included in the weighted average number of ordinary shares.

Amounts in NOK million	**2023**	2022 Re-presented
Profit (loss) from continuing operations	**(384)**	(312)
Non-controlling interests	**(3)**	(19)
Profit (loss) attributable to ordinary shares from continuing operations	**(386)**	(331)
Profit (loss) from discontinued operations	**122**	55
Profit (loss) attributable to ordinary shares	**(264)**	(276)

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.

	2023	2022
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	**272 180 398**	272 002 629
Basic/ diluted earnings (loss) per share (NOK)	**(0.97)**	(1.01)
Basic/ diluted earnings (loss) per share for continuing operations (NOK)	**(1.42)**	(1.22)
Basic/ diluted earnings (loss) per share for discontinued operations (NOK)	**0.45**	0.20

Note 13 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*	**Vessels**	**Machinery, equipment, software**	**Total**
Historical cost				
Balance as of January 1, 2022		282	101	384
Additions		(2)	1	(1)
Reclassification to held for sale		-	(9)	(9)
Currency translation differences		35	-	35
Balance as of December 31, 2022		**315**	**93**	**408**
Additions		**9**	**-**	**9**
Disposals and scrapping		**-**	**(85)**	**(85)**
Disposal of subsidiaries	*6*	**-**	**(8)**	**(8)**
Currency translation differences		**10**	**-**	**10**
Balance as of December 31, 2023		**334**	**-**	**334**
Accumulated depreciation				
Balance as of January 1, 2022		(38)	(94)	(133)
Depreciation for the year [1)]		(18)	(3)	(21)
Impairment		(21)	-	(21)
Reclassifications to held for sale		-	9	9
Currency translation differences		(6)	-	(6)
Balance as of December 31, 2022		**(83)**	**(88)**	**(171)**
Depreciation for the year [1)]		**(17)**	**(2)**	**(20)**
Disposals and scrapping		**-**	**85**	**85**
Disposal of subsidiaries	*6*	**-**	**6**	**6**
Currency translation differences		**(2)**	**-**	**(2)**
Balance as of December 31, 2023		**(103)**	**-**	**(103)**
Book value as of December 31, 2022		**232**	**5**	**237**
Book value as of December 31, 2023		**231**	**-**	**231**

[1)] *Includes depreciation of NOK 2 million from discontinued operations in 2023 (NOK 5 million in 2022).*

Depreciation

Estimates for useful life, depreciation method and residual values are reviewed annually. The vessels are depreciated on a straight-line basis over their expected economic lives of 20-25 years. The group has not identified assets expected to have a significant shorter useful life due to climate-related risks.

Note 14 I Intangible assets and goodwill

Amounts in NOK million	*Note*	**Development costs**	**Goodwill**	**Other**	**Total**
Historical cost					
Balance as of 1 January 2022		50	118	24	192
Reclassification		1	-	-	1
Capitalized development		9	-	-	9
Reclassification to held for sale		(14)	-	-	(14)
Currency translation differences		-	1	-	1
Balance as of December 31, 2022		**47**	**119**	**24**	**190**
Capitalized development		**4**	**-**	**-**	**4**
Disposal of subsidiaries	*6*	**(51)**	**(119)**	**(24)**	**(194)**
Balance as of December 31, 2023		**-**	**-**	**-**	**-**
Accumulated amortization and impairment					
Balance as of 1 January 2022		(28)	(10)	(9)	(47)
Amortization for the year [1)]		(6)	-	(3)	(10)
Reclassification to held for sale		13	-	-	13
Balance as of December 31, 2022		**(22)**	**(10)**	**(13)**	**(44)**
Amortization for the year [1)]		**(2)**	**-**	**(1)**	**(3)**
Disposal of subsidiaries	*6*	**24**	**10**	**14**	**48**
Balance as of December 31, 2023		**-**	**-**	**-**	**-**
Net book value as of 31 December 2022		**25**	**109**	**11**	**146**
Net book value as of 31 December 2023		**-**	**-**	**-**	**-**

[1)] *Includes amortization of NOK 3 million from discontinued operations in 2023 (NOK 10 million in 2022)*

Research and development costs

NOK 4 million has been capitalized in 2023 (NOK 9 million in 2022) related to development activities in discontinued operations. No research and development costs were expensed in 2023 or 2022.

Note 15 I Equity-accounted investees

Equity-accounted investees include joint ventures that are accounted for using the equity method. Such investments are defined as related parties to Akastor. See Note 30 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	Føn Energy Services	Total equity-accounted investees
Country	Netherlands	Norway	Norway	
Ownership and voting rights	50%	50%	44%	
Balance as of January 1, 2023	**2 863**	**615**	**24**	**3 502**
Additions	-	96	1	**97**
Share of net profit (loss)	(41)	(315)	(7)	**(363)**
Share of other comprehensive income	53	(16)	-	**37**
Share of changes directly in equity	52	-	-	**52**
Currency translation differences	87	26	-	**113**
Balance as of December 31, 2023	**3 015**	**407**	**17**	**3 439**

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 Holding B.V. (HMH). Following the transaction, Akastor and Baker Hughes each holds 50% of the shares in HMH, and have joint control over the company. HMH is a premier provider of drilling systems, equipment and aftermarket services.

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. The company is a subsea well installation and intervention services provider.

Føn Energy Services

In February 2022, Akastor, through its subsidiary AGR AS, completed the transaction to establish a joint venture company, Føn Engergy Services, together with IKM Group. Following the transaction, Akastor and IKM each holds 44% of the shares in Føn Energy Services, and have joint control over the company. See Note 6 for more information about the transaction. The company offers integrated Operations and Maintenance (O&M) solutions to developers, operators, suppliers and owners of offshore renewables infrastructure, and in particular offshore wind farms.

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

Amounts in NOK million	HMH 2023	HMH 2022	AKOFS 2023	AKOFS 2022
Current assets	**6 468**	5 645	**832**	888
– Cash and cash equivalents	**638**	468	**247**	310
Non-current assets	**7 539**	7 193	**4 239**	4 517
Current liabilities	**(3 923)**	(3 770)	**(985)**	(1 844)
– Current financial liabilities (excluding trade and other payables and provisions)	**(323)**	(476)	**(564)**	(1 451)
Non-current liabilities	**(4 054)**	(3 341)	**(3 272)**	(2 331)
– Non-current financial liabilities (excluding trade and other payables and provisions)	**(3 609)**	(2 889)	**(3 266)**	(2 325)
Net assets (100%)	**6 029**	5 726	**814**	1 230
Akastor's share of net assets (50%)	**3 015**	2 863	**407**	615
Akastor's carrying amount of the investment	**3 015**	2 863	**407**	615
Revenue	**8 264**	6 477	**1 369**	1 425
Depreciation, amortization and impairment	**(659)**	(457)	**(415)**	(376)
Interest income	**27**	-	**14**	5
Interest expense	**(377)**	(364)	**(380)**	(302)
Income tax expense	**(167)**	(78)	**(62)**	(6)
Profit (loss) for the year	**(82)**	(164)	**(629)**	(358)
Other comprehensive income (loss)	**106**	(50)	**(31)**	(102)
Total comprehensive income (loss) (100%)	**24**	(215)	**(661)**	(459)
Akastor's share of total comprehensive income (loss) (50%)	**12**	(107)	**(330)**	(230)

Note 16 I Other investments

Amounts in NOK million	*Note*	**2023**	2022
NES Fircroft investment		**711**	636
Aker Pensjonskasse	*30*	**158**	158
ABL Group investment		**79**	-
Awilco Drilling investment		**17**	10
Odfjell Drilling warrants		**56**	34
Other equity securities		**30**	31
Total other investments	*27*	**1 051**	869
Shares in Step Oiltools B.V.		**-**	162
Total current investments	*27*	**-**	162

NES Fircroft

Akastor holds around 15% economic ownership interest in NES Fircroft, a global technical and engineering staffing provider. The investment, consisting mainly of debt instruments, is measured at fair value. See Note 27 Financial instruments for more information about the fair value measurement of debt instruments in NES Fircroft.

