

# Q2

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AKASTOR

SECOND QUARTER AND  
HALF YEAR RESULTS 2022

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# HIGHLIGHTS

- Net capital employed of NOK 5.6 billion and equity of NOK 4.3 billion, corresponding to NOK 15.7 per share
- HMM bridge loan facility refinanced with new Nordic bond of USD 150 million
- HMM delivered underlying growth in revenues and EBITDA quarter-on-quarter. Positive outlook driven by increased rig activity and continued strong level of service orders.
- AKOFS Offshore delivered good operational performance. Aker Wayfarer selected for a new four-year contract with expected commencement mid-2023, however with formal documentation remaining.
- Net interest-bearing debt was NOK 1 329 million per end of period

# KEY FIGURES

## Akastor Group

NOK million	Q2 22	Q2 21	YTD 2022	YTD 2021
Revenue and other income	260	275	525	477
EBITDA	(17)	45	(11)	25
EBIT	(49)	26	(56)	(11)
NCOA	311	612	311	612
Net capital employed	5 627	5 234	5 627	5 234
Order intake	222	187	511	400
Order backlog	601	498	601	498
Net interest-bearing debt	1 329	1 673	1 329	1 673
Employees	428	455	428	455

# 01. PORTFOLIO COMPANIES

## HMH (50% ownership)

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HMH reported revenues of USD 181 million in the second quarter. Revenues for the first half year were USD 321 million, compared with USD 262 million last year. Adj. EBITDA was USD 31 million in the quarter, including a USD 9 million adjustment related to integration costs following the merger last year, giving an adj. EBITDA margin of 17.1 percent. For the first six months of the year, adj. EBITDA ended at USD 44 million, compared with USD 37 million in 2021.

Revenues from Projects, Products & Other were USD 79 million in the quarter, an increase of 316 percent compared to last year, with most of the increase explained by increased activity as a result of execution of backlog secured last year within this segment. Also, revenues in the second quarter was positively affected by accounting impacts following termination of a specific project (see more information below). Aftermarket Services revenues were USD 102 million in the quarter, a decrease of 12 percent compared to last year.

In Q2, HMH received a formal notice of cancellation related to the 20k BOP project for Valaris secured last year. The cancellation is a result of TotalEnergies withdrawal from the project. The cancellation gave a positive effect on revenue and margin recorded within the Projects, Products & Other segment following the termination settlement accounting. Adjusted for this effect, HMH experienced a slight increase in activity in Q2 compared to Q1 within Projects, Products & Other driven by execution on backlog. Going forward, this segment will continue to execute on its backlog which

stood at USD 240 million per end of the second quarter. The newbuilding market remains muted, with relatively few near term prospects. Within single equipment, especially within the non-oil market, HMH is seeing increased activity levels and a solid pipeline of opportunities. Outlook for Aftermarket Services remains positive, after yet another strong quarter in terms of booked service orders which is expected to fuel activity level within this segment through the second half of 2022. The expected increase in service activity going forward follows an increased number of active rigs in the market.

Integration of the two businesses following the combination of MHWirth and Baker Hughes SDS last year is going according to plan, with most activities to be closed during second half of 2022.

During the second quarter, HMH completed a sale of its subsidiary Frontica Engineering to Aker Solutions. The transaction included a staff of about 50 individuals and had a transaction value of about USD 2 million.

The equipment order backlog was USD 240 million per end of first half year, reduced during Q2 as a result of the cancellation by Valaris.

HMH is a joint venture and accounted for using the equity method in Akastor's consolidated financial statements. The carrying amount of the company is NOK 2 929 million as per end of the first half year based on preliminary financial information of the company.

## AKOFS Offshore (50% ownership)

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AKOFS Offshore reported revenues of USD 40 million in the second quarter, at same level as in 2021. Revenues for the first half year were USD 76 million, compared with USD 72 million in the previous year. EBITDA was USD 15 million in the quarter, compared with USD 14 million in 2021. For the first half year, EBITDA was USD 23 million, compared with USD 19 million in 2021.

Both Skandi Santos and Aker Wayfarer delivered strong operations in the quarter with reported revenue utilization of 95 and 99 percent respectively. AKOFS Seafarer reported a revenue utilization of 85 percent in the second quarter, affected by a yard stay from mid-March to mid-May where she was prepared for coiled tubing operations. The vessel started its coiled tubing campaign for Equinor in June and has since delivered strong uptime and solid operational performance for the client. Seafarer will go to yard late July for approximately two weeks to demobilize the coiled tubing equipment.

AKOFS Offshore will continue its focus on utilization and operational performance. The company is preparing for the

new contract for Skandi Santos, expected to commence early December this year. The vessel will go to yard in July 2022 to undergo its five-year periodic survey as well as an upgrade program to prepare the vessel for the new contract.

AKOFS Offshore is in process with Petrobras regarding a new contract for Aker Wayfarer commencing after maturity of the current contract in December 2022. After an auction process, the vessel has been selected as preferred for a new four-year contract with expected commencement mid-2023, however with formal documentation and approvals remaining.

The order backlog ended at USD 328 million. The company had 295 employees at the end of the quarter.

AKOFS Offshore is a joint venture and accounted for using the equity method in Akastor's consolidated financial statements. The carrying amount of the company is NOK 684 million as per end of the first half year.

## AGR (64% economic interest)

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AGR reported revenues of NOK 193 million and EBITDA of NOK 15 million in the second quarter. For the first half year, AGR had revenues of NOK 401 million and EBITDA of NOK 50 million. Both revenues and EBITDA for the first half was affected by one-time accounting gain of NOK 21 million (non-cash) related to establishment of the new joint venture Føn Energy Services booked in Q1 2022.

AGR continues to be driven by the Norwegian consultancy business, accounting for around 60 percent of revenues in the first half year. Throughout last year, AGR experienced

an increase in number of consultants after a period of lower activity driven by COVID-19. Through the first half of 2022, activity within the Norwegian consultancy business has remained high and in line with second half last year. Activity in Australia was high in the second quarter driven by planning and drilling operations on four well management projects. Going forward, AGR is focusing on growing its consultancy business further with the primary growth driver being activity on the Norwegian Continental Shelf.

AGR had 385 employees at the end of the quarter.

## OTHER HOLDINGS

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Other Holdings reported revenues of NOK 67 million in the second quarter compared with NOK 97 million in the same quarter of previous year. Revenues for the first half year were NOK 124 million, compared with NOK 121 million in the previous year. EBITDA was negative NOK 32 million in the quarter and negative NOK 61 million for the first half year.

Cool Sorption had revenues of NOK 37 million and EBITDA of NOK 1 million in the first half year, compared with NOK 33 million and negative NOK 1 million respectively in 2021.

DDW Offshore had revenue and other income of NOK 66 million and negative EBITDA of 10 million in the first half year, compared with NOK 65 million and NOK 28 million respectively in 2021.

The remaining revenue and EBITDA in this segment come from the Real Estate portfolio (subletting of office leasing contracts) as well as corporate and project expenses

NES Fircroft, where Akastor holds around 15% economic interest, continued to deliver good growth in across most regions in the period, demonstrated by increased LTM revenues as per May 2022 of approximately 30% compared to last year. NES Fircroft is accounted for as a financial investment measured at fair value, with a carrying amount of NOK 678 million as per end of the first half year.

Akastor also holds a preferred equity instrument and a warrant structure in Odfjell Drilling. During the first half of the year, Odfjell completed the spin-off of Odfjell Technology. Akastor's exposure remains towards Odfjell Drilling for both the preferred equity and the warrant, with the warrant structure adjusted after the spin-off. The total carrying amount of the preferred equity investment and warrant structure is NOK 946 million as per end of the first half year.

## 02. AKASTOR GROUP

### Performance

Akastor group's revenues in the second quarter were NOK 260 million, while EBITDA in the second quarter was negative NOK 17 million. Revenues for the first half year were NOK 525 million compared with NOK 477 million in the previous year. EBITDA was negative NOK 11 million for the first half year. The 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. HMM and AKOFS Offshore are classified as joint ventures and accounted for using equity method in the consolidated financial statements.

Depreciation, amortization and impairment amounted to NOK 32 million in the quarter and NOK 45 million for the first half year.