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. 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.

ABL Group

Akastor holds 4.9% of the common shares in ABL Group, which is listed on the Oslo Stock Exchange.

Awilco Drilling

Akastor holds 6.8% of the common shares in Awilco Drilling, which is listed on the Oslo Euronext Growth.

Odfjell Drilling warrants

Akastor holds a warrant structure with a maximum potential of 6.8 million common shares in Odfjell Drilling, divided by six exercisable tranches until May 31, 2024. Odfjell Drilling is listed on the Oslo Stock Exchange.

Shares in Step Oiltools B.V.

Step Oiltools was part of the MHWirth business contributed from Akastor to the joint venture HMH in 2021. However, the legal ownership in shares in Step Oiltools B.V. remains with Akastor whilst the ownership does not constitute control since Akastor is not exposed to variable returns from the legal ownership. In 2023, management of HMH started the liquidation process of Step Oiltools and the value of both shares and liability is impaired as result of reassessment of expected net proceeds from the liquidation. Net financial position related to Step Oiltools was not impacted by the reassessment. See also Note 22 Other liabilities for more information about the liabilities related to Step Oiltools.

Note 17 I Non-current interest-bearing receivables

Amounts in NOK million	**2023**	2022
Receivables from AKOFS Offshore	**262**	226
Receivables from HMH	**244**	218
Seller's credit to Odfjell Drilling	**-**	200
Receivables from Aker Pensjonskasse	**23**	22
Seller's credit to Diamond Key International	**12**	-
Receivable from Føn Energy Services	**9**	2
Total non- current interest-bearing receivables	**550**	668

In 2022, Akastor sold the preference shares in Odfjell Drilling for a total consideration of USD 95.2 million, of which USD 75.2 million was settled in cash while the remaining USD 20 million was settled through a seller's credit agreement towards Odfjell Drilling. The seller's credit agreement was settled in 2023.

Note 18 I Trade and other receivables

Amounts in NOK million	*Note*	**2023**	2022
Trade receivables		**76**	204
Less provision for impairment		**(1)**	(64)
Trade receivables, net of provision		**75**	140
Other receivables [1]		**512**	556
Trade and other receivables	*27*	**586**	696
Advances to suppliers		**-**	2
Contract assets	*8*	**11**	61
Prepaid expenses		**4**	11
Total		**601**	769

[1] *Other receivables relate mainly to Akastor's economic interest in four drilling equipment contracts with Jurong Shipyard (DRU contracts). This position was carved out from MHWirth in connection with the merger with Baker Hughes' SDS business. The contracts were terminated by Jurong and dispute over termination fees is being resolved through arbitration process with outcome expected in 2024. In 2022, the group reassessed both receivables and accrued expenses following the formal termination of the last two contracts. An impairment of NOK 174 million, with a corresponding reversal of accrued expenses, was recognized in 2022. Net financial position related to the contracts was not impacted by the reassessment.*

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

Aging of trade receivables

Amounts in NOK million	**2023**	2022
Not overdue	**48**	145
Past due 0-30 days	**15**	3
Past due 31-90 days	**12**	1
Past due more than 90 days	**-**	56
Total trade receivables	**76**	204

The past due receivables are monitored regularly and impairment analysis is performed on an individual basis for major customers. As of December 31, 2023, trade receivables of a face value of NOK 1 million were impaired. See below for the movements in the provision for impairment of receivables.

Amounts in NOK million	**2023**	2022
Balance as of January 1	**64**	57
Write down/utilized	**(65)**	-
Currency translation differences	**2**	7
Balance as of December 31	**1**	64

Note 19 I Cash and cash equivalents

Amounts in NOK million	**2023**	2022
Restricted cash	**-**	2
Interest-bearing deposits	**144**	117
Total cash and cash equivalents	**144**	119

Additional undrawn committed bank revolving credit facilities amount to NOK 335 million, that together with cash and cash equivalents gives a total liquidity reserve of NOK 479 million as of December 31, 2023. See also Note 21 Borrowings.

Note 20 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 2022). All issued shares are fully paid.

Treasury shares

Sale of 171 190 treasury shares to employees was carried out in 2023 in connection with the company's variable pay program. As of December 31, 2023, Akastor ASA holds 1 813 974 treasury shares (1 985 164 treasury shares in 2022), representing 0.66 percent of total outstanding shares.

The Board of Directors has not proposed dividend for 2023 or 2022.

Hedging reserve

As of December 31, 2023, the group had no cash flow hedges. The hedging reserve is related to share of other comprehensive income in equity accounted investees.

Fair value reserve

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

Currency translation reserve

The currency translation reserve includes exchange differences arising from the translation of the net investments in foreign operations, foreign exchange gain or loss on loans defined as part of net investments in foreign operations, as well as the group's share of currency translation differences in equity accounted investees. Upon the disposal of investments in foreign operations during 2023, the accumulated currency translation differences of NOK 2 million related to the disposed entities were reclassified from the currency translation reserve to the income statement.

Note 21 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 26 Financial risk management and exposures.

Amounts in million	Currency	Nominal currency value	Carrying amount (NOK)	Maturity [1]	Interest terms [2]
2023					
Revolving credit facility (USD 60 million)	USD	60	**616**	Jun 2024	USD LIBOR + margin 5.5%
Revolving credit facility (NOK 241 million)	NOK	241	**241**	Jun 2024	NIBOR + margin 5.5%
Subordinated Aker facility (NOK 375 million)	NOK	82	**82**	Jul 2024	NIBOR + margin 12%
ABL/Maha share financing	NOK	57	**57**	Uncommitted	NIBOR + margin 1.5%
Term loan DDW Offshore	USD	31	**309**	Sep 2026	Fixed rate 10.85%
HMH Loan Note	USD	4	**41**	Oct 2024	Fixed rate 8.0%
Overdraft	NOK		**24**		
Total borrowings			**1 369**		
Current borrowings			**1 133**		
Non-current borrowings			**236**		
Total borrowings			**1 369**		
2022					
Revolving credit facility (USD 66 million)	USD	66	**656**	Feb 2024	USD LIBOR + margin 5.5%
Revolving credit facility (NOK 250 million)	NOK	200	**198**	Feb 2024	NIBOR + margin 5.5%
Subordinated Aker facility (NOK 250 million)	NOK	16	**16**	Mar 2024	NIBOR + margin 10%
Term loan AGR	NOK	180	**198**	Apr 2027	Fixed rate 4%
Term loan DDW Offshore	USD	27	**272**	Feb 2024	USD LIBOR + margin 4.25%
Total borrowings			**1 340**		
Current borrowings			**1 142**		
Non-current borrowings			**198**		
Total borrowings			**1 340**		

[1] *In February 2024, the maturity date of Revolving credit facilities and Aker facility was extended to June and July 2024, respectively.*

[2] *Commitment fee is 40 percent of the margin for revolving credit facilities and Aker facility.*

For information about contractual maturities of borrowings including interest payments and the period in which they mature, see Note 26 Financial risk management and exposures.