Net financial items were positive NOK 117 million for the quarter and NOK 12 million for the first half year. The net financial expenses for the half year included Akastor's share of net loss of NOK 216 million from the equity-accounted investees AKOFS Offshore and HMM, dividend income of NOK 41 million from equity investment, fair value changes of financial investments and instruments of negative NOK 13 million, as well as net foreign exchange gain of NOK 182 million.

The result from continuing operations was positive NOK 67 million for the second quarter and negative NOK 43 million for the first half year. Net loss from discontinued operations was NOK 19 million in the first half year which is related to re-assessment of settlement obligations from previous divestments.

The group reported net profit of NOK 69 million in the second quarter and net loss of NOK 62 million for the first half year.

### Financial Position

Net current operating assets were NOK 311 million at the end of June, an increase of NOK 70 million since previous quarter and an increase of NOK 80 million since year-end 2021.

Net cash flow from operating activities was negative NOK 95 million in the quarter and negative NOK 155 million for the first half year. The cash flow from investing activities was negative NOK 39 million for the quarter and first half year.

Net debt was NOK 1 734 million at the end of the period, while net interest-bearing debt was NOK 1 329 million.

The liquidity reserve at the end of the quarter was approximately NOK 375 million, with cash and bank deposits of NOK 105 million and undrawn committed credit facilities of NOK 270 million.

Akastor is an investment company with limited upstream cash flow from its portfolio companies, and thus depends on realization of assets to reduce debt and increase liquidity. Based on operational costs and specific cash commitments that will continue to reduce Akastor's undrawn credit facilities going forward, the risk of breaching the minimum liquidity covenant has increased. Akastor's target regarding realization of assets to provide liquidity to debt and equity holders remains clear. Depending on timing of such realizations, an increase of financing facilities could be required. On this basis, Akastor has initiated certain processes to increase its financial flexibility.

Total equity amounted to NOK 4.3 billion at June 2022, of which non-controlling interests were NOK 31 million. The equity ratio was 56 percent as of June 30, 2022.

### Related Party Transactions

Please see Note 11 for information about significant related party transactions.

## Principle Risks and Uncertainty

Akastor and each of its portfolio companies are exposed to various forms of market, operational and financial risks. The market situation for the oil services segments in which Akastor operates remains challenging. Although the recent increased focus on energy security (contributed i.a. by the Russian invasion in Ukraine and its associated sanctions) has contributed positively to certain activities and valuations, long-term market outlook within this segment is uncertain. Moreover, obtaining external financing for oil service companies and projects remains challenging.

On the operational side, sound project execution by the portfolio companies without cost overruns as well as securing new orders are substantial factors to the companies' financial performance. Results also depend on costs, both the portfolio companies' own costs and those charged by suppliers, as well as interest expenses, exchange rates and customers' ability to pay. Akastor and its portfolio companies are exposed to financial market risks including changes in currency rates and hedge activities, interest rates, tax, credit and counterparty risks, as well as risks associated with access to and terms of financing.

In addition, these companies, through their business activities within their respective sectors and countries, are also exposed to legal/compliance and regulatory/political risks, e.g. political decisions on international sanctions that impact supply and demand of the services offered by the portfolio companies, as well as environmental regulations. As an investment company, Akastor and its portfolio companies from time to time engage in mergers and acquisitions and other transactions that could expose the companies to financial and other non-operational risks, such as warranty and indemnity claims, price adjustment mechanisms as well as reputation risks.

To manage and mitigate risks within Akastor, risk evaluation is an integral part of all business activities. As owner, Akastor actively supervises risk management in its portfolio companies through participation on board 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. Akastor's Annual Report 2021 provides more information on risks and uncertainties.

As also mentioned above, the headroom to the minimum liquidity covenant decreased during first half year, leading to an increased risk of breach. Akastor is closely monitoring the situation and is targeting to increase available liquidity through asset realization and/or increase of financing commitments.

## COVID-19 risk management

Akastor has continuously been closely monitoring the development of the COVID-19 outbreaks and sought to mitigate the impacts from this pandemic. There are still regions where COVID-19 outbreaks remain a threat that may severely impact operations and where there still is a need to closely monitor this risk and ensure impacts are mitigated. As an example, Brazil remains an area where COVID-19 outbreaks are treated with great caution and extensive measures, which thus may impact the vessels that AKOFS Offshore operates in the region as they may be subject to downtime for several days.

## War in Ukraine

The Akastor group has no business activities in Ukraine and only limited activities in Russia, and therefore has limited direct exposure from the Russian invasion in Ukraine. Nonetheless, there are some more indirect implications from this war that clearly impacts Akastor's risk management. An obvious example is that sanctions compliance has become a risk area of particular importance to closely monitor and adhere to. Further, the impact that the war gives on global economics, including rapid changes and uncertainty, represents a risk to Akastor's operations which it will be important to properly manage.

## The Akastor Share

The company had a market capitalization of NOK 2.3 billion on June 30, 2022. The company owned 1 985 164 own shares at the end of the quarter.

Fornebu, July 13, 2022

The Board of Directors and CEO of Akastor ASA

### 03. DECLARATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO have today considered and approved the consolidated condensed financial statements for the six months ended June 30, 2022, with comparatives for the corresponding period of 2021 for Akastor Group.

The Board has based this declaration on reports and statements from the group's CEO, the results of the group's activities, and other information that is essential to assess the group's position.

To the best of our knowledge:

- The consolidated condensed financial statements for the six months ended June 30, 2022 have been prepared in accordance with IAS 34 - Interim Financial Reporting and additional disclosure requirements under the Norwegian Securities Trading Act.
- The information provided in the financial statements gives a true and fair portrayal of Akastor Group's assets, liabilities, profit and overall financial position as of June 30, 2022.
- The information provided in the report for the first half 2022 provides a true and fair overview of the development, performance, financial position, important events and significant related party transactions in the accounting period as well as the most significant risks and uncertainties facing Akastor Group.

Fornebu, July 13, 2022  
The Board of Directors and CEO of Akastor ASA

Frank O. Reite | Chairman



Lone Fønss Schrøder | Deputy Chairman



Svein Oskar Stoknes | Director



Kathryn M. Baker | Director



Luis Araujo | Director



Henning Jensen | Director



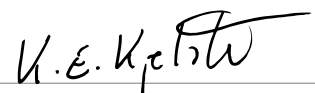
Asle Christian Halvorsen | Director



Stian Sjølund | Director



Karl Erik Kjelstad | CEO



# AKASTOR GROUP INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED INCOME STATEMENT

<i>NOK million</i>	<i>note</i>	Second quarter		First half		Full year
		2022	2021	2022	2021	2021
Revenues and other income	6	260	275	525	477	953
Operating expenses		(278)	(231)	(536)	(451)	(953)
Operating profit before depreciation, amortization and impairment		(17)	45	(11)	25	-
Depreciation, amortization and impairment		(32)	(18)	(45)	(36)	(83)
Operating profit (loss)		(49)	26	(56)	(11)	(82)
Net financial items	7	117	12	12	(16)	(152)
Profit (loss) before tax		68	39	(44)	(27)	(235)
Tax income (expense)		-	-	1	-	20
Profit (loss) from continuing operations		67	38	(43)	(27)	(215)
Net profit (loss) from discontinued operations		2	(9)	(19)	(48)	1 140
Profit (loss) for the period		69	30	(62)	(75)	925
Attributable to:						
Equity holders of Akastor ASA		66	30	(75)	(76)	919
Non-controlling interests		4	-	13	1	6
Basic/diluted earnings (loss) per share (NOK)		0.24	0.11	(0.27)	(0.28)	3.38
Basic/diluted earnings (loss) per share continuing operations (NOK)		0.23	0.14	(0.21)	(0.10)	(0.81)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>NOK million</i>	First half		Full year
	2022	2021	2021
Net profit (loss) for the period	(62)	(75)	925
Other comprehensive income:			
Cash flow hedges, effective portion of changes in fair value	-	(12)	(22)
Cash flow hedges, reclassification to income statement	-	-	1
Change in fair value reserve	(81)	15	(20)
Currency translation differences	336	(25)	33
Currency translation differences, reclassification to income statement	-	-	(472)
Share of OCI from equity-accounted investees	(7)	3	(7)
Deferred tax effect	-	2	-
Net items that may be reclassified to profit or loss	248	(17)	(487)
Remeasurement gain (loss) net defined benefit liability	-	-	9
Deferred tax of remeasurement gain (loss) net defined benefit liability	-	-	(6)
Net items that will not be reclassified to profit or loss	-	-	3
Total comprehensive income (loss) for the period, net of tax	187	(92)	441
Attributable to:			
Equity holders of Akastor ASA	174	(93)	435
Non-controlling interests	13	1	6