Bank debt

The revolving credit facilities are provided by a bank syndicate consisting of high-quality Nordic and international banks, with DNB acting as 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 25 Capital management.

In September 2023, DDW Offshore completed a refinancing provided by EnTrust Global's Blue Ocean Funds as lenders. The new term loan of USD 31 million matures in September 2026. 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	**Revolving credit facilities**	**Subordi-nated Aker facility**	**Term loan AGR**	**Term loan – DDW Offshore**	**Other, including overdraft**	**Total borrowings**
Balance as of December 31, 2021	**721**	**3**	**185**	**467**	**11**	**1 387**
Proceeds from borrowings	736	20	-	-	-	756
Repayment of borrowings	(711)	(20)	-	(254)	(11)	(996)
Changes from financing cash flows	25	-	-	(254)	(11)	(240)
Changes in capitalized borrowing costs	13	-	-	-	-	13
Accrued interest (incl. commitment fees)	(1)	13	13	-9	-	33
Foreign exchange movements	96	-	-	50	-	146
Balance as of December 31, 2022	**854**	**16**	**198**	**272**	**-**	**1 340**
Proceeds from borrowings	50	60	-	316	81	507
Repayment of borrowings	(74)	(20)	(9)	(279)	-	(382)
Changes from financing cash flows	(24)	40	(9)	36	81	125
Settlement with ABL shares	-	-	(188)	-	-	(188)
Reclassification	-	-	-	-	37	37
Changes in capitalized borrowing costs	2	-	-	-	-	2
Accrued interest (incl.commitment fees)	(1)	26	(1)	(8)	3	20
Foreign exchange movements	23	-	-	8	1	32
Balance as of December 31, 2023	**856**	**82**	**-**	**309**	**121**	**1 369**

See Note 28 Leases for reconciliation of liabilities arising from leasing activities.

Note 22 I Other liabilities

Amounts in NOK million	*Note*	**2023**	2022
Deferred gain		**9**	30
Deferred settlement obligations	*27*	**246**	326
Liability for profit split	*27*	**-**	102
Other liabilities	*27*	**-**	1
Total other non-current liabilities		**255**	459
Liability related to Step Oitools	*27*	**-**	162
Total other current liabilities		**-**	162

Deferred gain

In May 2018, Akastor invested in preferred equity and warrants in Odfjell Drilling. On initial recognition, the investment in warrants was 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 16 Other investments for more information about the warrant 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 as well as guaranteed preferred return to Mitsui and MOL in connection with AKOFS Offshore divestment.

Liability for profit split

DDW Offshore AS had obligation to share 50 percent of the sale proceeds from disposal of two of its vessels with its lenders prior to April 2024. The liability for profit split was fully settled in 2023.

Liability related to Step Oiltools

Step Oiltools was part of the MHWirth business contributed from Akastor to the joint venture HMH in 2021. However, the legal ownership in shares in Step Oiltools B.V. remains with Akastor. The liability reflects the obligation to transfer disposal proceeds to HMH when the ownership structure is resolved. In 2023, management of HMH started the liquidation process of Step Oiltools and the value of both shares and liability is impaired as result of reassessment of expected net proceeds from the liquidation. Net financial position related to Step Oiltools was not impacted by the reassessment. See also Note 16 Other investments for more information about the Step Oiltools shares.

Note 23 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 group has also unfunded executive pension plans that are closed for new members. The estimated contributions expected to be paid during 2024 amount to NOK 13 million.

Pension cost

Amounts in NOK million	**2023**	2022 Re-presented
Defined benefit plans	**-**	1
Defined contribution plans including AFP	**2**	2
Total pension cost	**2**	3

Movement in net defined benefit (asset) liability

	Pension obligation		**Pension asset**		**Net pension obligation**	
Amounts in NOK million	**2023**	2022	**2023**	2022	**2023**	2022
Balance as of January 1	**301**	332	**(205)**	(224)	**96**	108
Disposal of subsidiaries as of January 1, 2023	**(12)**	-	**4**	-	**(8)**	-
Included in profit or loss						
Service cost	**-**	1	**-**	-	**-**	1
Interest cost (income)	**6**	4	**(3)**	(2)	**3**	2
Total	**6**	4	**(3)**	(2)	**3**	2
Included in OCI						
Remeasurements (loss) gain:						
Actuarial loss (gain)	**11**	(12)	**(5)**	(3)	**6**	(15)
Return on plan assets excluding interest income	**-**	-	**1**	25	**1**	25
Effect of movements in exchange rates	**3**	7	(2)	(6)	**1**	-
Total	**14**	(5)	**(6)**	16	**8**	11
Other						
Benefits paid by the plan	**(30)**	(30)	**24**	24	**(6)**	(6)
Contributions paid into the plan	**-**	-	**(11)**	(20)	**(11)**	(20)
Total	**(30)**	(30)	**(13)**	5	**(17)**	(26)
Balance as of December 31	**279**	301	**(197)**	(205)	**82**	96

Plan assets

Amounts in NOK million	**2023**	2022
Bonds	**40**	48
Fund/private equity	**57**	56
Total plan assets in Norway at fair value	**97**	104
Equity securities	**-**	25
Debt securities	**100**	76
Total plan assets in US at fair value	**100**	101
Total plan assets at fair value	**197**	205

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 significant defined benefit plans are in Norway. The followings are the principal actuarial assumptions at the reporting date for the plans in Norway.

	Norway	
	2023	2022
Discount rate	**3.10%**	3.20%
Asset return	**2.25%**	2.00%
Salary progression	**3.50%**	3.75%
Pension indexation	**1.8 -3.3%**	1.7 -3.5%
Mortality table	**K2013**	K2013
Life expectancy of male pensioners (in years)	**22.8**	22.7
Life expectancy of female pensioners (in years)	**26.1**	26.0

The discount rates and other assumptions in 2023 and 2022 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.

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, 2023 by the amounts shown below.

Amounts in NOK million	Increase	Decrease
Discount rate (1% movement)	(15)	16
Future pension growth (1% movement)	15	(13)

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 24 I Trade and other payables

Amounts in NOK million	*Note*	**2023**	2022
Trade creditors		**17**	67
Accrued expenses		**96**	179
Liability for profit split [1]		**-**	89
Trade and other payables	*27*	**113**	335
Public duty and tax payables		**8**	46
Contract liabilities	*8*	**7**	25
Deferred settlement obligations [2]	*27*	**176**	91
Total trade and other payables		**305**	498

[1] *Relates to obligation in DDW Offshore AS to share 50 percent of the sale proceeds from disposal of its vessels, which was fully settled in 2023.*
[2] *Relates to current portion of deferred settlement obligations, see Note 22 for more information*

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

Note 25 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 2023 of NOK 479 million, composed of an undrawn committed credit facility of NOK 335 million and cash and cash equivalents of NOK 144 million.

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, DDW Offshore is financed directly through a USD 31 million Term loan maturing in 2026.

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 loan agreement entered into in 2022 for the revolving credit facilities which are shown below. See Note 21 Borrowings for details about these loans.

- The company's gearing ratio shall not exceed 0.5 times 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 150 million on consolidated level.

The ratios are calculated based on net debt including cash and borrowings, 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, 2023.