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>NOK million</i>	<i>note</i>	June 30 2022	December 31 2021
Deferred tax assets		43	42
Intangible assets		147	145
Property, plant and equipment		251	251
Right-of-Use assets		31	41
Other non-current assets		13	21
Non-current interest bearing receivables		405	315
Non-current finance lease receivables		171	176
Equity accounted investees	8	3 637	3 408
Other non-current investments	9	1 822	1 625
<b>Total non-current assets</b>		<b>6 521</b>	<b>6 025</b>
Current operating assets		824	887
Current investments	9	172	147
Current finance lease receivables		79	64
Cash and cash equivalents		105	89
<b>Total current assets</b>		<b>1 180</b>	<b>1 187</b>
<b>Total assets</b>		<b>7 701</b>	<b>7 212</b>
Equity attributable to equity holders of Akastor ASA		4 267	4 091
Non-controlling interests		31	18
<b>Total equity</b>		<b>4 298</b>	<b>4 109</b>
Deferred tax liabilities		4	4
Employee benefit obligations		99	108
Other non-current liabilities and provisions		653	654
Non-current borrowings		720	1 372
Non-current lease liabilities		53	72
<b>Total non-current liabilities</b>		<b>1 529</b>	<b>2 211</b>
Current operating liabilities and provisions		513	647
Current borrowings		1 119	16
Current lease liabilities		70	82
Other current liabilities		172	148
<b>Total current liabilities</b>		<b>1 874</b>	<b>892</b>
<b>Total equity and liabilities</b>		<b>7 701</b>	<b>7 212</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The statement includes discontinued operations prior to their disposal unless otherwise stated.

NOK million	Second quarter		First half		Full year
	2022	2021	2022	2021	2021
Profit (loss) for the period	69	30	(62)	(75)	925
(Profit) loss for the period - discontinued operations	(2)	9	19	48	(1 140)
Depreciations, amortization and impairment continuing operations	32	18	45	36	83
Other adjustments for non-cash items and changes in operating assets and liabilities	(194)	(51)	(158)	(102)	36
<b>Net cash from operating activities</b>	<b>(95)</b>	<b>6</b>	<b>(155)</b>	<b>(92)</b>	<b>(96)</b>
Acquisition of property, plant and equipment	1	(25)	(2)	(58)	(112)
Payments for capitalized development	(3)	(11)	(6)	(15)	(24)
Acquisition of subsidiaries, net of cash acquired	2	-	2	-	-
(Payments) proceeds from sale of subsidiaries, net of cash	(25)	(63)	(30)	(96)	591
Proceeds from finance lease receivables	12	11	22	13	29
Cash flow from other investing activities	(25)	(7)	(25)	(45)	(53)
<b>Net cash from investing activities</b>	<b>(39)</b>	<b>(96)</b>	<b>(39)</b>	<b>(201)</b>	<b>431</b>
Changes in external borrowings	204	123	273	317	(405)
Payments of lease liabilities	(19)	(31)	(38)	(64)	(112)
Cash flow from other financing activities	-	-	-	-	1
<b>Net cash from financing activities</b>	<b>184</b>	<b>92</b>	<b>234</b>	<b>253</b>	<b>(516)</b>
Effect of exchange rate changes on cash and cash equivalents	(24)	30	(24)	23	(5)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>26</b>	<b>32</b>	<b>16</b>	<b>(17)</b>	<b>(186)</b>
Cash and cash equivalents at the beginning of the period	79	226	89	275	275
Cash and cash equivalents at the end of the period	105	258	105	258	89

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK million	note	Contributed equity and retained earnings	Other reserves	Total equity attributable to the parent	Non-controlling interests	Total equity
Equity as of December 31, 2021		4 428	(336)	4 091	18	4 109
Treasury shares transaction	4	2	-	2	-	2
Total comprehensive income		(75)	248	174	13	187
<b>Equity as of June 30, 2022</b>		<b>4 356</b>	<b>(88)</b>	<b>4 267</b>	<b>31</b>	<b>4 298</b>
Equity as of January 1, 2020		3 507	150	3 657	11	3 669
Total comprehensive income		(76)	(17)	(93)	1	(92)
<b>Equity as of June 30, 2021</b>		<b>3 431</b>	<b>133</b>	<b>3 564</b>	<b>13</b>	<b>3 577</b>

# NOTES

## NOTE 1 - GENERAL

Akastor (the group) consists of Akastor ASA and its subsidiaries. Akastor ASA is a limited liability company incorporated and domiciled in Norway and whose shares are publicly traded.