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, 2023. In February 2024, the group extended the maturity of the corporate revolving credit facilities to June/July 2024.

DDW Offshore's external financing has two financial covenants; i) a minimum liquidity of USD 1.425 million and ii) a minimum asset cover ratio of 120% (Market Value of the vessels / Secured Loan Amount) .

Note 26 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's exposure to currency risk is primarily against USD. In addition, The group has significant investments in portfolio companies that operate internationally and are exposed to currency risk on commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Exposure to currency risk

Changes in currency rates change the values of borrowings, receivables and cash balances.

	2023	2022
Amounts in million	**USD**	USD
Cash and cash equivalents	**(3)**	-
Intercompany loans	**60**	48
Loans and receivables	**89**	109
Deferred settlement obligations	**(41)**	(42)
Balance sheet exposure	**104**	115
Net exposure (NOK million)	**1 063**	1 141

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:

	Profit (loss) after tax	
Amounts in NOK million	**2023**	2022
USD (10%)	**106**	**114**

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 2023 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 2022.

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

Amounts in NOK million	**2023**	2022
Cash and cash equivalents	**1**	1
Interest-bearing receivables	**6**	4
Borrowings	**(13)**	(17)
Net	**(6)**	(12)

A decrease of 100 basis points in interest rates during 2023 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, 2023 (estimated remaining exposure as of December 31, 2023):

- Performance guarantees on behalf of group companies of nil (NOK 17 million in 2022)
- Performance guarantees on behalf of related parties of NOK 1.5 billion (NOK 2.2 million in 2022)
- Parent company indemnity guarantees for fulfillment of lease obligations and finance obligations of NOK 2.1 billion (NOK 2.6 billion in 2022)
- Financial guarantees including counter guarantees for bank/surety bonds and guarantees for pension obligations to employees of NOK 0.2 billion (NOK 0.2 billion in 2022)

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 30 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.

The group evaluates that significant credit risk concentrations are related to external receivables. The maximum exposure to credit risk at the reporting date equals the carrying amounts of financial assets (see Note 27 Financial instruments) and contract assets (see Note 8 Revenue and other income). The group does not hold collateral as security. The group reviews the creditworthiness of counterparty when entering into significant or long-term contract and actively monitors its credit exposure to each counterparty.

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.

Akastor is an investment company with limited upstream cash flow from its portfolio companies and therefore to a large degree depends on realization of assets to reduce debt and improve liquidity. In order to mitigate refinancing risk when the corporate financing facilities mature and secure available liquidity, the group is in accordance with its strategy focusing on realization of holdings. Liquidity risk has been mitigated in the short term through the extension of the current corporate financing facilities through to June and July 2024, to be replaced by new corporate credit lines, which have been committed, but subject to the amount received following the DRU arbitration award. If the proceeds from DRU arbitration come in at a lower value than anticipated, Akastor will need to source other means of funding such as through a bond financing.

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 quarterly forecasts of the group's liquidity reserve on the basis of expected cash flow.

Climate risk

Akastor, as an investment company, is exposed to climate related risks, mainly transition risks and physical risks which are closely linked to the risks identified by the portfolio companies it has ownership interests in. The group's most significant group of assets, equity-accounted investees, consists primarily of investments in HMH and AKOFS Offshore. The largest climate-related risks are related to the transition to a low-emission economy, and an expected decrease in the oil and gas sector, which will be challenging in terms of access to and cost of capital. In addition, large oil companies are shifting towards low-carbon production, leading to changes in customer requirements that may require new investments in technology. Overall, this may lead to negative impact on the equity of these investees and thus reduction of the value of Akastor's investments.

With regards to the physical assets in the group, mainly attributed to the vessels held by DDW Offshore, the group is mainly exposed to physical risks such as extreme weather changes. The group has not identified significant changes when assessing useful life or impairment testing of the vessels due to climate related risks.

For the 2023 financial statements, the group has not identified any material impacts on judgement and estimates due to climate-related risks. Akastor and its portfolio companies preform climate related risk and opportunity assessment based on the methodology described in the Task Force on Climate-Related Financial Disclosures (TCFD) on a regular basis. Assessment of risks is carried out in preparation of the group's financial statements.

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
2023								
Borrowings [2]	*21*	1 369	1 511	1 042	183	95	190	-
Lease liabilities	*28*	34	34	18	14	2	-	-
Deferred settlement obligations	*22, 24*	589	424	171	8	74	45	127
Trade and other payables	*24*	121	121	121	-	-	-	-
Total financial liabilities		**2 114**	**2 090**	**1 352**	**204**	**171**	**235**	**127**
Financial guarantees [3]			3 850	31	265	1 499	1 665	390
2022								
Borrowings [2]	*21*	1 340	1 403	59	334	852	157	-
Lease liabilities	*28*	85	89	27	22	34	6	1
Other non-current liabilities	*22*	103	110	-	-	110	-	-
Other current liabilities	*22*	162	162	-	162	-	-	-
Deferred settlement obligations	*22, 24*	417	429	103	8	91	102	126
Trade and other payables	*24*	335	335	272	63	-	-	-
Total financial liabilities		**2 442**	**2 528**	**461**	**589**	**1 087**	**265**	**127**
Financial guarantees [3]			5 058	198	1	555	3 640	665

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 27 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 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

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.

		2023		2022		
Amounts in NOK million	*Note*	**Carrying amount**	**Financial instruments measured at fair value**	**Carrying amount**	**Financial instruments measured at fair value**	**Fair value hierarchy**
Financial assets measured at fair value						
Fair value through P&L (mandatorily at FVTPL)						
Equity securities	*16*	**125**	125	40	40	Level 1
Equity securities [1]	*16*	**158**	158	321	321	Level 3
Warrants	*16*	**56**	56	34	34	Level 3
Fair value through Other comprehensive income						
Debt instruments [1]	*16*	**711**	711	636	636	Level 3
Financial assets not measured at fair value						
Financial assets at amortized cost						
Cash and cash equivalents	*19*	**144**		119		
Non-current interest-bearing receivables	*17*	**550**		668		
Trade and other receivables	*18*	**586**		696		
Financial assets		**2 332**		2 514		
Financial liabilities not measured at fair value						
Financial liabilities at amortized cost						
Borrowings [2]	*21*	**(1 369)**	(1 371)	(1 340)	(1 342)	Level 2
Other financial liabilities						
Trade and other payables	*24*	**(113)**		(335)		
Other non-current liabilities	*22*	-		(103)		
Financial liabilities measured at fair value						
Fair value through profit & loss						
Deferred settlement obligations	*22, 24*	**(422)**	(422)	(417)	(417)	Level 3
Other current liabilities	*22*	**-**	-	(162)	(162)	Level 3
Financial liabilities		**(1 904)**		(2 357)		

[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, 2021	**1 782**	**(459)**
Settlements	(982)	59
Net gain (loss) in the income statement	220	(16)
Reclassifications	(29)	(162)
Balance as of December 31, 2022	**991**	**(579)**
Additions	-	(3)
Settlements	(18)	24
Net gain (loss) in the income statement	(48)	136
Balance as of December 31, 2023	**926**	**422**

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).

Warrants measured at FVTPL

The financial asset relates to warrant investment in Odfjell Drilling. 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).

Deferred settlement obligations

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

- Liabilities depending on future earnings: The recognized amounts are determined based on recent forecasts and strategy figures for the entity, thus the final realized values are sensitive to the above inputs as driven by market conditions.
- Liabilities depending on 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 28 I Leases

Group as lessee
The group leases office buildings 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 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*	**2023**	2022
Balance as of January 1		**27**	41
Additions		**-**	4
Depreciation [1]		**(10)**	(15)
Disposal of subsidiaries	*6*	**(12)**	-
Remeasurement		**2**	(4)
Balance as of December 31		**7**	27

[1] *Includes depreciation related to discontinued operations of NOK 1 million in 2023 (NOK 5 million in 2022)*

The right-of-use assets are related to leases of office buildings.

Lease liabilities

Amounts in NOK million	*Note*	**2023**	2022
Balance as of January 1		**85**	155
Cash payments		**(41)**	(78)
Additions		**-**	4
Remeasurement		**2**	5
Disposal of subsidiaries	*6*	**(12)**	-
Balance as of December 31		**34**	85
Current lease liabilities		**32**	48
Non-current lease liabilities		**2**	37

Amounts recognized in the income statement and cash flow statement

Amounts in NOK million	**2023**	2022
Expenses related to leases of low-value items	**(3)**	(3)
Interest on lease liabilities	**(3)**	(5)
Total amounts recognized in the income statement	**(6)**	(8)
Payments for leases expensed	**(3)**	(3)
Interest paid for lease liabilities	**(3)**	(6)
Principal payments of lease liabilities	**(41)**	(78)
Total cash outflow for leases	**(46)**	(87)

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.

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. If the group had exercised the extension options in significant property leases as of December 31, 2023, the group estimates potential future lease payments (undiscounted) of approximately NOK 37 million, which are not included in the lease liabilities.

Group as lessor

The group leases out the vessels in DDW Offshore and subleases out some of the property leases.

Finance leases

Some of the subleases of right-of-use assets are classified as finance lease, with reference to the right-of-use assets arising from the head leases. The finance lease of two vessels in DDW Offshore was completed in 2023.

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	**2023**	2022
Due within one year	**20**	213
Due in one to two years	**-**	18
Total undiscounted lease receivable	**20**	232
Unearned interest income	**1**	13
Total finance lease receivables	**19**	218
Current finance lease receivables	**19**	208
Non-current finance lease receivables	**-**	10

Operating leases

The lease income from subleasing right-of-use assets in 2023 was NOK 7 million (NOK 10 million in 2022).

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

Amounts in NOK million	**2023**	2022
Due within one year	**10**	104
Due in one to two years	**-**	2
Total	**10**	106

Note 29 I Group companies

This note gives an overview of subsidiaries of Akastor ASA. For information about other investments in the group, refer to Note 15 Equity-accounted investees and Note 16 Other investments. If not stated otherwise, ownership equals share of voting rights.

Group companies as of December 31

		Ownership (%)	
Company	**Country**	**2023**	2022
Akastor ASA	Norway		
Akastor AS	Norway	**100**	100
DDW Offshore AS	Norway	**100**	100
Mercury HoldCo AS	Norway	**100**	100
Akastor Real Estate AS	Norway	**100**	100
RGA Energy Holdings AS [1]	Norway	**100**	-
AKA SPH AS	Norway	**100**	100
AK Willfab Inc [2]	USA	**100**	100
Mercury HoldCo Inc	USA	**100**	100
KOP Surface Products Singapore Pte Ltd [2]	Singapore	**100**	100
Well Systems Servicing Ltd [2]	Nigeria	**100**	100
Disposed entities [3]			
Cool Sorption A/S	Denmark	**-**	100
Aker Cool Sorption Siam Ltd	Thailand	**-**	100
AGR (Australia) Pty Ltd	Australia	**-**	64
AGR AS	Norway	**-**	64
AGR Energy Services AS	Norway	**-**	64
AGR Software AS	Norway	**-**	58
AGR Consultancy Services AS	Norway	**-**	64
AGR Mexico Well Management S. de R. L. de C. V	Mexico	**-**	64
AGR Consultancy Solutions Ltd	UK	**-**	64
SpotOn Well Management Ltd	UK	**-**	64
AGR Group Americas, Inc	USA	**-**	64
AGR Energy Services Inc	USA	**-**	64

[1] *Established in 2023*
[2] *Dormant company*
[3] *Disposed in 2023*

Note 30 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.

The subsidiaries of Akastor ASA are listed in Note 29 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 are accounted for using the equity method, see Note 15 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. Akastor is an associated company to Aker ASA as per year end 2023 and 2022.

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 375 million (NIBOR + margin 12.0 percent) available to Akastor. As of December 31, 2023, the carrying amount of the Aker facility is NOK 82 million. In February 2024, the facility was extended to July 2024, see Note 21 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.

Related party transactions with joint ventures

AKOFS Offshore

As of December 31, 2023, Akastor has interest-bearing receivables of NOK 262 million against AKOFS Offshore, including term loan of NOK 209 million (LIBOR + margin 2.5/5.5 percent) and drawn working capital facility of NOK 53 million (NIBOR + 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 for the period 2020-2025. 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 135 million relating to the remaining period.

Akastor has issued a financial guarantee of NOK 157 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 1.1 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 remaining contract value of this charter agreement is NOK 1.4 billion. Avium Subsea AS, AKOFS 3 AS and AKOFS Seafarer AS are wholly owned subsidiaries of AKOFS Offshore.

HMH

As of December 31, 2023, Akastor has interest-bearing receivables of NOK 244 million against HMH (fixed interest rate 8.0 percent), see also Note 17 Non-current interest-bearing receivables. Further, Akastor has a current interest-bearing liability of NOK 41 million towards HMH (fixed interest rate 8.0 percent), see also Note 21 Borrowings for more information. Akastor has issued financial guarantees of NOK 430 million for MHWirth AS, a wholly owned subsidiary of HMH, for fulfilment of lease obligations and performance under certain operational support frame agreements.

Føn Energy Services

As of December 31, 2023, Akastor has interest-bearing receivables of NOK 9 million against Føn Energy Services (NIBOR+ margin 2.0/7.2 percent), see also Note 17 Non-current interest-bearing receivables.

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 2023 (NOK 158 million in 2022). Akastor's premium paid to Aker Pensjonskasse amounts to NOK 6 million in 2023 (NOK 6 million in 2022). Akastor also has an interest-bearing receivable against Aker Pensjonskasse of NOK 23 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 2023 was NOK 547 500 (NOK 510 000 in 2022).

Compensation to key management

The key management personnel of Akastor includes the Board of Directors and the executive management team. The figures below represent remuneration expenses recognized in the year. Detailed remuneration disclosures are provided in Remuneration Report 2023.

Amounts in NOK million	**2023**	2022
Base salary	**7**	7
Variable pay and other benefits	**7**	8
Post-employment benefits (pension expenses to company)	**1**	1
Remuneration to Board of Directors	**4**	3
Total	**18**	19

The balance of accrued expenses related to key management remuneration amounted to NOK 18 million as of December 31, 2023, of which NOK 5 million is contingent on continuous employment after a three-year period.

Executive management's and directors' shareholding

The following number of shares is owned by the members of the executive management and the directors (and 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 chair	**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	**-**	-

Note 31 I Events after reporting date

In February 2024, the maturity of corporate bank facilities and subordinated Aker facilities was extended to June and July 2024, respectively.