The group is an oil-services investment company with a portfolio of industrial holdings and other investments. Akastor is listed on the Oslo Stock Exchange under the ticker AKAST. Please refer to Note 33 Group companies in Akastor's Annual Report 2021 for more information on the group's structure.

Akastor's Annual Report for 2021 is available at [www.akastor.com](http://www.akastor.com).

## NOTE 2 - BASIS FOR PREPARATION

The condensed consolidated financial statements of Akastor comprise the group and the group's interests in equity-accounted investees. As a result of rounding differences, numbers or percentages may not add up to the total.

Akastor's condensed interim financial statements for the six months ended June 30, 2022 are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information and disclosures required for a complete set of annual consolidated financial statements, and should be read in conjunction with Akastor's Annual Report 2021. The accounting policies applied in these financial statements are the same as those applied in the group's consolidated financial statements as for the year ended December 31, 2021.

The condensed consolidated interim financial statements are unaudited.

## NOTE 3 - JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of uncertainty in the estimates are consistent with those applied to the consolidated financial statements as for the period ended December 31, 2021.

## NOTE 4 - Treasury shares

In January 2022, 405 501 treasury shares were distributed as payment to employees in connection with the company's variable pay program. As of June 30, 2022, Akastor ASA holds 1 985 164 treasury shares (2 390 215 treasury shares in 2021).

## NOTE 5 - OPERATING SEGMENTS

Akastor identifies its reportable segments and discloses segment information under IFRS 8 *Operating Segments*. See note 7 *Operating segments* in Akastor's Annual Report 2021 for descriptions of Akastor's management model and operating segments as well as accounting principles used for segment reporting.

HMH and AKOFS Offshore are classified as joint ventures and accounted for using the equity method. The income statement in the segment information of these two joint ventures is presented at 100% basis, while balance sheet information refers to the carrying amounts in the consolidated financial statements.

### First half year 2022

<i>NOK million</i>	HMH (JV)	AKOFS Offshore (JV)	AGR	Other holdings	Adjustments of JVs	Total Akastor
External revenue and other income	2 948	695	401	124	(3 643)	525
<b>Total revenue</b>	<b>2 948</b>	<b>695</b>	<b>401</b>	<b>124</b>	<b>(3 643)</b>	<b>525</b>
Operating profit before depreciation, amortization and impairment (EBITDA)	273	207	50	(61)	(480)	(11)
Operating profit (loss) (EBIT)	62	26	43	(99)	(88)	(56)
Net current operating assets (NCOA)	-	-	(8)	319	-	311
Net capital employed	2 929	684	220	1 794		5 627

### First half year 2021

<i>NOK million</i>	AKOFS Offshore (JV)	AGR	Other holdings	Adjustment s of JVs	MHWirth (discontinued)	Total Akastor
External revenue and other income	611	355	121	(611)	-	477
<b>Total revenue</b>	<b>611</b>	<b>355</b>	<b>121</b>	<b>(611)</b>	<b>-</b>	<b>477</b>
Operating profit before depreciation, amortization and impairment (EBITDA)	162	19	7	(162)	-	25
Operating profit (loss) (EBIT)	(7)	11	(22)	7	-	(11)
Net current operating assets (NCOA)	-	(6)	(84)	-	702	612
Net capital employed	1 002	173	1 300	-	2 760	5 234

## NOTE 6 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customer in the scope of IFRS 15 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 5 Operating segments.