04.b. FINANCIALS AND NOTES

AKASTOR ASA

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Akastor ASA I Income statement
For the year ended December 31

Amounts in NOK million	*Note*	**2023**	2022
Operating revenue	*2*	**9**	1
Operating expenses	*2*	**(41)**	(40)
Operating profit (loss)		**(32)**	(40)
Net financial items	*3*	**(256)**	(429)
Profit (loss) before tax		**(288)**	(468)
Income tax benefit (expense)	*4*	**4**	12
Profit (loss) for the period		**(285)**	(457)
Profit (loss) for the period distributed as follows			
Other equity		**(285)**	(457)
Profit (loss) for the period		**(285)**	(457)

Akastor ASA I Statement of financial position
As of December 31

Amounts in NOK million	*Note*	**2023**	2022
Assets			
Deferred tax assets	*4*	**16**	12
Investments in group companies	*5*	**3 990**	4 194
Non-current interest-bearing receivables on group companies	*7*	**500**	500
Other non-current interest-bearing receivables		**1**	2
Total non-current assets		**4 506**	4 708
Current interest-bearing receivables on group companies	*7*	**143**	126
Other receivables		**9**	4
Cash in cash pool system	*7*	**-**	11
Total current assets		**152**	141
Total assets		**4 658**	4 849
Equity and liabilities			
Issued capital		**162**	162
Treasury shares		**(1)**	(1)
Share premium		**2 000**	2 000
Other paid in capital		**2 007**	2 005
Other equity		**(512)**	(227)
Total equity	*6*	**3 656**	3 939
Current borrowings, external	*8*	**962**	870
Other liabilities to group companies	*7*	**39**	40
Other current liabilities		**2**	1
Total current liabilities		**1003**	910
Total liabilities		**1003**	910
Total equity and liabilities		**4 658**	4 849

Fornebu, March 19, 2024 I Board of Directors of Akastor ASA

Frank O. Reite I Chairperson

Lone Fønss Schrøder I Deputy Chairperson

Svein Oskar Stoknes I Director

Kathryn M. Baker I Director

Luis Antonio G. 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*	**2023**	2022
Profit (loss) before tax		**(288)**	(468)
Adjustments:			
Non-cash impairment	*3*	**204**	355
Net interest cost and unrealized currency (income) loss		**106**	111
Profit (loss), net of adjustments		**21**	(3)
Changes in net operating assets		**(3)**	(28)
Net external interest paid		**(65)**	(41)
Net cash from operating activities		**(46)**	(71)
Capital contribution in group companies		**-**	(34)
Net cash from investing activities		**-**	(34)
Proceeds from borrowings		**110**	756
Repayment of borrowings		**(94)**	(731)
Change in overdraft cash pool		**8**	40
Net cash from financing activities		**25**	65
Effect of exchange rate changes on cash and cash deposits		**11**	50
Net increase (decrease) in cash and bank deposits		**(11)**	11
Cash in cash pool system at the beginning of the period		**11**	-
Cash in cash pool system at the end of the period[1)]	*7*	**-**	**11**

1) *Unused committed credit facilities amounted to NOK 335 million as of December 31, 2023 (NOK 304 million in 2022).*

Note 1 I Accounting principles

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

Revenue recognition

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

Investments in subsidiaries

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

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

Classification

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

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

Measurement of borrowings and receivables

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

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

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

Cash in cash pool system

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

Share capital

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

Cash flow statement

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

Functional currency and presentation currency

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

Foreign currency

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

Tax

Tax income (expense) in the income statement comprises 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 9 million in income from parent company guarantees (NOK 1 million in 2022).

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 3.3 million has been allocated to payable fees to the Board of Directors for 2023 (2022: NOK 3.2 million). Remuneration to and shareholding of the Board of directors and CEO is described in Remuneration Report 2023.

Fees to the auditors

Fees to the auditors for statutory audit amounted to NOK 1.2 million exclusive VAT (2022: NOK 1.1 million).

Note 3 I Net financial items

Amounts in NOK million	**2023**	2022
Interest income from group companies	**56**	41
Interest income, external	**76**	52
Interest expense, external	**(143)**	(101)
Interest expense, related parties	**(26)**	(7)
Impairment of shares in group companies	**(204)**	(355)
Other financial expenses	**(1)**	(9)
Net foreign exchange gain (loss)	**(14)**	(50)
Net financial items	**(256)**	(429)

Note 4 I Tax

Amounts in NOK million	**2023**	2022
Calculation of taxable income		
Profit (loss) before tax	**(288)**	(468)
Impairment of shares in group companies	**204**	355
Changes in timing differences	**5**	9
Generated (utilized) tax loss	**80**	104
Taxable income	**-**	-
Taxable (deductible) temporary differences		
Provisions	**(3)**	2
Interest deduction carry-forward	**(21)**	(21)
Tax loss carry-forward [1]	**(1 554)**	(180)
Net temporary differences	**(1 578)**	(199)
Tax rate	**22%**	22%
Tax effects of temporary differences	**347**	44
Not recognized deferred tax assets [2]	**(332)**	(32)
Deferred tax assets (liability)	**16**	12
Tax expense		
Taxes payable	**-**	-
Change in deferred tax	**4**	12
Income tax benefit (expense)	**4**	12

[1] *In February 2024, the Norwegian Tax Appeals Board overturned a 2020 decision from the tax authorities. Following the decision from the Tax Appeals Board, the tax authorities dropped a similar case. The total disputed amount was NOK 1 455 million. The tax loss carry-forward has been correspondingly increased.*

[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**	**2023**	2022
Akastor AS	Fornebu, Norway	1 004	1	100%	**2 678**	2 882
Mercury Holdco AS	Fornebu, Norway	-	1 000	100%	**1 312**	1 312
Total					**3 990**	4 194

Financial information in group companies 2023 (unaudited)

Amounts in NOK million	Akastor AS	Mercury Holdco AS
Profit (loss) for the period	(206)	63
Equity as of December 31	2 632	1 477

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, 2022	162	(1)	2 000	2 003	229	4 393
Treasury shares transaction	-	-	-	2	-	2
Profit (loss) for the period	-	-	-	-	(457)	(457)
Equity as of December 31, 2022	**162**	**(1)**	**2 000**	**2 005**	**(227)**	**3 939**
Treasury shares transaction	-	-	-	2	-	2
Profit (loss) for the period	-	-	-	-	(285)	(285)
Equity as of December 31, 2023	**162**	**(1)**	**2 000**	**2 007**	**(512)**	**3 656**

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.

Sale of 171 190 treasury shares to employees was carried out in 2023 in connection with the company's variable pay program. The number of treasury shares held by the end of 2023 was 1 813 974 and the shares 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

Amounts in NOK million	**2023**	2022
Group companies (borrowings) deposits in the cash pool system	**(136)**	(121)
Akastor ASA's net deposit (borrowings) in the cash pool system	**136**	131
Cash in cash pool system	**-**	11
Non-current interest-bearing receivables on group companies	**500**	500
Current interest-bearing receivables on group companies [1]	**143**	126
Net interest-bearing receivables on group companies	**643**	626
Other liabilities to group companies	**(39)**	(40)
Total other receivables on group companies	**(39)**	(40)

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

Interest-bearing receivables on and borrowings from group companies

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

Cash pool arrangement

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

The cash pool system has a net overdraft of NOK 24 million as of December 31, 2023 (net cash of NOK 11 million in 2022).

Note 8 I Borrowings

Amounts in million	Currency	Nominal currency value	Carrying amount (NOK)	Maturity [1]	Interest terms [2]
2023					
Revolving credit facility (USD 60 million)	USD	60	**616**	June 2024	USD LIBOR + margin 5.5 %
Revolving credit facility (NOK 241 million)	NOK	241	**241**	June 2024	NIBOR + margin 5.5 %
Subordinated Aker facility (NOK 375 million)	NOK	82	**82**	July 2024	NIBOR + margin 12%
Overdraft facility	NOK	-	**24**		
Total borrowings			**962**		
Current borrowings			**962**		
Total			**962**		
2022					
Revolving credit facility (USD 66 million)	USD	66	656	February 2024	USD LIBOR + margin 5.5 %
Revolving credit facility (NOK 250 million)	NOK	200	198	February 2024	NIBOR + margin 5.5 %
Subordinated Aker facility (NOK 250 million)	NOK	16	16	March 2024	NIBOR + margin 10%
Total borrowings			870		
Current borrowings			870		
Total			**870**		

[1] *In February 2024, the maturity date of Revolving credit facilities and Aker facility was extended to June and July 2024, respectively.*

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

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 February 2024, the maturity date of the revolving credit facilities was extended to June/July 2024. Under the 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 0.5 times, 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 150 million 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, 2023. 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 Board of Directors' report.

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]
2023					
Revolving credit facility (USD 60 million)	616	**654**	654	-	-
Revolving credit facility (NOK 241 million)	241	**253**	253	-	-
Subordinated Aker facility (NOK 375 million)	82	**89**	-	89	-
Overdraft facility	24	**24**	24	-	-
Total borrowings	**962**	**1 020**	**931**	**89**	**-**
2022					
Revolving credit facility (USD 66 million)	656	668	35	32	602
Revolving credit facility (NOK 250 million)	198	217	9	9	200
Subordinated Aker facility (NOK 250 million)	16	16	-	-	16
Total borrowings	870	901	43	40	818

[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	**2023**	2022
Parent Company Guarantees to group companies [1]	**468**	639
Parent Company Guarantees to related parties [2]	**3 008**	4 017
Counter guarantees for bank/surety bonds, group companies [3]	**217**	232
Counter guarantees for bank/surety bonds, related parties [3]	**-**	1
Total guarantee liabilities	**3 693**	4 889
Maturity of guarantee liabilities:		
6 months and less	**31**	45
6-12 months	**265**	1
1-2 years	**1 499**	555
2-5 years	**1 508**	3 623
5 years and more	**390**	665

[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 with 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. Akastor Group's share of net pension liability related to the plan amounted to NOK 1 million as of December 31, 2023. 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 December 31, 2023 or 2022, 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. No impairment related to receivables from group companies was recognized in 2023 or 2022. 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**
2023			
Aker Holding AS		**100 565 292**	**36.70%**
Goldman Sachs & Co	Nominee	**42 339 755**	**15.45%**
Ministry of Trade, Industry and Fisheries, Norway		**33 100 085**	**12.08%**
Morgan Stanley & Co. LLC	Nominee	**18 025 544**	**6.58%**
Apollo Asset Limited		**17 441 290**	**6.37%**
Mh Capital AS		**4 000 000**	**1.46%**
F2 Funds AS		**3 300 000**	**1.20%**

Company		**Number of shares held**	**Ownership**
2022			
Aker Holding AS		100 565 292	36.70%
Goldman Sachs & Co	Nominee	38 731 705	14.14%
Ministry of Trade, Industry and Fisheries, Norway		33 100 085	12.08%
Morgan Stanley & Co. LLC	Nominee	30 438 269	11.11%
Apollo Asset Limited		6 049 000	2.21%
Mh Capital AS		4 000 000	1.46%
F2 Funds AS		3 270 000	1.19%
Tigerstaden AS		3 000 000	1.09%

Note 13 I Subsequent events

In February 2024, the maturity of Akastor's corporate credit facilities and the subordinated Aker facility was extended to June and July 2024, respectively.

05. AUDITOR'S REPORT

To the General Meeting of Akastor ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- the financial statements of the parent company Akastor ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the income statement and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Akastor ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2023, 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 relevant laws and regulations in Norway 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 two years from the election by the general meeting of the shareholders on 20 April 2022 for the accounting year 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters this year. *Accuracy*

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of Equity-accounted Investees and *Valuation of Other Investments and Trade and Other Receivables* have the same characteristics during 2023, and consequently have been areas of focus also for this year's audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Accuracy of Equity-accounted Investees Investments in the Joint Ventures, (JV) HMH Holding B.V. (HMH) and AKOFS Offshore AS (AKOFS), amounts to approximately 57% of the Group's total assets. Any year-on-year fluctuations in Akastor's share of the JVs booked results may amount to a significant part of the Group's total results. As such, accuracy in reporting Group management receives from JVs is of significance to the Group's financial statements. See note 3 "Significant accounting policies", section "Basis of consolidation" for significant accounting policies applied for investments in joint ventures. Information on the recognition and measurement of the JVs are disclosed in note 15 "Equity-accounted investees".	We tested the shares of equity-accounted investees recognised by management in the statement of financial position and the corresponding financial statement line items in the income statement and statement of comprehensive income, against financial reports of the JVs. The JVs' financial reports were communicated to us by component audit teams who, as instructed by us, performed audit work related to the JVs for purposes of the Group audit. To evaluate the reliability of the JVs financial reports, we obtained an understanding of the JVs, held discussions with Akastor's management and collaborated with the component audit teams. We were involved in the component audit teams' risk assessment, including the susceptibility of material misstatement due to fraud or error. We also reviewed their audit plan with regards to identified significant risks, and challenged their audit response to areas subject application of judgment. We agreed with the component auditors on the materiality levels for their audit. Our involvement and communication, both written and otherwise, was extensive. We obtained a sufficient understanding of the component audit firm and the engagement teams through meetings with them, prior experience with the component team, and frequent communication. They confirmed to us that they were independent. To evaluate the sufficiency and appropriateness of audit evidence obtained by the component audit teams, we reviewed the received audit reporting, held meetings with the component audit teams and reviewed their audit documentation. Our procedures were focused on the audit of significant risks and the audit of the consolidation process and -journals. Through our involvement with the component auditors, we were able to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process of the JVs to express an opinion on the Group's financial statements.

Finally, we considered the adequacy of disclosures in notes related to equity-accounted investees and found them to be appropriate.

Valuation of Other Investments and Trade and Other Receivables	
Other Investments and Trade and Other Receivables amount to approximately 27% of the Group's total assets. Management uses valuation techniques to estimate the fair value of Other Investments and the recoverability of Trade and Other Receivables. These two line items are significant to the financial statements, and the carrying value is sensitive to management's use of judgment. The substantial part of Other Investments is measured at fair value through other comprehensive income and is classified as level 3 in the fair value hierarchy. Trade and Other Receivables are measured at amortized cost less any impairment, if present. See note 4 "Significant accounting estimates and judgements" for disclosures on Management's fair value measurement and Impairment of financial assets. The carrying value of Other Investments is specified in note 16 "Other Investments". See note 18 "Trade and Other Receivables" for disclosure on trade and other receivables.	For Other Investments, we obtained the valuation model from management, evaluated the valuation method applied and tested the mathematical accuracy of the model. We agreed with management that the valuation model used was appropriate. We challenged the key assumptions applied by management in the valuation model. Specifically, we discussed with management to challenge their view on ebitda, growth, net working capital and net interest-bearing debt, peer groups, ev/ebitda valuation multiples and discount rate. We compared applied assumptions to budgets approved by management and to obtainable market information such as relevant benchmarks for enterprise value multiples and discount rates. We also tested data used in the model against relevant agreements. We found management's key assumptions to be reasonable. For the substantial part of Trade and Other Receivables, composed of Other Receivables, we obtained management's valuation and held discussions with management to challenge their assessment. Other receivables relate mainly to the Group's economic interest in four terminated construction contracts with Jurong Shipyard. We discussed with management the impact of the terminated contracts on the valuation of Other receivables. To evaluate the valuation assessment, we tested key assumptions applied. We found that supporting documentation corroborated with the information presented. Finally, we considered the adequacy of disclosures in notes for Other Investments and Trade and Other Receivables and found them to be appropriate.