### First half year 2022

<i>NOK million</i>	HMH (JV)	AKOFS Offshore (JV)	AGR	Other holdings	Adjustments of JVs	Total Akastor
<i>Major contract/revenue types</i>						
Construction revenue	1 135	-	-	22	(1 135)	22
Sale of standard products	-	-	10	-	-	10
Service revenue	1 813	465	370	29	(2 278)	399
<b>Total revenue from contracts with customer</b>	<b>2 948</b>	<b>465</b>	<b>380</b>	<b>51</b>	<b>(3 413)</b>	<b>431</b>
<i>Timing of revenue recognition</i>						
Transferred over time	2 948	465	370	51	(3 413)	421
Transferred at point in time	-	-	10	-	-	10
<b>Total revenue from contracts with customer</b>	<b>2 948</b>	<b>465</b>	<b>380</b>	<b>51</b>	<b>(3 413)</b>	<b>431</b>
Lease revenue and other income	-	230	21	73	(230)	94
<b>Total external revenue and other income in segment reporting</b>	<b>2 948</b>	<b>695</b>	<b>401</b>	<b>124</b>	<b>(3 643)</b>	<b>525</b>

### First half year 2021

<i>NOK million</i>	AKOFS Offshore (JV)	AGR	Other holdings	Adjustments of JVs	Total Akastor
<i>Major contract/revenue types</i>					
Construction revenue	-	-	21	-	21
Sale of standard products	-	18	-	-	18
Service revenue	439	337	21	(439)	358
<b>Total revenue from contracts with customers</b>	<b>439</b>	<b>355</b>	<b>43</b>	<b>(439)</b>	<b>398</b>
<i>Timing of revenue recognition</i>					
Transferred over time	439	337	43	(439)	380
Transferred at point in time	-	18	-	-	18
<b>Total revenue from contracts with customers</b>	<b>439</b>	<b>355</b>	<b>43</b>	<b>(439)</b>	<b>398</b>
Lease revenue and other income	172	-	79	(172)	79
<b>Total external revenue and other income in segment reporting</b>	<b>611</b>	<b>355</b>	<b>121</b>	<b>(611)</b>	<b>477</b>

## NOTE 7 - NET FINANCIAL ITEMS

NOK million	Second quarter		First half		Full year
	2022	2021	2022	2021	2021
Net interest expenses on financial liabilities measured at amortized costs	(23)	(24)	(41)	(46)	(96)
Net charges of financial lease receivables and lease liabilities	4	(1)	7	(3)	3
Interest income on debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI)	26	22	51	44	89
Profit (loss) from equity accounted investees	(68)	(19)	(216)	(77)	(346)
Dividend income from equity instrument	21	18	41	36	74
Net change in fair value of financial assets measured at Fair Value through Profit or Loss (FVTPL)	19	11	46	26	11
Net foreign exchange gain (loss)	189	13	182	18	55
Loss on foreign currency forward contracts	(61)	-	(58)	-	(17)
Other financial income (expenses)	11	(7)	1	(14)	76
<b>Net financial items</b>	<b>117</b>	<b>12</b>	<b>12</b>	<b>(16)</b>	<b>(152)</b>

Loss from equity accounted investees relates to Akastor's share of net loss in HMH and AKOFS Offshore.

## NOTE 8 - EQUITY-ACCOUNTED INVESTEEES

Reconciliation of carrying amounts in the period

NOK million	note	Equity-accounted investees
Balance as at December 31, 2021		3 408
Additions	12	26
Share of net profit (loss)		(216)
Share of other comprehensive income		(7)
Currency translation differences		427
<b>Balance as at June 30, 2022</b>		<b>3 637</b>

## NOTE 9 - OTHER INVESTMENTS

NOK million	note	June 30, 2022	December 31, 2021
Aker Pensjonskasse		158	158
NES Fircroft investment		678	621
Awilco Drilling investment		10	10
Odfjell Drilling investment		946	807
Other equity securities		30	29
<b>Other non-current investments</b>	<b>10</b>	<b>1 822</b>	<b>1 625</b>
Step Oiltools		172	147
<b>Other current investments</b>	<b>10</b>	<b>172</b>	<b>147</b>

Other investments are measured at fair value.

## NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified by the levels in the fair value hierarchy. See note 31 Financial instruments in Akastor's Annual Report 2021 for more information about valuation methodologies and the group's financial instruments. The estimated fair values of material financial instruments are as below:

NOK million	Note	Fair value hierarchy	Fair value as of June 30, 2022	Fair value as of December 31, 2021
<b>Financial assets measured at fair value</b>				
- Hedging instruments		Level 2	-	10
<i>Fair value through P&amp;L (FVTPL)</i>				
- Equity securities	9	Level 1	10	10
- Equity securities	9	Level 3	1 277	1 125
- Warrants	9	Level 3	32	18
- Contingent considerations		Level 3	10	20
<i>Fair value through Other comprehensive income (FVOCI)</i>				
- Debt instruments	9	Level 3	675	619
<b>Financial liabilities measured at fair value</b>				
- Deferred settlement obligations		Level 3	(511)	(459)

## NOTE 11 - RELATED PARTIES

All transactions with related parties have been carried out based on arm's length terms. For detailed descriptions of related party transactions, please refer to note 34 Related parties in Akastor's Annual Report 2021.

As of June 30, 2022, Akastor has interest-bearing receivables of NOK 171 million against AKOFS Offshore, including term loan of NOK 118 million (LIBOR 1.29 percent + margin 5.5 percent) and drawn working capital facility of NOK 53 million (NIBOR 1.5 percent + margin 5.5 percent). Akastor has made available a NOK 100 million working capital revolving facility to AKOFS Seafarer AS from contract commencement with Equinor.

As of June 30, 2022, Akastor has interest-bearing receivables of NOK 211 million against HMH (fixed interest rate 8.0 percent). Further, Akastor has a seller's credit liability of NOK 172 million towards HMH related to Step Oiltools.

## NOTE 12 - DISPOSAL OF SUBSIDIARY

In February 2022, Akastor completed the transaction to bring together Akastor's wholly owned subsidiary, AGR Wind Service AS, and two companies within the IKM group to create a joint venture company Føn Energy Services. Through its subsidiary AGR AS, Akastor holds 45% ownership in Føn Energy Services.

Following the transaction, AGR Wind Service was deconsolidated and Føn Energy Services is classified as a joint venture to the group and accounted for using the equity method. The transaction gives rise to an accounting gain of NOK 21 million which was recognized as "Other income" in the first half year.

## 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 company. These measures are calculated in a consistent and transparent manner and are intended to provide enhanced comparabilities 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.

### Definitions

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

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

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

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

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

**Gross debt** - Sum of current and non-current borrowings

**Net debt** - Gross debt minus cash and cash equivalents

**Net interest bearing debt** - Net debt minus interest-bearing receivables

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

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

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

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

### Reconciliations

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

#### Net current operating assets (NCOA)

	June 30	December 31
<i>NOK million</i>	2022	2021
Current operating assets	<b>824</b>	<b>887</b>
Less:		
Current operating liabilities	<b>513</b>	<b>647</b>
Net derivative financial instruments	-	10
<b>Net current operating assets</b>	<b>311</b>	<b>231</b>



## Net capital employed (NCE)

	June 30	December 31
<i>NOK million</i>	2022	2021
Total non-current assets	6 521	6 025
Net current operating assets (NCOA)	311	231
Current finance receivables	79	64
Less:		
Non-current interest-bearing receivables	405	315
Deferred tax liabilities	4	4
Employee benefit obligations	99	108
Other non-current liabilities	653	654
Total lease liabilities	123	155
<b>Net capital employed</b>	<b>5 627</b>	<b>5 084</b>

## Gross/Net debt/NIBD

	June 30	December 31
<i>NOK million</i>	2022	2021
Non-current borrowings	720	1 372
Current borrowings	1 119	16
<b>Gross debt</b>	<b>1 839</b>	<b>1 387</b>
Less:		
Cash and cash equivalents	105	89
<b>Net debt</b>	<b>1 734</b>	<b>1 299</b>
Less:		
Non-current interest-bearing receivables	405	315
<b>Net interest-bearing debt (NIBD)</b>	<b>1 329</b>	<b>984</b>

## Equity ratio

	June 30	December 31
<i>NOK million</i>	2022	2021
Total equity	4 298	4 109
divided by Total assets	7 701	7 212
<b>Equity ratio</b>	<b>56 %</b>	<b>57 %</b>

## Liquidity reserve

	June 30	December 31
<i>NOK million</i>	2022	2021
Cash and cash equivalents	105	89
Undrawn committed credit facilities	270	553
<b>Liquidity reserve</b>	<b>375</b>	<b>642</b>

**Financial Calendar**

Third quarter results 2022, October 27, 2022.

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