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 information accompanying the financial statements 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 statutory 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 of the Company 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 of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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, actions taken to eliminate threats or safeguards applied.

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 Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Akastor ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name AKASTORASA_ESEF_2023-12-31, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 20 March 2024

PricewaterhouseCoopers AS

Anders Ellefsen

Anders Ellefsen

State Authorised Public Accountant (Norway)

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.

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.

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	**2023**	2022
Inventories	**5**	5
Trade and other receivables	**601**	769
Current operating assets	**606**	774
Current tax liabilities	**-**	(2)
Provisions, current	**(34)**	(31)
Trade and other payables	**(305)**	(498)
Current operating liabilities	**(339)**	(531)
Net current operating assets (NCOA)	**267**	243

Net capital employed (NCE)

Amounts in NOK million	**2023**	2022
Total non-current assets	**5 279**	5 497
Net current operating assets (NCOA)	**267**	243
Current investment	**-**	162
Current finance lease receivables	**19**	208
Non-current interest-bearing receivables	**(550)**	(668)
Deferred tax liabilities	**-**	(4)
Employee benefit obligations	**(82)**	(96)
Other non-current liabilities	**(255)**	(459)
Other current liabilities	**-**	(162)
Non-current provisions	**-**	(3)
Total lease liabilities	**(34)**	(85)
Net assets held for sale	**-**	11
Net capital employed (NCE)	**4 645**	4 645

Gross debt/Net debt/NIBD

Amounts in NOK million	**2023**	2022
Non-current borrowings	**236**	198
Current borrowings	**1 133**	1 142
Gross debt	**1 369**	1 340
Cash and cash equivalents	**(144)**	(119)
Net debt	**1 225**	1 220
Non-current interest-bearing receivables	**(550)**	(668)
Net interest-bearing debt (NIBD)	**675**	553

Equity ratio

Amounts in NOK million	**2023**	2022
Total equity	**3 970**	4 092
Divided by Total assets	**6 048**	6 804
Equity ratio	**66%**	60%

Liquidity reserve

Amounts in NOK million	**2023**	2022
Cash and cash equivalents	**144**	119
Undrawn committed credit facilities	**335**	304
Liquidity reserve	**479**	423

07. BOARD OF DIRECTORS

Frank O. Reite I Chairperson of the Board

Frank O. Reite joined Aker in 1995 and served as CFO in Aker ASA from 2015 until 2019. He is currently working as an advisor. He holds a B.A. in business administration from BI Norwegian Business School in Oslo. Prior to his role as Aker's CFO, Mr. Reite held the position as President & CEO of Akastor, and has previously also held a variety of executive positions in the Aker group, including overseeing and developing Aker's investments in Converto Capital Fund AS, Havfisk ASA, Norway Seafoods AS and Aker Yards ASA. Mr. Reite also has experience from banking and served as Operating Director at Paine & Partners, a New York-based private equity firm. Mr. Reite has been the Aker ASA's deputy chair and head of the Audit Committee since April 2021. Mr. Reite is also currently chair of Solstad Maritime Holding AS, Converto AS, Norron AB, and, among others, director of AMSC ASA, Solstad Offshore ASA and Aker BioMarine ASA.

As of March 19, 2024, Mr. Reite holds, through a privately owned company, 200,000 shares in Akastor ASA and has no stock options. He is a Norwegian citizen and has been elected for the period 2022-2024.

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.

Ms. Fønss Schrøder serves as an independent director. As of March 19, 2024, 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 2022-2024.

Svein Oskar Stoknes I Director

Svein Oskar Stoknes has been the Chief Financial Officer (CFO) of Aker ASA since 2019. Prior to this, he served as CFO of Aker Solutions ASA, where he joined in 2007 and was named CFO in 2014. Stoknes has also held a range of senior positions within finance and advisory for organizations like Tandberg, Citigroup, Norwegian Trade Council and ABB. He graduated from the Norwegian School of Management with a master's degree in business and economics, and has an MBA from Columbia Business School in New York. Stoknes is a director of Aker Capital AS and several other companies where Aker is the largest shareholder.

As of March 19, 2024, 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 2022-2024.

Kathryn M. Baker I Director

Kathryn M. Baker has over 30 years of experience in a broad range of industries and roles. She is currently Chairwoman of Terra Mater Investment Management and is a Board member of MPC Energy Solutions and InoBat. In addition, Ms. Baker serves on the investment committee of the DFI Norfund. Ms. Baker was previously a member of the Executive Board of the Central Bank of Norway (Norges Bank), the European Advisory Board of the Tuck School of Business and she led the Ethics Committee of the Norwegian Private Equity and Venture Capital Association (NVCA) where she was also Chairwoman. Ms. Baker was a partner at the Norwegian private equity firm Reiten & Co for 15 years. Prior to that she was a management consultant with McKinsey & Co 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.

Ms. Baker serves as an independent director. As of March 19, 2024, Ms. Baker holds 45,683 shares in the company. She is an American and Norwegian citizen and has been elected for the period 2023-2025.

Luis Antonio G. 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. Mr. Araujo holds a bachelor degree in Mechanical Engineering from Gama Filho University and an MBA from Edinburgh University.

Mr. Araujo serves as an independent director. As of March 19, 2024, Mr. Araujo holds no shares and no stock options in the company. Mr. Araujo has triple citizenship; Brazilian, British and Portuguese and has been elected for the period 2023-2025.

Henning Jensen I Director, Elected by the employees

Henning Jensen currently works as a specialist engineer in project control department at HMH. Mr. Jensen joined MHWirth in 2005. He has since then held various positions in the company. Mr. Jensen holds a bachelor degree in Marine Technology and a Master in Industrial Economy and Technology from Agder University College in Grimstad.

As of March 19, 2024, Mr. Jensen holds no shares or stock options in the company. Mr. Jensen is a Norwegian citizen and has been elected for the period 2023-2025.

Asle Christian Halvorsen I Director, Elected by the employees

Asle Christian Halvorsen currently works as Sales Manager in the Global Sales dept at HMH. He began his career with the Aker group in 2011 when he joined STEP Offshore. Mr. Halvorsen holds an Executive Master of Management from BI Norwegian Business School.

As of March 19, 2024, he holds 10,000 shares in the company. Mr. Halvorsen is a Norwegian citizen. He has been elected for the period 2023-2025.

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 19, 2024, he holds 10,000 shares in the company. Mr. Sjølund is a Norwegian citizen and has been elected for the period 2023-2025.

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 19, 2024, Kjelstad holds 700,000 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 19, 2024, Paaske holds 135,083 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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